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Yakunin Seethes Over Russian Railway Losses

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Russian Railways chief Vladimir Yakunin meeting with government officials.

Russian Railways' monopoly has suffered a loss in the first quarter because of the government's decision to freeze freight rates, company chief Vladimir Yakunin said Wednesday.

Yakunin even described the 16-billion-ruble ($440 million) loss as the first one in the state company's history, although the company previously appeared to report quarterly losses, too.

He adopted the I-told-you-so tone when announcing the unsavory statistics at an annual board meeting of the Transportation Ministry.

"These are precisely the size of losses, which we spoke about," Yakunin said, RIA Novosti reported.

The U.S. blacklisted the executive last month as a member of President Vladimir Putin's inner

circle, over Russia's seizure of the Crimean peninsula from Ukraine.

In the rates controversy, the government has ruled to hold off on the annual raising of various rates for monopoly services like railway transportation and electricity transmission for this year. The decision triggered reports from multiple state-controlled companies last fall that they would either be losing money or have to trim their investment.

Yakunin especially fumed that the rate freeze was so sweeping it even cut some slack for rich oil companies. Rosneft, he said, expected to increase its profit significantly this year, compared to 550 billion rubles it hauled in last year.

Yakunin's statement that it was the first time that the company had incurred a quarterly loss appeared questionable, as the company reported in May 2009 that it also lost money, 17 billion rubles, in the first quarter of that year.

A call to the company's press department went unanswered Wednesday afternoon.

In other news, Yakunin said passenger exchange with Ukraine had decreased 30 percent, attributing it to the "political situation." He did not give the time frame, but bilateral relations plunged to their lowest after Russia annexed Ukraine's peninsula of Crimea in the middle of last month.

Yakunin also held a company-wide teleconference Wednesday where he recapped the first quarter's freight traffic.

The traffic increased almost 7 percent, but the amount of cargo remained unchanged, compared to the same period last year, the company said in a statement.

Adding to the rail operator's financial woes, Russia's defense and law enforcement customers ran up unpaid bills worth 4.2 billion rubles last year, Yakunin said.

He called on the government to apply pressure to the culprits.

"An elderly woman lugs away a sack of feed — and she has to stand trial. But the payment of 4.2 billion rubles does not come in — it seems like a natural situation," Yakunin said, Interfax reported. "Tell me, please, at whose expense do we have to fulfill these state contracts if this goes on?"

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