

Putin Agrees to Raising Freight Rates

By [The Moscow Times](#)

April 26, 2012



Putin said at a meeting Thursday that the government should consider ensuring a certain level of profitability for Russian Railways investments. Above, Rizhsky Station, where Thursday's meeting was held. **Andrei Makhonin**

Prime Minister Vladimir Putin on Thursday agreed to consider allowing Russian Railways to recoup its investments through higher cargo rates.

He made the statement at a railways meeting at Moscow's Rizhsky Station after Russian Railways chief Vladimir Yakunin complained about lack of funds.

The government should think about ensuring reasonable profitability for the state company's investments, he said. The tariffs would be based on the so-called regulatory asset base.

The system would help attract long-term investment from domestic and foreign investors such as pension and insurance funds, he said.

Yakunin said Thursday that rail cargo tariffs should be raised by at least 7.4 percent next year

to allow the company to break even.

The government has indicated the rate would be indexed to inflation, which the Economic Development Ministry is forecasting to be 5 percent this year.

Putin said that, at the same time, the company shouldn't try to recover all of its upgrade spending through the rates.

"Otherwise, we would simply squash economic development," he said.

Russian Railways is proposing to raise cargo rates by 10 percent next year, and index them to inflation starting in 2014, Yakunin told reporters, RIA-Novosti said.

The government raised the rates by 6 percent for this year, in line with inflation that slowed to 6.1 percent last year. The company sought a higher increase, and the government allocated the company a subsidy of 40 billion rubles (\$1.37 billion) in compensation.

Railways will require 5 trillion rubles to modernize in the next decade, Putin said. One of the priorities is to expand access to ports by rail and expand the rail network in the Far East and Siberia, he said.

The Trans-Siberian and Baikal-Amur railroads are operating at the limits of their capacity, Putin said. That restrains many development projects in the area, he said.

"Russian business is forced to postpone interesting ideas and work half-steam in that direction," Putin said.

Growing demand for Russian resources in the Asian Pacific could spur threefold growth in cargo shipments bound that way by 2020, he said.

He said it was still planned to develop high-speed rail lines, a project that would draw massive allocations from the federal budget.

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