

# Press release

## Rail Cargo Hungaria rejects the ultimatum of the Ukrainian railway

*29 January, 2019. – As a consequence of the unprecedented and hardly justifiable price increase of the Ukrainian railway company (Ukrzaliznica) the raw material supply of strategically important plants and numerous jobs are jeopardised in the Easter European region – stated Dr Imre Kovács, Chairman of the Board of Directors, CEO of Rail Cargo Hungaria (RCH) and from mid-February Member of the Board of the parent company, Rail Cargo Austria AG.*

The railway company Ukrzaliznica announced a one-sidedly prepared price increase to its Central European partners that raises the costs of cross-border transports with ca. 50% from 1 January, 2019. Dr Imre Kovács explained that RCH – similarly to the Polish, Slovak and Romanian railways – rejected the dictate. As a response the Ukrainian company terminated the planning of export transports from 1 February, 2019 as there is no contract in force. These transports comprise 32 million tons for all border crossings, and 4 million tons for Hungary.

This price increase would generate 1 million EUR additional costs for Rail Cargo Hungaria and the one-sided termination of the service would severely hinder the activity of Dunafer, the Austrian voestalpine and the Serbian Smederevo steelworks. In addition, the hindering of the transport of industrial salt in winter would cause serious problems for the road transport.

Dr Imre Kovács added that the nature of the sanction as an ultimatum is unacceptable and it is in contrast with the years-long good collaboration with the Ukrainian railways. For coordination of international transports, conclusion of transport contracts, handover/takeover of wagons, accounting of completed tasks international agreements are available within the framework of the Organization for Cooperation of Railways (OSSHD) – of which Ukrzaliznica and RCH are members as well.

The – now expired – bilateral agreement defined the cross-border technology and the lists and fees of the services provided regarding cross-border transports. Rail Cargo Hungaria suggested the calling of an expert meeting to renegotiate and prepare a new agreement, but the Ukrainian partner has not responded yet. Dr Imre Kovács lastly stated that he, as the future Member of the Board of the second biggest rail freight company in Europe supports the peaceful settlement of the dispute. This is also in the interest of the Ukrainian company, as the affected companies integrate the country into the freight network of Europe.

### **Further information:**

**Rail Cargo Hungaria Zrt.**

Marketing and Communication

E-Mail: [press.rch@railcargo.com](mailto:press.rch@railcargo.com)

[rch.railcargo.com](http://rch.railcargo.com)