



INDUSTRIAL COMMITTEES



AIRLINES COMMITTEE



CHAIRMAN:

ERIC ANCONETTI,
AIR FRANCE

DEPUTY CHAIRMAN:

LEONID TARASOV,
DELTA AIRLINES

The AEB Airlines Committee is the main representative body of foreign airlines in Russia in the absence of any Board of Airline Representatives. It works in close cooperation with the International Air Transport Association (IATA) and with the Moscow and provincial airport authorities.

Its objective is to support foreign airlines in a highly regulated sector by raising issues faced by its members with Russian authorities in order to facilitate the development of the Russian civil aviation market and meet the airline industry's key commitments in terms of safety, security, and sustainability.

Unlike the internal EU market, the Russian international market is still regulated by bilateral air service agreements between state authorities based on balance and reciprocity, which can be linked to commercial agreements with Russian airlines.

Since 2017, both domestic and international air traffic has greatly increased mainly due to the strong development of capacity implemented by Russian airlines and low-cost carriers.

This double-digit development, which is above air traffic demand, leads to strong pressure on the yields and profitability of the international air routes to/from Russia.

Since the beginning of the unprecedented COVID-19 crisis, all international airlines are fighting for their own survival and their market presence in Russia and are actively lobbying the Russian authorities to authorize the resumption of regular international flights and lift unnecessary travel restrictions.

TAXATION

The complex legal environment (air service agreements, bilateral taxation treaties, Russian Federation laws) creates taxation hurdles for airlines operating in Russia and for Russian providers and local authorities who don't apply the law in a consistent way. Airport taxation is also not consistent between Russian and foreign airlines, making competition conditions unfair. It is therefore crucial to continue all lobbying actions toward Russian authorities and airports to solve these issues.

RECOMMENDATIONS

- › Align the passenger terminal charge (RI), security charge (UH), and new infrastructure charge collected by Russian authorities and airports from foreign airlines and Russian airlines.
- › Leverage the new tax code update (dated April 2019 for implementation in July 2019) that allows representative offices to claim a VAT refund (i.e. on non-airport related services for international airlines).

NEW ELECTRONIC VISA PROGRAM IN RUSSIA

Since the launch of the pilot e-visa program for the St. Petersburg region on October 1, 2019, too many passengers are being refused entry into Russia by immigration authorities and sent back to their country of origin because their e-visa form does not fully match with their passport details. The above issue is due to the lack of any automated check performed during the online visa process. The improvements made in December 2019 are not sufficient to completely address this issue.

RECOMMENDATIONS

- › Continue to lobby the Russian authorities to ensure that an efficient and automated process/tool will be ready before the extension of the e-visa program to the entire Russian Federation set for January 1, 2021.

AIRPORT HANDLING

Most Russian airports are in a monopolistic situation today with regard to handling activities, which can be performed only by the airport. Therefore, the prices are much higher than the European average, limiting airlines' development. On top of this, some immigration and customs procedures should be reviewed and simplified in order to improve punctuality in Russian airports without compromising security and safety.

RECOMMENDATIONS

- › Facilitate the opening of the airport handling market to private handlers to allow capacity growth at a lower cost.
- › Review and simplify airport regulations and procedures in line with international standards. For instance, remove the current norm which requires a double passenger count. This double counting often creates flight delays in case of a mismatch and has no impact on flight safety.



**More information on the
Committee page**