

'Dismal' Losses Continue for Russia's Airlines

July 12, 2016

The  Moscow Times

Russia's airlines made "dismal" operating losses of 24 billion rubles (376 million dollars) for the first quarter of 2016, up from 16 billion rubles (250 million dollars) for the same period in 2015, the Kommersant newspaper reported Tuesday.

Russia's association of air transport carriers believes that the government should continue to support the sector by, for example, lowering taxes whilst Russia's finance ministry has made it plain that airlines themselves can take measures to improve their economic situation.

Experts have warned that airlines need to develop coordinated policies on raising ticket prices and reducing surplus energy supply and overhead costs, Kommersant reported.

Losses on internal routes totalled 25 billion rubles (391 million dollars) whilst profits on international routes amounted to just 1.5 billion rubles (23 million dollars).

"In the current economy, even a minimal price rise would just worsen the situation", said

Vladimir Tasun, president of the association of air transport carriers, claiming that the industry's poor performance are a result of negative factors which appeared last year.

“What is needed is a more strategic response from the industry and continued state support of the sector”, he said.

“It's obvious that we won't be able to bring back demand just by raising prices and reopening charter flights to Turkey”.

In December, Russia banned charter flights to Turkey following the shooting down of a Russian Airforce jet on the Turkish border with Syria. Russia's transport ministry announced this week that charter flights to Turkey are set to resume shortly following an official apology from Turkish president Recep Erdogan for the downed Russian plane.

Commercial flights between Ukraine and Russia have been banned since last year. Flights between Russia and Egypt have been suspended since November following the bombing of flight A321 over the Sinai desert, killing all 224 on board.

Original url:

<https://www.themoscowtimes.com/2016/07/12/dismal-losses-continue-for-russias-airlines-a54538>