



AIRPORTS SECTOR REPORT: RUSSIA

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1.0 INTRODUCTION

THE RUSSIAN FEDERATION COVERS TWO CONTINENTS, EUROPE AND ASIA, AND EVEN AFTER THE COLLAPSE OF THE SOVIET UNION, RUSSIA REMAINS THE LARGEST COUNTRY IN THE WORLD IN TERMS OF TERRITORY.

The population of the Russian Federation is 144 million. Although more than 80 per cent of the population is ethnically Russian, the Federation is a multinational state, containing many ethnic minority groups.

The capital city is Moscow, with a population of 8.5 million and the second city is St Petersburg, with more than 4.5 million.

The Federation comprises 89 regions, each divided into six categories:

- Republics
- Districts
- Territories
- Federal cities
- Autonomous regions
- Autonomous districts

All regions are considered to be equal members of the Russian Federation.

As a founding state, each region has its own laws, political institutions and local legislation. The relationship between the Federal Government and each region is governed by a framework, which sets out which areas the federal government is responsible for and which it shares at a regional level.

The current Russian President is Vladimir Putin. The President is the Head of State, the commander-in-chief and the highest executive authority of the Government. The President is elected for a four year term and can serve a maximum of two terms.



2.0 THE ECONOMY

SINCE THE COLLAPSE OF THE SOVIET UNION IN 1991, RUSSIA HAS IMPLEMENTED A SERIES OF FAIRLY WELL PUBLICISED ECONOMIC REFORMS. THESE INCLUDE REMOVING PRICE CONTROLS, DECREASING STATE SUBSIDIES, REDUCING THE ROLE OF THE PUBLIC SECTOR IN THE ECONOMY, ENCOURAGING GROWTH IN INDUSTRIAL AND SERVICE SECTORS, LIBERALISING FOREIGN TRADE, PROMOTING EXPORT GROWTH AND ENCOURAGING FOREIGN INVESTMENT.

In addition, Russia introduced a fairly extensive privatisation programme during the early 1990s.

Today economic performance is strong. Russia now has a sovereign rating from all three major agencies, and agreed major early debt repayments. It continues to attract major new foreign investments, and more companies are being listed abroad. But performance is slowing. The growth rate, over seven per cent in the past two years, began to fall in mid-2004 and is forecast at under six per cent this year. The link between high growth and high oil prices appears to have weakened. Investment growth has fallen sharply. Oil output has virtually stagnated.

Russia faces a 'paradox of good times'. The windfall of high international prices creates favourable conditions for reform, but also encourages deferment of reform. How Russia responds to this paradox is a key question for its longer-term development.

Russia has pushed through a difficult reform of social benefits, and taken further steps to international integration with the WTO and the European Union.

International comparisons show there is great scope for improving the quality of Russia's economic structures through further reform. Given the major investment and demographic challenges facing Russia, the way that it chooses to resolve the paradox of good times has important longer-term implications

3.0 RUSSIA/UK TRADE

“I want to issue a challenge to British businesses – to grasp the opportunities of a more prosperous, stable and outward looking Russia. And to grasp them today because they will be lost tomorrow.”

- *Former Secretary of State Patricia Hewitt, addressing the Russian Economic Forum in April 2004*

Russia offers good long term opportunities for UK exporters and investors. Over the past few years, trade between Russia and the UK has increased significantly, and this is expected to continue for the foreseeable future. In 2003, UK exports to Russia totalled £1,416.7bn – up 43 per cent on the 2002 figure and representing a new highest export level. Total foreign investment into Russia was US\$40.5bn – up 38.9 per cent on 2003. The UK was the second biggest foreign investor, with (US\$7bn) coming from British sources.

The Russian Government is pushing through an extensive programme of economic reform that is changing the face of the country, and creating the conditions for long-term economic growth. The benefits of stability and restructuring are beginning to show the main drivers of this growth have been a cheap rouble and high commodity prices, especially oil, although domestic consumption has also played a part.

