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Russian-Made Jet Prices Soar as Moscow Struggles to Ditch Boeing and Airbus

July 03, 2025



Sergey Kiselev / Moskva News Agency

Russian-made passenger aircraft meant to replace Boeing and Airbus jets have sharply risen in price, the latest hurdle in Moscow's efforts to build a self-reliant civil aviation sector.

According to Transportation Ministry meeting minutes obtained by the pro-Kremlin daily Izvestia, the prices of domestically produced planes have jumped by 45 to 70% over the past two years, driven by higher production costs and Russia's ongoing dependence on imported parts.

The medium-haul, narrow-body MS-21, Russia's flagship alternative to Boeing's 737 and Airbus's A320, now costs 7.6 billion rubles ($96 million), up from 4.3 to 4.6 billion rubles ($55-58 million) a year ago.

The turboprop Il-114-300 designed for regional flights has seen its price nearly double to 2.6

billion rubles ($33 million).

Meanwhile, the cost of the LMS-901 Baikal rose from 178 million ($2.3 million) to between 315 and 320 million rubles ($4-4.1 million).

State-owned defense and aviation conglomerate Rostec told Izvestia that the initial price estimates for domestically produced aircraft were optimistic and did not reflect the current economic situation. The company cited rising material and electronics costs as key factors behind the price hikes.

A Rostec spokesperson also said initial production runs are typically more expensive and that costs are expected to fall as production scales up.

"A program to reduce aircraft production costs is being developed in collaboration with relevant agencies and airlines," the spokesperson said, adding that the initiative should show results by 2030.

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Viktor Anoshkin, a spokesperson for low-cost carrier Smartavia, told Izvestia that while maintenance is one of the largest cost centers for airlines, the terms of aircraft leases are even more critical in determining profitability.

Following the meeting reported by Izvestia, the Transportation Ministry instructed the State Transport Leasing Company (GTLK) to develop new financial and operational leasing models tailored for Russian-built aircraft.

According to GTLK, these leases can only be made economically viable if the full purchase price is financed by the National Welfare Fund (NWF), Russia's sovereign wealth fund.

To ease the burden on airlines, GTLK proposed extending lease terms to seven or 10 years, with an optional extra year for remarketing the aircraft. The proposal includes a 20-year commitment of NWF funds, with a two-year advance payment requirement.

The meeting minutes from the Transportation Ministry cited by Izvestia stress that "aircraft prices should be comparable to foreign equivalents, and the financial model must demonstrate similar returns to the NWF."

The increases underscore the challenges Russia faces as it attempts to rebuild its aviation industry in the wake of sweeping international sanctions following its invasion of Ukraine. Those sanctions severed access to Western-made aircraft, spare parts and maintenance services, leaving the country scrambling to produce replacements.

Yet despite public pledges to reduce reliance on Western technology, Russia has reportedly imported more than $1 billion worth of parts from Boeing and Airbus since the war began, often through third countries or gray-market suppliers.

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ditch-boeing-and-airbus-a89666