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Russia to Hike Cargo Rates to Support Rail Monopoly Amid Mounting Losses

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The Russian government will raise freight tariffs on Russian Railways (RZhD) by 1% from March 1, a move aimed at shoring up the company as it struggles with falling traffic and mounting debt.

The state-owned rail operator has grappled with a sharp decline cargo volumes in recent years, with the company losing 14% of freight shipments since the invasion of Ukraine.

RZhD has accumulated 4 trillion rubles ($52 billion) in debt and recorded its first net loss since the pandemic last year.

The government order, signed Monday by Prime Minister Mikhail Mishustin, introduces a "raising coefficient" for all shippers, described as necessary "to fund measures compensating expenses related to ensuring transport security."

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RZhD requested 200 billion rubles ($2.6 billion) in urgent support from the National Wealth Fund late last year to cover financial shortfalls and debt obligations, but the Finance Ministry allocated only 65 billion rubles ($845 million).

Sergei Aleksashenko, a senior fellow at the NEST Center in London, called RZhD "effectively bankrupt" and said it cannot get out of its debt without outside support.

Reuters calculations show the tariff increase is expected to generate 22.3 billion rubles ($290 million) in additional revenue for RZhD.

The company, which reported a net loss of 4.4 billion rubles ($57 million) in the first nine months of 2025, sent some employees on unpaid leave and started laying off staff in October.

RZhD plans to cut its investment program by a quarter this year to balance finances.

Spending on construction and procurement of wagons and locomotives will fall to 713.6 billion rubles ($9.3 billion) from 890.9 billion ($11.6 billion) last year and 1.5 trillion ($19.5 billion) in 2024.

The government is also preparing a broader aid package worth 1.3 trillion rubles ($16.9 billion) that includes debt restructuring and asset sales.

RZhD has been ordered to sell a 62-story skyscraper in Moscow's Moscow City business district that it purchased in 2024 for 193.1 billion rubles ($2.5 billion), as well as the Rizhsky Station building in Moscow.

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