

Russia's Transaero Restarts Select Routes After Government Bailout

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After fighting off financial difficulties, Russia's second-biggest airline, Transaero, has resumed a number of flights it had cut on expectations of weak demand amid the ruble's collapse.

Following what it said was a pick up in demand, Transaero on Thursday upped the number of flights from Moscow to Krasnodar, Rostov-on-Don, Stavropol, Ufa, Kazan, Murmansk and to other cities in Russia.

The airline will also fly more frequently abroad — to Tel Aviv, Beijing, Kiev, Vilnius, Riga, Milan and other international destinations. A route to New Delhi will also open in February, the airline said.

Transaero had pared down the number of its flights to destinations in Russia and abroad in December on the basis of analysts' extremely pessimistic outlooks for short-term air travel demand, the company said in a statement.

"But the successful results of the New Year flight program, which turned out to be the biggest ever ... caused the company to review its previous decision," Transaero said in a statement Thursday.

Transaero last year turned to the government for aid after being hit hard by the ruble's tumble of over 40 percent to the U.S. dollar, pressured down by falling oil prices and Western sanctions.

The government agreed it would support Transaero in December and on Wednesday Russia's second-largest bank, VTB, announced it would offer the airline 9 billion rubles (\$132 million) in the form of a government-backed loan.

As the falling ruble and declining economic growth took their toll on consumers and tourism demand last year, the Association of Air Transport Operators predicted airlines' losses in 2014 at 30 billion rubles (\$470 million), a sixfold increase compared to the previous year.

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