

Transportation Ministry Seeks \$248M to Support Regional Airlines

By [The Moscow Times](#)

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The Transportation Ministry plans to spend 7.75 billion rubles (\$248 million) on the development of regional airlines in 2013.

The ministry submitted to the government a "road map" for the development of regional air traffic, a ministry official told Vedomosti on Thursday.

The plan allocates 2.15 billion rubles to subsidize aircraft leases and 2.9 billion rubles to local authorities for the development of regional air traffic.

The official added that the project was commissioned by Prime Minister Dmitry Medvedev, who in August spoke about poor development of regional airlines and their emphasis on providing connections with Moscow.

The Transportation Ministry predicts that the turnover of regional and local airlines will

double by 2020.

Regional airlines are not profitable now and slow to develop due to the high operating costs of aircraft with small passenger capacity: local airlines have grown by only 8 percent compared with 15 percent for the industry as a whole, according to the Federal Air Transportation Agency.

Yury Slyusar, deputy industry and trade minister, said the ministry would work out steps to subsidize local carriers to reduce the deficit of planes on local airlines, according to Vedomosti.

The Transportation Ministry official added that the ministry would launch a test project in the Volga region to fly 125,000 passengers at a cost of 600 million rubles by the end of 2013.

But Oleg Panteleyev, an industry expert familiar with the concept, expressed doubts about its success, citing excessive budget subsidies and disregard for existing transportation networks in the region, which may reduce the project's overall efficiency.

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