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Parliament to Consider Bill to Encourage Low-Cost Air Travel

By Guennadi Moukine

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Passengers may soon be able to enjoy cheaper airfares in Russia if the government allows nonrefundable tickets. **Guennadi Moukine**

The State Duma will discuss a bill allowing airlines to sell nonrefundable

tickets and charge additional fees for luggage, food and inflight entertainment in an effort to reduce costs and make air travel more attractive.

Sergei Neverov, secretary of United Russia's general council, said Friday that the State Duma would pass the bill by the end of the year, RIA Novosti reported Friday.

This follows reports that Prosecutor General Yury Chaika sent a letter to Prime Minister Dmitry Medvedev asking him to take appropriate measures to curb Russian airlines' appetite for ticket price hikes, as reported by Vedomosti Friday.

"The [price] audit conducted by the Prosecutor General's Office together with the Federal

Anti-Monopoly Service showed no justification for the high airfares that the airlines charge on scheduled routes," the letter said.

The airlines limit the number of cheap tickets and force passengers to pay 1 1/2 times more for seats that include services they do not use, Chaika said. Business class tickets are double the price they should be, he added.

Two airlines, which were not named, told Vedomosti that the pricing figures that Chaika used were taken out of context and did not reflect the actual situation.

Alexei Sinitsky, the editor of the Air Transport Review magazine, told Vedomosti that the airline business was not as straight forward as it was presented in the Prosecutor General's letter. To be competitive, airlines charge more during high seasons to compensate for reduced margins during low seasons and charge more for business class to make the economy class more affordable, he said.

Last month, Aeroflot announced plans to create a low-coster that would sell tickets for 20 to 40 percent less than the current price. The airline called for changes in the Air Code to allow it to sell nonrefundable tickets, charge extra for luggage and meals during flights and hire foreign pilots, Kommersant reported.

Meanwhile, the authorities are also implementing measures to aid the air travel market. The government allocated over 2 billion rubles ($60.5 million) in 2012, 2.4 billion rubles in 2013 and 2014 in aircraft leasing subsidies and from April 2013 launched a 600 million ruble ($18 million) program to cover up to 50 percent of the cost of airfare within the Volga Federal District.

Air travel in Russia is growing faster than in the rest of the world. According to IATA data, last year international air travel in Russia increased by 23.1 percent, and domestic traffic rose by 8.1 per cent, compared to 6 percent and 4 percent in the rest of the world, respectively.

In the first four months in 2013, international and domestic air travel in Russia grew by 25 per cent and 9.8 per cent respectively.

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