However, the challenges to doing business in Russia should not be underestimated. In order to create the right environment for success, UK companies should carry out detailed research, including the identification of the right potential partners, and seek professional advice where necessary. It is also essential to check whether your product will fit the market as it is, or whether you will need to modify it to make it more attractive.

There are good opportunities for UK exporters in a wide range of sectors, including:

- Automotive
- Consumer goods
- Communications
- Construction
- Electronics & IT hardware
- Engineering (covering – engineering, metals and metallurgical process plant)
- Financial services
- Oil and gas
- Ports
- Power
- Software and computer services
- Sports infrastructure
- Textiles

4.0 THE AIRPORTS SECTOR AN OVERVIEW

4.1 THE MINISTRY OF TRANSPORT OF THE RUSSIAN FEDERATION

Russia has a total of 394 airports, of which 70 are considered as international with the legal right to operate services to other countries. 62 of these are deemed to have Federal status and are granted development funds from the State Development Programme. The remainder of the airports are funded by Regions or city investment programmes.

The Ministry of Transport of the Russian Federation is responsible for defining the state policy for all aspects of civil aviation. This includes defining the general and strategic plans for the sector and allocation of the appropriate funding programmes for the airports. It also includes all elements of security at the airports.

While some airports have now involved private Russian investment and operation, the Ministry controls, operates and manages the vast majority of the country's airports.

The Ministry also retains ownership of all airport runways and is responsible for the investment in these. In addition all aspects of Air Traffic Control are the responsibility of the Ministry for Transport.

It should be noted that no consideration will be allowed for the privatisation of: ATC, Runways, Runway lighting.

The Ministry defines ten airports as having priority status for investments from the State development programme. Some of those airports included in the list of ten are:

- Moscow – Sheremetyevo
- Moscow – Domodedovo
- Moscow – Vnukovo
- St Petersburg – Pulkovo
- Ekaterinburg – Koltsovo
- Novosibirsk
- Irkutsk
- Krasnoyarsk
- Kharbaravsk

The concept is that these airports will be developed as hubs with all other regional airports offering national services to them. These ten will then develop an international routes strategy.

4.2 THE RUSSIAN AIRPORTS ASSOCIATION

The Russian Airports Association was established 15 years ago during the Soviet era representing airports from the Russian Federation and the countries of the Commonwealth of Independent States.

It has 215 members including all leading airports in both the Federation and the Commonwealth states. Its membership also includes Russian airlines, key Russian equipment manufacturers and consultants and research organisations. There are also a number of foreign members. There is interest by the association to develop working agreements with BAG and BASEA and indeed to encourage membership by UK companies.

The association has two annual conferences and is interested in the idea that UK Trade & Investment would develop a Mission coincidental with their meeting late this year. They will have a minimum of 150 members present in Moscow. This event incorporates an exhibition in addition to a two day conference and would appear to offer a good opportunity to introduce UK companies. In May 2005 the US Embassy used the conference to present a delegation from the US.

The Chairman of the Association, Mr Gorbachev, confirmed the previous statements from the Ministry regarding the four year State investment programme for the 62 airports with Federal status (the other airports are funded locally). He also added that the main ten airports fall into two categories:

- state companies who obtain their total programmes from the State, or
- stock companies who are given state funding only for runways and runway lighting.

Again Mr Gorbachev confirmed the strategy of the Ministry as the establishment of ten future 'Hubs'. To achieve effective operation of this network, it is recognised that they will require to purchase new aircraft types and these are not yet available from Russian aircraft builders. A regional jet has been developed with input from Boeing but this has not yet been flight tested. A date of 2007 is given as a launch date.

It is also recognised that Russia has not yet considered an 'open skies' policy but instead continues to operate a quota system originally designated for the protection of the national carrier Aeroflot.

