

Russia Mulls Extra Fee for International Flights to Support Home Routes

By Diana Kulchitskaya

April 20, 2014



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Russia's Transportation Ministry is examining the possibility of introducing an additional fee for passengers of international flights in order to channel the proceeds to subsidize domestic routes, train local staff and repair regional airports, Kommersant reported Friday.

If the charge is set at the European average of between 4 and 120 euros (\$5.5 to \$165.8) per person, the state may raise around \$1 billion per year for this purpose.

The ministry decided to investigate setting up special funds based on extra charges following an order given by Prime Minister Dmitry Medvedev at a meeting dedicated to regional aviation development in December 2013, Rano Dzhurayeva, president of the Innovation Center of Civil Aviation consultancy, told Kommersant. The ministry confirmed such a scheme was being thoroughly assessed.

The practice of reinvesting fees already exists in the world, Dzhurayeva said. For example, in the U.S., part of the airport infrastructure development budget is formed by an airport fee. The annual proceeds of about \$10 billion are accumulated in a special fund.

In the European Union, passengers pay a special tax if they travel abroad, the size of which depends on the range of the flight and its class. In France the tax ranges from 4 to 40 euros, in Austria — from 8 to 35 euros.

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It is still unclear how this mechanism may be used in Russia. A source close to the government told the newspaper that a separate clause setting a certain fee for every international flight may be added to the budget in order to increase funding of the existing subsidies meant for training regional staff and repairing local airports. The government intends to channel about 14.3 billion rubles (\$398 million) from the budget for these purposes in 2014–2015.

Big airlines declined to comment officially on the new fee prospects but admitted that once adopted it would increase the tickets price. A source close to Aeroflot's board of directors told Kommersant that officials should choose between fighting with high ticket prices and creating funds to support regional flights.

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Original url:

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