
Saudi Arabia cancels tender awarded to Russia to build rail line

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RIA Novosti reported that Saudi Arabia has cancelled a USD 800 million tender won by Russian Railways to build a rail line in the country for political reasons.

Mr Vladimir Yakunin head of Russian Railway said that "This was not a problem relating to technology or RZD. It is a problem in international relations."

RZD was to build a line from Al Zabirah to the King Khalid international airport in central Saudi Arabia, to make up over one fifth of the North South rail line in the Mideast state, which will have a total route of 2,400 kilometers.

The North South project was launched in Saudi Arabia in 2005 to develop phosphate and bauxite deposits in the country's north and reduce the economy's dependence on oil exports. The entire project was expected to cost over USD 2 billion and was expected to be finished in 2010-2011.

It may be noted that Russian Railways announced in January 2008 that it had won a tender to build a 520 kilometers long rail line in Saudi Arabia.

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