Finally, Mr Gorbachev defined his association has having two principal goals:

- to protect the interests of all Russian airports, and
- to ensure and facilitate the implementation of leading edge technologies, systems and equipment, and finance from Russian and foreign investors.

To achieve these goals, the association has established eight Committees to include the following key areas: Master planning, Power, IT, Security and Ground equipment.

A group from the association will be attending Interairports and we are in discussion to arrange for the group to visit the UK stands. Mr Gorbachev has requested that we send a summary of each UK participating company and if possible a brochure from each company.

5.0 THE AIRPORTS

5.1 MOSCOW SHEREMETYEVO

Sheremetyevo is the major Moscow airport with two terminals and situated 29km from Moscow city centre. Sheremetyevo 1 handles all domestic services and Sheremetyevo 2 is the main international entry point to Russia. This terminal was originally built for the 1980 Olympics but has been referred to as 'the nation's disgrace'. In recent years, many international carriers, including BA, Emirates, Swiss and Air Malta have switched their services to the second Moscow airport, Domodedevo.

Traffic figures for Sheremetyevo are 14 million PAX and 110,000 tonnes of cargo per annum.

The airport has two runways:

Runway 1: Heading 07R/25L, 3700m, 70/R/B/X/T, ILS

Runway 2: Heading 07L/25R, 3550m, 70/R/B/W/T, ILS

The airport is State owned. It has initiated a series of tenders to upgrade its dilapidated facilities but, changes in management and bureaucratic delays have resulted in the failure to progress any major improvement programmes.

A proposal was submitted this year by the Federal Property Management Agency to privatise Sheremetyevo by next year. The Transport Ministry has rejected these plans in favour of a scheme to sell the airport after initiating the improvement plans in order to maximise the airport's value.

However, a major new project for a third terminal has now been granted approval to proceed. This project was originally intended to start in 2001 and be completed during 2003.

A new 'joint venture' partnership, Sky Team, has been established between Aeroflot and International Airport Sheremetyevo [AFL and SVO]. The main objectives are as follows:

- To increase airport capacity to 34 million PAX by 2025
- Increase transit passengers by 30 per cent by 2010
- Provide passenger standards of service to IATA, level C for Terminals 1 & 2, and level B for Terminal 3

- Organise high speed transport connections with Moscow by 2007
 - Rail connection 30 minutes
 - Bus connection by motorway ten minutes
- Introduce new ground handling service plan by 2007
 - Main handling operator
 - Integrated system for security
 - Increase non aviation revenues up to 40 per cent
 - Integrate management of common resources

The project is valued at US\$430 million. Project financing will be available from the following sources:

- Share Capital – AFL, MASH, Vneshtorgbank, Sberbank
- Credit – EBRD, IFC, EIB and Commercial banks
- Financing of equipment under guarantees of Export agencies

The scope of the project will encompass:

- Terminal building nine million PAX [3800 pax/hr]
- Apron 300,000 sq metres
- Landside area
- Car park 3,400 spaces

Bovis Lend Lease has been appointed as project manager and recently it was announced that a Turkish contractor, ENKA, has been awarded the construction contract. Bids were received from 38 contractors, Russian and foreign. The following timescales are envisaged:

- May 2005 – General contractor selected
- June 2005 – Set up site
- Aug 2007 – Construction complete
- Nov 2007 – Terminal in operation

The major contractor and or the joint venture partners will issue tenders for the following:

- Construction materials and equipment
- Specialised systems
 - baggage system
 - information systems
 - air bridges

- Operational equipment – Ground handling operations will be offered as a tender to:
 - Aeroflot
 - terminal
 - integrated ground handling operator

We have agreed to send details of suppliers of specialised systems to the Project Manager.

5.2 MOSCOW DOMODEDEVO

Domodedevo is 40km from Moscow city centre but is readily accessible by rail and road links. The high speed rail connection offers trains every hour with a transit time of 40 minutes.

The terminal has been improved during 2000-2003 by incorporating:

- transfer technologies,
- an express transport system, and
- new private management techniques.

