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## Russia sea port eyeing USD 0.7 billion in state backed bonds

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Reuters reported that Russian firm Ust-Luga which is building a Baltic Sea port under the same name is seeking to issue state backed bonds worth RUB 20 billion.

According to the report, the issue would fall under the government scheme of infrastructure bonds' issuance for which it had set aside RUB 75 billion in guarantees this year and another RUB 100 billion in 2010.

Ms Tatyana Pauk from Ust Luga said "The Company would use the proceeds to construct the port. She said Ust Luga plans to issue bonds with a maturity from seven to ten years and the issue will be organized by Russian banks VTB KIT Finance and Troika Dialog.

The company did not specify the date of the placement, but said it had already sent preliminary application for guarantees to the Finance Ministry.

Mr Alexander Novak Russian Deputy Finance Minister said earlier that steel producer Mechel, St Petersburg airport of Pulkovo and Ust Luga may become the first companies to issue infrastructure bonds.

The state will provide guarantees for such bonds on the condition that the issuer has found financing for at least 50 percent of the project's cost from alternative sources.

(Sourced from Reuters)

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