The Moscow Times
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Neva Travel Agency Bankruptcy Leaves Thousands Stranded

By The Moscow Times

July 16, 2014

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One of the oldest travel agencies in Russia, St. Petersburg-based Neva, went bust on Wednesday, leaving thousands of its clients wondering how they will get back to Russia, and thousands more wondering how they will get away.

The company's founder and chairman, Sergei Timraliyev, blamed the closure on a "bad season," that has been exacerbated by a sharp economic slowdown, and said that tourist agencies had become unprofitable due to increased competition and dumping on the market.

About 6,000 of Neva's clients were on holiday outside Russia when the company announced its bankruptcy, while between 17,000 and 20,000 people with bookings for future trips will be left ticketless, Irina Tyurina, a spokeswoman for the Russian Tourism Union, told Gazeta.ru.

Neva, which has offices across European Russia, said in an online statement that it would help clients stranded abroad get home in any way possible, and offered them "moral support."

Neva's general director, Maxim Pirogov, told Vedomosti that the company, founded at the dawn of Russian capitalism in 1990, is insured by insurer Voskhozhdeniye for 454.2 million rubles ($13.2 million), whereas the value of tours sold was below 400 million rubles ($11.6 million).

However, according to Tyurina, it is impossible to say whether sufficient funds will be found to reimburse all of Neva's clients in full. According to its website, Voskhozhdeniye had capital of just 167.7 million rubles ($4.8 million) at the end of 2013, almost three times less than Neva is insured for.

The situation represents a real baptism of fire for The Association of Tour Operators, or Turpomosh, Tyurina said. Turpomosh is obliged to help stranded tourists who have not paid for their holidays in full, but has never before had to deal with the fallout from the abrupt closure of a large travel agency, she added.

A Turpomosh spokesman told Gazeta.ru that the vast majority of Neva clients outside Russia have paid for their holidays in full and that they will have no problem getting home.
The association is now trying to identify the tourists who had not paid in full and is preparing for their "evacuation, should they wish for it," the spokesman added.

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