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Sheremetyevo Soaring After Revamp

By Roland Oliphant

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Sheremetyevo management hailed a 150 percent profit jump as proof the airport's extensive regeneration is paying off.

"The airport has been steadily winning over the Moscow aviation hub market. It cornered 40 percent of the market in 2011," general director Mikhail Vasilenko told reporters at a news conference Wednesday.

Preliminary figures show Sheremetyevo's earnings jumped 150 percent to 2 billion rubles ($67.3 million) in profit in 2011. Revenues grew 5.8 percent to 9.1 billion rubles. Vasilenko said he expected revenue to top 10 billion rubles this year.

Sheremetyevo served 22.6 million passengers in 2011, 16.7 percent more than 2010. Traffic on international routes increased 18.1 percent to reach 14.5 million, while domestic traffic rose 14.3 percent to 8 million, Vasilenko told reporters.

Key growth airlines for the airport were Aeroflot, Transaero, Nord Wind, Air France

and Turkish Airlines. The most popular foreign destinations were Antalya, Paris, Istanbul, Prague and Beijing. The highest demand was on the St. Petersburg, Sochi, Krasnodar and Yekaterinburg routes.

The airport administration wheeled out statistics from the World Airport Council, a trade body, that show it has clawed its way into the top ranks of Europe's hubs.

"In the last quarter of last year, Sheremetyevo Airport entered the top five airports in Europe. Common indicators place it fourth in Europe," said Rafael Echevarne, director of economics and development programs at the World Airport Council, told reporters Wednesday.

The finding is a remarkable turnaround for the airport, which just a few years ago was universally dreaded by international travelers heading in and out of Moscow.

Its dismal international terminal, Sheremetyevo 2 — since renamed Terminal F — was state-of-the-art when built for the 1980 Olympics, but by the mid-2000s was a byword for discomfort and neglect.

The airport's location on congested Leningradskoye Shosse made getting to or from the terminal a trial in itself. Travelers to European destinations could spend almost as much time in traffic jams as on their actual flights.

As a result, foreign airlines and passengers flocked to privately owned Domodedovo in the city's south, attracted by its modern building, friendlier attitude to service and Aeroexpress rail link.

Sheremetyevo has added three new marble-paved terminal buildings since 2009. The opening of the Aeroexpress rail link to Belorussky Station in 2010 has made it much more accessible.

Domodedovo, which handled 22.3 million passengers in 2010, still boasts of being Russia's busiest airport in passenger numbers. No figures for Domodedovo's passenger turnover for 2011 were available.

Vasilenko also announced that Sheremetyevo plans to auction its 51 percent stake in Vladivostok Airport "by the middle of the year" and expects the sale to be complete by the beginning of 2013.

Transport Minister Igor Levitin has named Oleg Deripaska's Basel Aero, Roman Trotsenko's Novaport and Viktor Vekselberg's Renova as potential bidders, as well as the operators of nearby Khabarovsk Airport.

Vladivostok Airport is currently undergoing major reconstruction ahead of the Asia-Pacific Economic Cooperation summit to be held in the city this September. The new terminal will receive its first flights in March, and should be fully operational by June.

Earlier in the day, Vasilenko hinted that tourists passing through the new airport will be able to visit the far eastern city without a visa.

Speaking to RBK Daily, he said Primorye region authorities and the airport administration both backed a plan for a visa-free regime in a bid to increase tourism revenue and attract

foreign airlines to use it as a hub.

Under the current plans, passengers would be allowed to visit the city for 24 hours with just a stamp in their passport.

The plan mirrors another potential visa-free regime aimed at opening up international traffic to and from Russia's Pacific coast.

Charles Duncan, vice president of sales for Transatlantic, Middle East & India for United Airlines, told The Moscow Times in an interview last year that his airline was hoping for a visa-free regime to be introduced for Russian tourists traveling to the U.S. Pacific territories.

The U.S. Embassy in Moscow declined to confirm or deny whether such discussions are ongoing, referring enquiries to the Department of Homeland Security in Washington.

A spokeswoman there asked that questions be submitted to an e-mail address. No response was received by Wednesday evening.

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