The terminal has a capacity of 14 million passengers, 80 check in counters and 22 passenger bridges.

The airport has two runways:

Runway 1: Heading 14R/32L, 3500m, 60/R/C/X/U, no ILS

Runway 2: Heading 14L/32R, 3794m, 78/R/C/W/T, no ILS

The airport is now managed and operated, under a lease from the Russian government, by a private Russian development corporation, the East Line Group. Investment to date by the Group has been US\$500 million and they are currently negotiating with the government regarding a new leasing agreement. The authorities believe the original lease price they agreed for a 75 year lease was too low.

Under the management of the Group, there has been a very impressive growth in passenger numbers since 2000:

- 2000 – 2.8 million
- 2001 – 3.9 million
- 2002 – 6.7 million
- 2003 – 9.4 million

This has culminated in a 30 per cent increase in 2004 to 12.1 million PAX, which puts Domodedevo close to the Sheremetyevo at 14 million.

The passenger shares for the three Moscow airports in 2003 are:

| Airport | Passengers | Cargo |
|--------------|-------------|-------------|
| Sheremetyevo | 48 per cent | 31 per cent |
| Domodedevo | 40 per cent | 55 per cent |
| Vnukovo | 12 per cent | 14 per cent |

Domodedevo now has 98 passenger airlines and 30 cargo carriers operating to 159 international and 67 domestic destinations.

Estimates for traffic figures by 2010 are 20.5 million and 33.8 million by 2020.

The most recent reconstruction and extension has provided Terminal 1 with a capacity of 14 million passengers, eight million domestic and six million international. Current plans to expand the existing terminal for a capacity of 16 million passengers and to include a glass multi level plaza with a hotel, cinema, supermarket and parking for 4,500 cars.

The proposed projects for the development of Domodedevo until 2012 are:

- the design and construction of a Terminal 2 to increase capacity by six-seven million passengers, and
- the design and construction of a third Terminal to boost passenger capacity by a further six-seven million.

The forecast for 2020 includes Terminal 4 giving a total capacity for the airport of 30-35 million passengers.

The airport is also looking to develop the land around the airport as well.

5.3 MOSCOW VNUKOVO AIRPORT

Vnukovo is the smallest of Moscow's three international airports. It is located 14km from the city. The new terminal was opened in April 2004. The terminal area is 25,000 sq metres and it has 28 check-in desks with a capacity of 1,200 passengers per hour, four million PAX.

The airport has more than 100 carriers operating to 70 main destinations in Russia, the Commonwealth States, Europe and the Middle East.

The airport was established on 2 July 1941 and was chosen as the Moscow return point for Yuri Gagarin from the cosmodrome at Baikonur.

In 2001, following the decision by the Municipal Government of Moscow, the airport handling company, JSC International Airport Vnukovo, was established. This is a good example of the authorities and private sector working in partnership. In April 2004, the new terminal was completed.

This stage of the project will be completed with the opening of the fast rail link between Airport Vnukovo and the Kievsky Rail station.

A new international terminal has been designed by Obermeyer Planen and Beraten and this US\$300 million project has now been awarded to Obermeyer in conjunction with Russian contractors. No UK companies were involved in this bidding process.

This project is to be jointly financed by the Moscow Municipal Government and a private partner company, Aviatsionnaya Neftyanaya Kompania, who are the two main shareholders of the airport.

This project is the first stage of a long term development programme intended to transform the airport complex of Vnukovo into an International Air Transport Centre. It is planned to invest a total of US\$1.3 billion until the year 2015 and create a passenger capacity of 22 million PAX.

The airport has two cross runways:

Runway 1: Heading 01/196, 3,000m, ICAO Cat B

Runway 2: Heading 06 / 24, 3,000m, 50/R/A/W/T, ICAO Cat B, No ILS

5.4 OTHER MOSCOW AIRPORTS

There are two additional airports in Moscow:

- Bykovo airport – handling VIP flights
- Myachkovo – cargo airport

There was insufficient time available for meetings at these airports.

