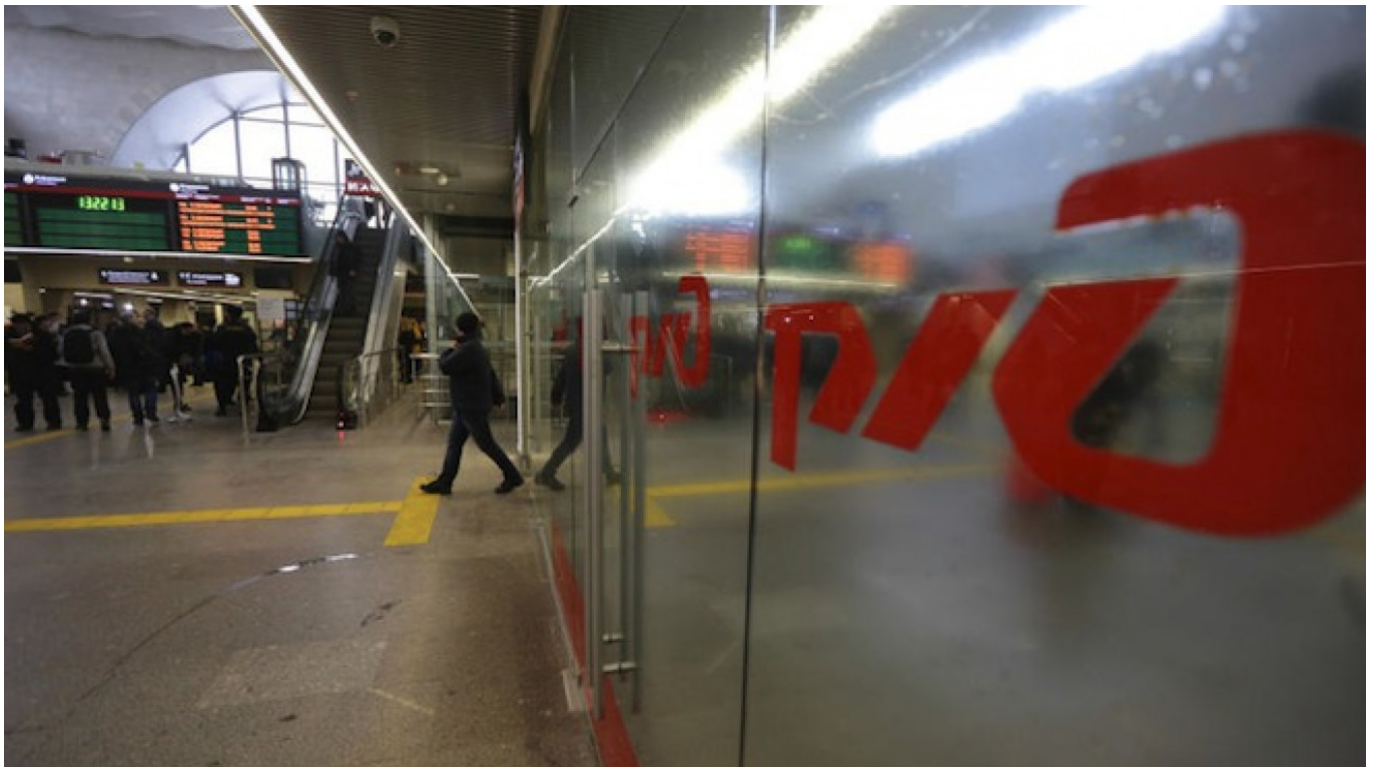


# Struggling Russian Railways Drops Foreign Steel Rails to Save Costs

By [The Moscow Times](#)

May 12, 2014



Russian Railways has struggled recently, reporting a net loss of more than 10 billion rubles (\$278 million) in the first quarter of 2014.

*Correction appended.*

Financially struggling Russian Railways will not buy steel rails from Japan's Nippon Steel in 2014, opting instead to buy from domestic manufacturers Evraz and Mechel.

State-owned Russian Railways, which runs and maintains Russia's expansive rail network, began placing its orders for railway segments with domestic suppliers Evraz and Mechel in January. Evraz completed an extensive overhaul of its steel mills in western Siberia last year, Vedemosti reported on Monday.

Russian Railways had previously discussed purchasing rail segments from Nippon Steel through 2014.

Russian Railways has struggled recently, reporting a net loss of more than 10 billion rubles (\$278 million) in the first quarter of 2014. Company head Vladimir Yakunin blamed the losses in part on a government decision to bar the company from raising its transportation tariffs.

Evraz began producing 100-meter rail segments last year. These longer segments, though more expensive than 25-meter rail segments, are preferable for the state-monopoly as they will result in savings up to 30 percent on their annual rail purchases, amounting to \$100 million a year, Mikhail Burmistrov, head of consultancy Infoline-analitika, told Vedemosti.

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*Correction: This article was updated on May 13 to correct errors included in the original article due to editorial oversight.*

Original url:

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