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Aeroflot to Create New Budget Subsidiary by End of 2014

By The Moscow Times

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Russia's flagship airline, Aeroflot, will create a new low-cost subsidiary to replace sanctions-slain Dobrolyot by the end of the year, Transportation Minister Maxim Sokolov said Friday, Interfax reported.

The EU imposed sanctions on Dobrolyot in July because the company operated flights to Crimea, which was annexed by Russia in March. The sanctions derailed the company's Boeing 737 leases, which were provided by an Irish company, leaving the carrier plane-less after less than two months of service.

Aeroflot has not given up on the low-cost business model, however, and so a new legal entity will be formed in an attempt to resurrect the project by the end of 2014, Sokolov said.

Aeroflot CEO Vitaly Savelyev on Monday said the new budget airline will begin flights to Russian towns such as Samara, Perm, Ufa and Volgograd in October, adding that

the decision to fly to Crimea would depend on consumer demand, but his time frame appears to have been too ambitious.

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