However, the projects here will be significantly less (if anything) than the three principal airports.

5.5 ST PETERSBURG PULKOVO AIRPORT

PULKOVO AIRPORT

The airport was established 30 years ago and until recently the company was operated as a combination, managing both airport and airline. In addition, there was minimal development of the airport's infrastructure.

This was a recipe for disaster and a group of specialists were recruited to save the operation from bankruptcy. Pulkovo Aviation Enterprise, PAE, has now been established as the Pulkovo Federal State Enterprise to operate and manage the airport and airline. The enterprise company has been founded as the parent to four individual operating companies:

- Pulkovo Airport
- Pulkovo Air Company
- Complex of Aviation safety
- Financial & Economic Management services

Pulkovo airport now comprises two terminals about 10km apart and about 16km from the city:

- Pulkovo 1 – Domestic and Charter
- Pulkovo 2 – International

Total annual passenger traffic is four million, divided almost equally between domestic and international. Passenger growth is impressive:

- 2001-2002 – 25 per cent
- 2002-2003 – 20 per cent
- 2003-2004 – 10 per cent

Both terminals are modern and relatively well equipped, particularly with security equipment – baggage screening machines – Rapiscan and Heimann and security cameras from Germany and France. Security has been a major issue since the aircraft explosions last year. (However, despite this after multiple baggage and examination and personal searches, they allow incoming and outgoing passengers to mix airside.)

The airport intends to tender for a master planner and constructor and they have requested that we provide them with details of suitable UK companies. A search has been undertaken and details will be forwarded to Pulkovo. It is worth noting that they have met with ADP and Fraport. The master plan will deal with both terminals, the possibility of developing a third terminal, the further development of the cargo terminal and the creation of new facilities including car parking, hotels, commercial developments on the extensive surrounding land all of which is owned by the airport. There is also interest to develop a rail link with St Petersburg.

It is also worth noting that the Boston Consulting Group has been involved in the development of a tourism programme with the city.

There are two runways, each Fire Category Eight with VOR and NDB navigational aids. There are no noise restrictions but local flying restrictions apply.

Runway 1: Heading 10L/28R, 3,400m, PCN 74/R/C/W/T, ILS, ICAO Cat 1, all aircraft types

Runway 2: Heading 10R/28L, 3,760m, PCN 20/R/C/W/T, ILS, ICAO Cat 2, all aircraft types

In addition to the master planning requirement, the airport will be seeking:

- cargo handling facilities,
- catering systems,
- security equipment, systems and training, and
- ground handling equipment capable of low temperature operation.

ZAO CARGO TERMINAL PULKOVO

This is one of the largest cargo terminals in Russia and the only one in the North West region. The facilities have 6,000 sq metres warehousing with a capacity of 30,000 tonnes. It provides ground handling services for cargo transported by both Russian and international airlines.

ZAO Cargo Terminal Pulkovo is owned and operated by a Russian – German joint venture CTP established in 1997 and commencing operations in March 2002. Its shareholders are:

- Pulkovo Aviation Enterprise – 40 per cent
- Globe Ground GmbH – 40 per cent
- Lenstrozihservice (Construction company) – 20 per cent

5.6 EKATERINBURG KOLTSOVO AIRPORT

The city of Ekaterinburg, capital of Sverdlovsk region, was closed to foreigners until the early 1990s as the area was used for the manufacture of munitions and there was considerable defence industry. The other interesting fact is that this was where the Romanovs were murdered by the Bolsheviks. The Cathedral of the Blood has been built on the site.

Ekaterinburg Koltsovo airport as the open joint stock company was formed in 1994 in the process of privatisation. It is now managed and operated by the big private Russian industrial holding company, Renova. Its ownership is:

- Koltsovo-Invest
- Russian Federation with 34.06 per cent

Koltsovo-Invest was founded jointly by Renova and the Sverdlovsk Oblast Government. Renova has 75 per cent and actually manages and operates the airport.

