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Railways Will See $812M Subsidies

By The Moscow Times

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The government has agreed to compensate Russian Railways next year for some of its projected losses from an upcoming tariff freeze, but the rail monopoly is seeking more subsidies to repair its worn out lines over the coming years.

The government has agreed to give Russian Railways 26 billion rubles ($792 million) for track repairs in 2014, Vedomosti reported, citing an Economic Development Ministry official. The railways had been asking for 30 billion rubles, to compensate for the losses it expects to incur when a tariff freeze begins next year.

Russian Railways, which estimates it will lose 57.2 billion rubles due to the tariff freeze, argued that the subsidies would be insufficient, unless the government also agreed to a 6 percent increase in tariffs for oil transportation. The Cabinet has turned down the proposal, the official said.

Tariffs will be raised to adjust for inflation in 2015 and 2016, but Russian Railways still seeks 70 billion rubles in subsidies during each of those years to bankroll track repairs.

As of last year 86 percent of rail lines in the country are worn out and the monopoly only has funds to reduce this by one percentage point by 2015, the firm said in its request for subsidies.

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