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Russian Railways Seeks $8 Billion in State Subsidies

By The Moscow Times

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Russian Railways has warned that it will need $8 billion in state subsidies through 2020 to plug losses.

State rail monopoly Russian Railways has warned that it will need 460 billion rubles ($8 billion) in state subsidies through 2020 to plug losses, daily newspaper Vedomosti reported Wednesday, citing a copy of the company's strategy through 2030.

The strategy said either state subsidies or “other solutions to ensure growth in operating revenue” would be needed to avoid net losses over the next five years that would lead to loan repayment problems and investment cutbacks, according to the paper.

Russian Railways, which employs around a million people, is investing in major infrastructure upgrades even as Russia's economic slump deepens.

The company fell into controversy earlier this year after hundreds of loss-making local passenger services were cancelled in more than 20 Russian regions. Many of the services were

later reinstated following a sharp rebuke from President Vladimir Putin in February, but the question of their long-term financing has still to be resolved.

Russian Railways' strategy did not specify how the requested subsidies would be used, Vedomosti said. In an earlier account of its strategy, the company said it needed 516 billion rubles ($9 billion) in state subsidies from 2014 to 2020 to renovate railway tracks.

The latest version of the strategy was sent to Deputy Prime Minister Arkady Dvorkovich in November, the paper said.

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