The airport is ranked in fifth place after the three Moscow airports and St Petersburg. Passenger figures have been growing steadily since 2000 and are currently 1.5 million. However the terminal and airport infrastructure are desperately in need of development.

Renova are a big industrial holding, an outgoing operation with modern ideas and the funding is available from the Russian Federation, the Oblast and themselves to finance their plans. The Director General of the airport, appointed in May 2005, former Commercial Director of the Renova subsidiary RusAvia, Mikhail Maximov is a very young, enthusiastic and capable individual.

The airport is 20km from the city centre. The terminal has 12 check in desks (including five international) and five gates (two international). Airport facilities are very outdated and considerable investment will be needed to undertake upgrading, refurbishment and expansion of the infrastructure. Projects at Ekaterinburg are defined by the Ministry of Transport as priority to be undertaken and completed within the next three years.

There is a need to increase passenger numbers to two million per annum for viability. The airport has a number of advantages:

- private operating company
- geographical location, East meets West
- existence of local airline, Ural Airlines

In addition, there is strong support from the Sverdlovsk regional government, Minister for Industry, Energy and Science, Mr Vladimir Molchanov.

There are two runways, each Fire Category Eight:

Runway 1: Heading 08L/26R, 2497m, 62/F/D/W/T, Max aircraft 100 tonnes, ILS Cat 1, no lighting

Runway 2: Heading 08R/26L, 3025m, 40/R/B/W/T, Max aircraft 215 tonnes, ILS Cat 1, Lighting OV1, Siemens

The airport is interested in foreign suppliers, consultants and operators to ensure high standard implementation of the current plans. The major aim is to create a big transport and logistics hub on the basis of Koltsovo airport, which would connect other domestic and international flights as a transfer point. The projects are defined to include the following:

- Reconstruction and expansion of the whole airport. The construction of a new 15,400 sq metres international terminal is underway by a local contractor, progress seems to be fairly slow but is to be finished by December 2005. The terminal will have a capacity of 600 passengers/hour and the departure area will incorporate two passenger bridges. The reconstruction of the existing facilities for domestic flights (with overall area of 12,400 sq metres) is to follow after that, to increase the capacity to 1.7 million passengers per year. This is to be finished in 2006.
- There is central government budget for the extension and reconstruction of runway one to 3,000 metres, with lighting system. Both runways are to be renovated with the help of private capital as well as through PPP programmes. The project is to start in 2006 and to be implemented by 2009.
- Reconstruction and upgrade of the hotel Lyner at the airport. The aim is find a Western brand operator.
- Development of international cargo terminal. This includes reconstruction of current warehouse facilities, construction of new modern ones with high technologies and equipment to ensure growth of cargo turnover. Time for implementation – 2006.
- Development of transport infrastructure for convenient connection of the airport with Ekaterinburg and other towns (this includes parking lots, express trains, buses, and other means).
- All the projects imply use of modern updated technologies: systems and equipment. There is a budget for the renovation of all ground handling and terminal equipment to ISO 9001. The plan is to commence equipment purchase this year.

6.0 RUSSIAN AIRLINES

There are 103 Russian airlines.

This report highlights some of the larger and more internationally significant of these:

AEROFLOT www.aeroflot.ru

The Russian national carrier operating international and domestic services to more than 80 destinations in 50 countries. It is also the country's largest cargo carrier. Company ownership is:

- Russian government 51 per cent
- National Reserve Bank 30 per cent
- employees 19 per cent

The company's main base is Sheremetyevo and it operates a fleet of:

- 5 x Airbus A310-300
- 6 x Airbus A319-100
- 5 x Airbus A320-200
- 4 x Boeing 737-400
- 5 x Boeing 767-300ER
- 2 x Boeing 777-200ER
- 5 x Ilyushin II-86
- 4 x Ilyushin II-96-300
- 4 x McDonnell Douglas DC10 Freighter
- 13 x Tupolev Tu-134A
- 20 x Tupolev Tu-154M

It has orders for:

- 4 x Airbus A319-100
- 3 x Airbus A320-200
- 6 x Ilyushin II-96-300
- 1 x Yakovlev Yak-40

AEROFLOT DON

This operation is 51 per cent owned by Aeroflot and was established in 1993. It operates scheduled and chartered international, regional and domestic passenger services and cargo operations.

