

Monopolies Ordered to Cut Costs in Half

By [The Moscow Times](#)

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The government has told four state-owned natural monopolies to slash their costs in half over the next five years, in cuts the companies have complained will be extremely difficult, Kommersant reported Tuesday.

Gazprom, Transneft, Russian Railways and Russian Grids — the state monopolies in gas, oil pipelines, railroads and electric power distribution — must set out plans to reduce their capital and operating expenditures by at least 10 percent each year from 2013 to 2017, the paper reported.

The plans, laid out in a letter sent to the companies from Deputy Economic Development Minister Sergei Belyakov, must be submitted to the ministry by Dec. 10, according to the paper.

The cuts, based on the companies' spending in 2012, were ordered by President Vladimir Putin on Nov. 13.

Spokesmen for Russian Grids, who asked to remain anonymous according to the newspaper, confirmed the order, claiming it was too ambitious and would be tough to carry out.

Transneft told Vedomosti that the company has already slashed spending by 10 percent over the last two years, and further cuts would halt the company's investment and business development.

Though the Economic Development Ministry had warned state monopolies that cost-reducing measures were on the way, the proposed cuts are harsher than previous estimates.

Deputy Economic Development Minister Sergei Belyakov said in October that several large state-owned companies should be ready to cut spending by 10 percent next year.

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