

Russian Airlines Face Coronavirus Bankruptcy, Government Warns

Industry could lose \$1.3 billion by the end of the year, federal air agency says.

By [AFP](#)

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Aeroflot is Russia's national flag-carrier. **Sergei Vedyashkin / Moskva News Agency**

Russian airlines could sustain major losses and some might go bankrupt because of hits from the coronavirus, the government warned on Tuesday.

Carriers face two major blows, cancellations of international flights and rising costs owing to the ruble's sharp drop in value, Alexander Neradko, the head of the federal air transport agency Rosaviation, told a government meeting.

"There is a rising risk of bankruptcies by airlines that are in a tough financial situation," Neradko was quoted by Russian news agencies as saying.

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UTair is in a particularly difficult situation, he said.

In February, Russian airlines lost 1.7 billion rubles (\$22.6 million) owing to the suspension of flights to China, he said.

If the situation did not improve by the end of the year, Russian airlines could lose more than 100 billion rubles (\$1.3 billion), he added, while stressing that was not a precise estimate.

On Monday, the government promised to [unlock](#) the equivalent of \$4 billion to help businesses withstand the coronavirus pandemic, especially in the tourism and aviation sectors, by allowing them to defer tax payments.

Russia's flagship airline Aeroflot said Monday it was under “enormous financial pressure” and suggested that its staff take vacation days.

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“Airlines around the world are facing this problem at the moment,” Kremlin spokesman Dmitry Peskov told reporters. “The government is actively discussing how to support airlines.”

In early March, the International Air Transport Association (IATA) estimated the cost of the crisis at around \$113 billion for the entire sector, but the final figure now looks like it will be much higher.

The Association of Russian Tour Operators appealed to the government for help in late February.

It estimated at the time that the Russian tourist industry would [lose](#) at least 2.8 billion rubles (\$37 million) in February and March due to travel restrictions then in place.

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