

## Operational threats and risks

The outlook for JSC "RZD" depends on the macroeconomic trends in Russia and, given the increased programme of integration, the state of the global economy.

Many systemic problems in the world's most important countries and regions, including the debt crisis in the Eurozone, coordinated measures to decrease the national debt and budget deficit in the US and the low GDP growth rate in China in 2012-2013, have not yet been resolved in full and impose considerable risks to the global rate of economic growth. Assuming no major risks materialise, global GDP growth published in January 2013 by the International Monetary Fund is forecast to reach 3.5% in 2013 versus 3.2% at the end of 2012, which is lower than in the pre-crisis years of 2010-2011.

The global economy uncertainty expected in 2013 and unstable economic trends in Russia are the main reasons for the decelerated rate of growth in the volume of cargo railway transportation or, in the event of a substantial worsening of the economic situation, a decrease in the growth rate, which, in turn, would adversely affect the income of JSC "RZD".

The structural transformation of rail transport in adverse macroeconomic conditions increases the risks of the Holding Company's reduced competitiveness in Russian and foreign markets as well as risks regarding the safety of current operations.

For example, any new local market entrants would force JSC "RZD" to thoroughly review the operation of its locomotives and may negatively influence transport safety.

A local carrier, for example, would be likely to use its locomotives within its own local logistical scheme rather than to optimize a unified technological process, and this would most likely reduce locomotive productivity and increase both the demand for locomotives and create inefficient locomotive traffic across the network.