

## Business news

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#### **Russia's first budget airline takes off**

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Russia's maiden budget airline, SkyExpress, recently piloted its maiden flight as the company plans to shake up the market for domestic air travel.

The carrier, which is starting with just two planes, aims to gain a seven percent share of domestic Russian flights by the end of 2007, and 25 percent by 2011. It hopes to carry 600,000 passengers in the first half of the year, growing to 3.5 million next year.

As per the information available, its first flights are going from Moscow to the Black Sea resort city of Sochi, with one-way tickets from \$19 (J9). The price of an equivalent ticket on Russian flag carrier Aeroflot is \$120. Sky Express plans to quickly add to its list of destinations.

According to The St. Petersburg Times, the brainchild of Boris Abramovich, general director of the country's third-largest carrier, KrasAir, Sky Express is the first budget airline to start operating in the country. With a handful of competitors expected to follow, the airline looks set to change the face of domestic air travel by offering tickets for as little as 500 rubles (\$19). With established Russian airlines often proving relatively expensive, millions of Russians opt for often ponderously slow and uncomfortable cross-country rail journeys. Currently, only five percent of Russians use internal flights, according to Sky Express.

"When you look at the air transport market 20 years ago, only a fraction of that air travel happens today," said Rod Brandt, the company's American CEO. "It is not a demand that we have to invent but a demand that exists already. It is staring us in the face."

The company aims to expand its current fleet of two 140-seat Boeing-737s to eight by April, and add six more destinations, including Rostov, Murmansk, Samara and Kaliningrad over the next few months. The longest flight planned is the 1,800-kilometer trip to Tyumen. The start-up capital is \$48 million, and investors include the European Bank for Reconstruction and Development, or EBRD, which is putting \$10 million into the project.

News source: [m-travel.com](http://m-travel.com)

