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Russia Eyes Rescue Plan for Debt-Laden Rail Monopoly

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Leningradsky Station in Moscow. **Kirill Zykov / Moskva News Agency**

Russia's government is weighing options to prop up state rail operator Russian Railways (RZhD) as it reels from a sharp deterioration in its finances and a multi-trillion-ruble debt load, Reuters reported Tuesday, citing two sources familiar with the matter.

The sources described this effort as an attempt "to save" the country's largest commercial employer.

RZhD's debt stood at 3.3 trillion rubles ($41.8 billion) at the end of the first six months of 2025 and has since grown to around 4 trillion rubles ($50.7 billion), one source told Reuters.

The company is expected to pay 686 billion rubles ($8.7 billion) in debt-servicing costs this year amid high interest rates.

Officials are now considering several measures to boost RZhD's revenues and help it tackle its debt including higher freight tariffs, subsidies, tax breaks and allocations from the National

Wealth Fund, the sources said.

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Officials discussed the situation at a meeting in late November and plan to meet again in December, one of Reuters' sources said.

Other options that have not yet been discussed at the government level include capping RZhD's borrowing costs at 9% and converting roughly 400 billion rubles ($5 billion) of its debt into equity — a move that would give state banks, RZhD's main creditors, a direct stake in the company.

RZhD's finances have been battered by an unprecedented drop in freight traffic since the start of the war in Ukraine. Loading volumes fell 3.9% in 2022, 0.2% in 2023, 4.1% in 2024 and a further 6.7% in the first nine months of 2025.

The company posted a net loss of 4.4 billion rubles ($55.8 million) for the January-September period, its first in five years, while its cash reserves plunged twelvefold from 251.6 billion to 21.7 billion rubles ($3.2 billion to $275 million).

The squeeze has forced RZhD to cut investment by a third, send some workers on two unpaid leave days per month and begin laying off staff in October.

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