

Russian Railways Proposes 50% Freight Discount

By [The Moscow Times](#)

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Freight trains are losing out to other forms of transport for the shipment of goods, so a discount has been proposed for selected routes. **Sergey Porter**

State rail monopoly Russian Railways has suggested offering discounts for freight of up to 50 percent on selected routes in a bid to compete with road transportation, unidentified individuals close to the company said.

Prime Minister Dmitry Medvedev earlier this month instructed Russian Railways, along with the Federal Tariff Service, the Transportation Ministry, the Economic Development Ministry and the Industry and Trade Ministry, to work on proposals ahead of next year's tariff freeze.

Russian Railways can currently give a discount of 12.8 percent on routes that compete with other forms of transportation, but the company wants to significantly increase the figure, the individuals said, Vedomosti reported Tuesday.

Last year, Russian Railways won the right either to raise their tariffs by 13.4 percent or give freight companies a discount if they invested in rail infrastructure or in the company itself.

Among the companies that benefit from cheaper rates are Novatek, which receives an 8.3 percent discount on a number of routes, NLMK gets 11 percent for cargo transportation to the Black Sea ports, while PhosAgro enjoys a 13 percent for transporting apatite concentrate to Pikaleva, Leningrad region.

Russian Railways has declined to comment on the report.

Switching from rail to road transportation has become a trend, as it is cheaper to use motor transport over distances up to 400 kilometers, and because rail companies won't carry perishable goods, said Vladimir Savchuk, head of a railroad transport research organization.

Increasing discounts won't solve the problem either, according to Mikhail Burmistrov, the head of Infoline-analitika. Instead, Russian Railways need to be faster and more reliable, he said.

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