

Russian Railways Asks Government for 30Bln-Ruble Subsidy

By [The Moscow Times](#)

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State-owned monopoly Russian Railways is requesting a government subsidy of 30 billion rubles (\$929 million) to compensate for projected losses from a tariff freeze set to kick in next year.

Company vice president Vadim Mikhailov said a subsidy of this size will suffice only if tariffs on the transport of oil and oil products are raised by 6 percent, a possibility that is currently being discussed in the government, Prime reported Tuesday.

Planned overhauls on infrastructure would also need to be cut in half, Mikhailov said.

In a report sent to Economic Development Minister Alexei Ulyukayev, Mikhailov also recommended reestablishing a bad debt reserve to cover losses from services rendered to commuter railroads, which he said could save the railroad monopoly an additional 18.9 billion rubles, Vedomosti reported.

Factoring in both the subsidy and bad debt reserve, Russian Railways' revenues in 2014 could reach 1.2 trillion rubles with a net profit of 4.5 billion rubles.

A government resolution passed by the Cabinet in September will freeze the tariffs charged by state gas, electricity and railroad monopolies in 2014 and limit them to the previous year's rate of inflation in 2015 and 2016.

Following the decision, the Economic Development Ministry came up with a plan to stabilize the affected companies, which included slashing Russian Railways' investment plan by 50 billion rubles, optimizing the company's purchasing, and limiting salary growth.

The company is prepared to accept most of the ministry's recommendations.

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