

Fuel prompts Russia's SkyExpress to put growth on hold

Air Transport Intelligence news Tom Zaitsev, Farnborough (17Jul08, 15:38 GMT, 243 words)

Russia's first low-cost carrier SkyExpress has put a brake on its fleet and network expansion programmes citing the crippling impact of rising fuel costs.

The Moscow-based operator originally planned to receive five leased Boeing 737s before the end of this year. But its spokesman tells ATI that it will shortly take only one of them, bringing the number of 737s in its all-Boeing fleet to ten.

“As for the other four 737s, we've notified the relevant lessors of our decision to acquire them next year when global oil prices could become more predictable and we'll get a clearer vision of the overall situation,” the spokesman says.

In a similar vein, SkyExpress has postponed the launch of several daily services from Moscow Vnukovo Airport to Volgograd, Ufa and Krasnodar, which were scheduled for the fourth quarter. These have now been pushed back into next year.

Over the past year, jet fuel costs in Russia have risen to the equivalent of \$1,500-1,600 per tonne. If SkyExpress continues expanding at the same growth rate, it says it would suffer losses rather than achieving a breakeven at this stage.

Instead, the carrier will concentrate on fine-tuning operations within the existing route network, comprising 11 cities in European Russia.

In particular, we'll increase frequencies to Sochi, Kaliningrad, Chelyabinsk and Perm along with introducing a string of extra premium customer services, choice of seat in the cabin and offers of taxi rides from airports we serve,” says the spokesman.