It has a fleet of:

- 2 x Antonov An-12
- 5 x Tupolev Tu-134A
- 9 x Tupolev Tu-154B
- 4 x Tupolev Tu-154M

ARKHANGELESK AIRLINES

This operator is 100 per cent State owned and based at Arkhangelesk airport offering schedule and charter operations for international, regional and domestic flights.

The company has a fleet comprising:

- 1 x Antonov An-24B
- 3 x Antonov An-24RV
- 6 x Antonov An-26
- 3 x Antonov An-26B
- 4 x Tupolev Tu-134A
- 3 x Tupolev Tu-154B

ATLANT SOYUZ AIRLINES

This operator was established in 1993 and is owned 75 per cent privately and 25 per cent by the City of Moscow. It operates to several countries including Belgium, China, Egypt, Germany, Italy, Spain, Turkey, UAE and the UK.

It has the following fleet:

- 1 x Antonov An-12
- 3 x Ilyushin II-76M
- 11 x Ilyushin II-76T
- 1 x Ilyushin II-86
- 1 x Ilyushin II-96-300
- 2 x Tupolev Tu-134A

BAL BASHKIRIAN AIRLINES

This airline operates out of Ufa – 56 airport and has international charter services to Europe, Asia and North Africa.

Its fleet comprises:

- 1 x Antonov An-24RV
- 1 x Antonov An-74
- 2 x Antonov An-74-200D
- 2 x Tupolev Tu-134A
- 7 x Tupolev Tu-154M

DALAVIA

A 100 per cent Government owned airline, operating out of Khabarovsk airport in the Far East zone.

International destinations include:

- Aomori, Guanzhou, Harbin, Niigata, Seoul and Tel Aviv.

It has a fleet consisting of:

- 9 x Antonov An-24B
- 7 x Antonov An-24RV
- 5 x Antonov An-26
- 2 x Antonov An-26B
- 8 x Ilyushin II 62M
- 12 x Tupolev Tu-154B
- 4 x Tupolev Tu-154M
- 8 x Tupolev Tu-294-220

DOMODEDOVO AIRLINES

This airline is partly owned by the State and partly by UT Air. It operates from Domodedovo airport within the CIS and trunk routes to Siberia and international charters to China, Europe, Malaysia and Singapore.

Its fleet comprises:

- 15 x Ilyushin II-62M
- 3 x Ilyushin II-96-300
- 2 x Yakovlev Yak-2D

EAST LINE AIRLINES

A major Russian airline, owned 100 per cent by the East Line Group and operating to Europe, the Middle East and Far East.

The fleet comprises:

- 1 x Antonov An-74
- 1 x Ilyushin II-62M
- 2 x Ilyushin II-76M
- 12 x Ilyushin II-76T
- 3 x Ilyushin II-86
- 1 x Tupolev Tu-134A
- 1 x Tupolev Tu-154B
- 4 x Tupolev Tu-54M
- 1 x Yakovlev Yak-42D

ENKOR

This company was established in 1997 and is part of the JSC Chelyabinsk Air Enterprise holding company. It provides technical maintenance facilities in addition to its flight operations.

It has a fleet comprising:

- 2 x Tupolev Tu-134A
- 1 x Tupolev Tu-154B
- 4 x Tupolev Tu-154M
- 1 x Yakovlev Yak-40
- 6 x Yakovlev Yak-42D

PULKOVO AVIATION ENTERPRISE

This major Russian airline operates throughout Russia and to 26 destinations in Europe in winter and 30 in summer.

