
RZD and Transmash Holding to reduce prices

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According to RZD Partner, TransMashHolding and the biggest consumer of its products, Russian Railways, are now working on a joint program aimed at reducing the prices of mechanical engineering products.

According to OAO RZD's Department of Corporate Communications report, lower prices for TransMashHolding products made for Russian Railways have become possible due to the falling price of the raw materials which make up a significant component of their total cost.

Mr Andrey Andreyev GD of TransMashHolding said that “Our goal is to maximize the effect of lower commodity prices. We believe that lower raw material prices cannot but lead to lower prices for parts and components. We have already begun working closely with our suppliers.”

He said that “Russian Railways is our most important partner. We are ready to exploit the situation to reduce the prices of raw materials and components to ensure that, together with the railways, we can get through calmly and confidently the liquidity crisis sweeping through the financial markets.”

According to Mr Vladimir Yakunin, President of Russian Railways, a joint program to reduce the prices of products made by TransMashHolding is a logical step towards closer coordination and crisis management under the present circumstances.

Despite the fact that the prices of TransMashHolding's products will fall, its total revenues in Q4 2008 will increase substantially compared to the same period in 2007 on the back of the rapid growth in output of marketable products, most of which are made for Russian Railways. Sales in H1 2006 grew by 36%. TransMashHolding does therefore not envisage any reduction in its development program.

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