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Russian Railways Seek Billions in Government Aid

By The Moscow Times

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Russian Railways' investment program till 2020 will require almost 2.9 trillion rubles.

State-owned Russian Railways' investment program till 2020 will require almost 2.9 trillion rubles ($62 billion) and an unprecedented proportion of the sum, roughly half of it, is meant to come from state coffers, a news report said Wednesday.

The government has so far approved only 40 percent, or 556 billion rubles ($1.19 billion) of the amount of state support the rail monopoly has asked for, business newspaper Vedomosti reported, citing a copy of a revised Russian Railways 15-year development strategy.

If the state provides the whole 1.4 trillion rubles that Russian Railways has requested, the company's revenue is expected to grow by 60 percent, to 2.8 trillion rubles ($60 billion) by 2020 and EBITDA — by 90 percent, to 570 billion rubles ($1.23 billion), the strategy said.

The lion's share of state funding is meant to be channeled into improving Russian Railways' massive infrastructure, which the company has long complained is under-financed.

Still, the proportion of government support that Russian Railways has asked for is higher than usual. According to a three-year investment plan approved last November, the company will invest 1.2 trillion rubles ($25 billion) until 2016, with the state having to fork out only a third of the sum, or 418 billion rubles.

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