The fleet consists:

- 8 x Ilyushin II-86
- 11 x Tupolev Tu-134A
- 9 x Tupolev Tu-154B
- 17 x Tupolev Tu-154M

URAL AIRLINES

This is a joint stock company between Ural Wings and the Ural Transport Bank. Its main base is Ekaterinburg and it has a fleet comprising:

- 3 x Antonov An-12
- 2 x Antonov An-24B
- 1 x Antonov An-24RV
- 3 x Ilyushin II-86
- 13 x Tupolev Tu-154B
- 4 x Tupolev Tu-154M

UT AIR

The company is based in Tyumen and, in addition to scheduled and charter services, it serves the demands of the Siberian oil industry and UN relief operations.

It operates the following fleet:

- 1 x Antonov An-24
- 4 x Antonov An-24B
- 5 x Antonov An-24RV
- 16 x Tupolev Tu-134A
- 3 x Tupolev Tu-154B
- 9 x Tupolev Tu-154M
- 12 x Yakovlev Yak-40
- 2 x Yakovlev Yak-40K

7.0 PAYMENT/CREDIT INSURANCE/ECGD

CREDIT INSURANCE

Credit insurance policies provide cover against the risk of non-payment by purchasers of goods and services, and can protect you from unforeseen developments.

However, ordinary commercial prudence in your credit management and contract negotiations must always be exercised as laxity in carrying out basic checks on your customer may mean that the policy becomes invalidated. In general, credit insurance companies classify risk into two main types:

- *commercial risks* ie that the buyer will default on payment or become insolvent,
- *political risks* ie that the buyer will be prevented from making payment owing to some political event or situation, such as general shortage of foreign exchange.

Both types of risk should be regarded as high when dealing with Russian buyers.

Providers of Credit Insurance

The British commercial market for credit insurance is arguably the most competitive in the world. Among the leading companies providing such insurance are:

- NCM Credit Insurance Ltd
Tel: +44 (0)29 2082 4000
www.ncmgroup.com
- Euler Trade Indemnity Ltd
Tel: +44 (0)20 7512 9000
www.eulergroup.com
- Coface
Tel: +44 (0)20 7325 7500
www.cofaceuk.com

General advice about credit insurance and its availability for business in Russia can be obtained from an insurance broker specialising in credit insurance such as:

- AON CIA Aon Risk Services
Tel +44 (0)118 926 1100
- The British Insurance Brokers' Association (BIBA)
Tel: +44 (0)20 7623 9043, www.biba.org.uk

EXPORT CREDITS GUARANTEE DEPARTMENT (ECGD)

ECGD provides guarantees against non-payment risks to exporters of UK capital goods and services to banks that provide finance for such exports and to long-term investors in overseas enterprises.

Its export credit cover is available for goods and services normally sold on at least two years credit. (Credit insurance for consumer goods and other business normally transacted on credit terms of less than two years is regarded as a function of the private sector, provided by companies such as those mentioned above.) If your company is involved in the export of such capital goods and services and you wish to explore the possibility of ECGD insurance or guarantees for finance, you should contact ECGD.

ECGD has a New Customer Service Team dedicated to helping those relatively new to exporting through the sometimes daunting process of credit insurance and export finance.

Further information is available at www.ecgd.gov.uk

8.0 CONTACTS IN RUSSIAN AIRPORTS

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119017 Moscow

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9.0 UK TRADE & INVESTMENT CONTACTS

Companies interested in pursuing business in Russia, should also refer to the UK Trade & Investment publication:

Getting Started – Doing Business in Russia, Sept 2004.
www.uktradeinvest.gov.uk/russia

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Published August 2005 by
UK Trade & Investment
www.uktradeinvest.gov.uk

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URN 05/1417