

Tour Operators Face Losses as Wind Jet Collapses

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August 13, 2012



A Wind Jet A320 taking off from Amsterdam-Schiphol Airport in 2011.

A dozen Russian tour operators might face millions of dollars in losses because of unforeseen costs they had to bear after Italian budget carrier Wind Jet abruptly halted flights amid the high season, two industry associations said Monday.

The Sicily-based airline stopped operations on Sunday, citing financial problems — a decision that left hundreds of tourists stranded in Italian resorts.

As a result, the tour operators, mostly based in Moscow and St. Petersburg, will have to compensate hundreds of clients for cancelled flights and accommodation abroad, because some tourists were not able to depart from Catania on schedule.

"The losses may reach up to 1 million euros, unless the situation ends up favorably and someone buys Wind Jet," said Maya Lomidze, chief executive of the Association of Tour

Operators of Russia.

The decision by Wind Jet – which was due to be acquired by Italy's national carrier Alitalia – to halt flights followed an announcement by Alitalia that it would cease the takeover talks, as the low-cost carrier hadn't provided the necessary documents on its financial performance.

"There is no chance that we will continue talks with Wind Jet, we have stopped all negotiations with them," a spokesman for Alitalia said by telephone.

Wind Jet — which provided flights from Italy to 17 destinations, including Moscow, St. Petersburg, Samara and Rostov-on-Don — worked with 10 Russian tour operators, including Moscow-based Ascent Travel, Danko, Jet Travel and Tris T, as well as Neva and Flamingo, which are based in St. Petersburg, said Irina Tyurina, a spokeswoman for the Russian Tourism Union.

"The tour operators might have significant losses," she said by telephone, declining to provide an exact estimate.

If Wind Jet goes bankrupt, the companies will lose 10 percent to 20 percent of the total value of their deals with the carrier — the amount a tour operator has to deposit as a guarantee of payment for services if it breaks the agreement, Tyurina said.

The tour operators will also have to cover the transfer of customers by other carriers and compensate those stranded in Italy for accommodation, Tyurina said, adding that other costs might include the money they would have to return to the customers who decide to cancel their trips and fines paid to the hotels.

On top of all that, Tyurina said, the tour operators might have to compensate tourists flying from Italy if they missed their connection flights on the way back home.

The decision by Wind Jet to cancel the flights resulted in Neva and Flamingo having 156 customers stranded in Catania since Saturday, according to the Russian Tourism Union.

Some of them have returned home since then, and a total of 99 Flamingo customers remained in the Italian town as of Monday afternoon, Tyurina said.

A spokesman for the tour operator, Tatyana Gulyayeva, said later in the day that Flamingo's customers, who had been quite stunned by Wind Jet's decision, would leave the Italian resort with a Rossiya airline flight Monday night.

"They will be home at 5 a.m. on Tuesday," she said by telephone from St. Petersburg, adding that the company hadn't calculated possible losses yet, because the key issue was to bring tourists back home and retain the scheduled flights.

Finding a carrier to replace Wind Jet will be the major challenge for the tour operators for the next few days, with a big flow of customers — between 500 and 600 — flying to Italian resorts on Tuesday and Wednesday, said Lomidze of the Association of Tour Operators of Russia.

Although the companies continue to investigate their options, the problem is hard to solve, as

the high season is in full swing, she said.

Italy is one of the most popular travel destinations for Russians, 571,603 of whom visited the Mediterranean country for tourism last year, up 27 percent from 2010, according to the State Statistics Service.

But while the tour operators take care of their customers, it remains unclear how Wind Jet will compensate the passengers who had booked tickets independently, Tyurina said, adding that it is hard to estimate the number of such passengers.

The carrier was unavailable for comment Monday.

About 300,000 passengers across the world have booked Wind Jet tickets up until October, according to Italy's Civil Aviation Authority.

The share of Russian passengers may be significant, given that the airline had more than 20 flights a week from the country, Lomidze said, adding that budget carriers provide a good chance to save money.

Wind Jet tickets cost 250 euros to 300 euros, while higher-cost airlines charge about 500 euros, Lomidze said.

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