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Russian Railways to Cut 15% of HQ Staff as Losses Mount

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Russia's state railway monopoly Russian Railways (RZhD) will cut around 15% of its central administrative staff, or roughly 6,000 jobs, as it grapples with mounting financial losses, CEO Oleg Belozerov told Interfax on Wednesday.

The layoffs, which will include senior management at branch level, are part of a broader cost-cutting drive expected to save the company 74 billion rubles ($888 million) in 2026.

Additional measures include reducing spending on fuel, electricity and maintenance, as well as overhauling the company's organizational structure, Belozerov said.

The cuts underscore the growing financial strain on one of Russia's most strategically important state companies, highlighting the broader economic toll of falling freight volumes, high borrowing costs and the impact of Western sanctions following Moscow's war in Ukraine.

RZhD first signaled plans to shrink its administrative workforce and limit new hiring in fall 2025, citing declining workloads and a difficult economic environment.

The company posted a net loss of 4.4 billion rubles ($52.8 million) in 2025, compared with a profit of 44 billion rubles ($528 million) a year earlier — its first loss since 2020.

Its total debt has climbed to nearly $50 billion, while interest expenses more than doubled to 332 billion rubles ($3.98 billion) in the first nine months of 2025.

Freight volumes, a key revenue driver, have been in decline since the invasion of Ukraine, falling to 1.1 billion tons in 2025, the lowest level since 2009.

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The deteriorating financial position has forced RZhD to slash its 2026 investment program by a quarter to 713.6 billion rubles ($8.56 billion), sell assets and place some employees on unpaid leave.

Assets put up for sale include Moscow's Rizhsky railway station, valued at around 4 billion rubles ($48 million), the Likhobory depot in northern Moscow for 3.5 billion rubles ($42 million), a branch facility on Krasnaya Sosna Ulitsa for 2 billion rubles ($24 million) and a stake in the Moscow Towers skyscraper in the Moscow City business district.

The company also plans to sell a 49% stake in its Federal Freight Company subsidiary for 44 billion rubles ($528 million).

RZhD aims to raise around 200 billion rubles ($2.4 billion) from asset sales, according to its 2025 financial statements.

Efforts to secure direct state support have fallen short. Instead of the 200 billion rubles ($2.4 billion) it had requested, the government allocated just 65 billion rubles ($780 million), while approving a broader support package worth up to 1.3 trillion rubles ($15.6 billion) including debt restructuring and asset sales.

Authorities also approved an unscheduled 1% increase in freight tariffs from March 2026, which Reuters estimates will generate an additional 22.3 billion rubles ($267.6 million) in revenue for the company.

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