

# RUSSIA AVIATION PROFILE

## Understanding how Russian tourists travel to Australia

*This briefing has been prepared by the Tourism Australia Aviation & Economics Team, but was significantly assisted by the research of the Centre for Asia Pacific Aviation, Air Transport Intelligence, Bureau of Infrastructure, Transport and Regional Economics and Department of Immigration and Citizenship.*

### At a Glance

Arrivals Growth		End-point* carriers				Major Carriers	Seasonal Peaks	Origin Traffic
		Direct Seats		Load Factors				
2008	+9%	2008	na	2007	na	Emirates	17%	99% almost no through traffic
2009(F)	na	% ch	na	2008	na	SQ	15%	
2010(F)	na	Rank	na	Nat. Av.	77%	Qantas	15%	
						Korean Air	15%	

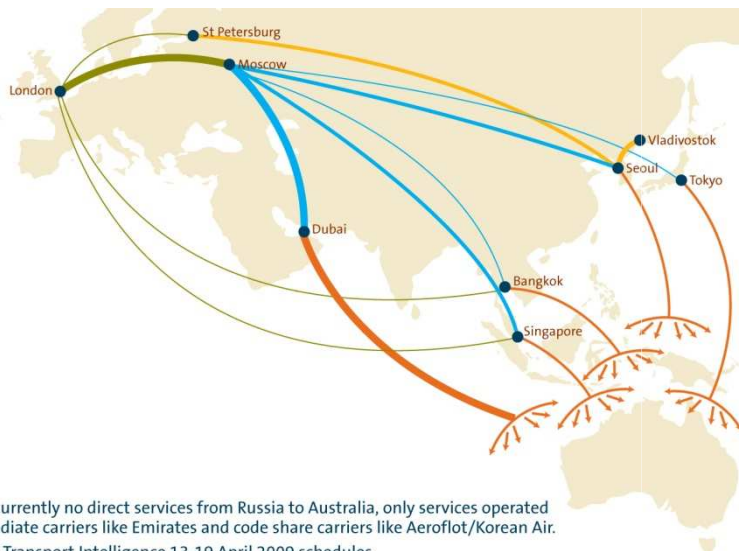
(F) Forecast. Source: Tourism Forecasting Committee, 2008 Issue 2

\*End-point carriers in this report are defined as carriers who retain the same flight number on all sectors of the Russia-Australia flight. There are no end-point carriers on this route, only intermediate carriers whose flight numbers change when the aircraft reaches its home country (e.g. when Emirates flies through Dubai).

Russia is one of Australia's fastest growing smaller inbound markets. As there are currently no direct services between the two countries, Russian tourists rely on a range of code share services and intermediate\* carriers to travel to Australia. Aviation access is expected to continue to improve as Middle East carriers expand their Russian and Australian networks. Record high fuel prices (and associated fuel surcharges) have also eased over the last year, reducing the relative cost of long-haul air travel to Australia. The key aviation related opportunities for Russian inbound tourism is to improve direct capacity constraints, ideally by encouraging Russian carriers (such as Transaero) to operate regular services to Australia.

### Coming into Australia

Moscow-Dubai-Australia is the busiest route (as shown in the below map), with Emirates operating double daily frequencies on the route. London, Singapore and Korea are also key hubs on this route.



Key Airlines on the route	Airports served in Russia (times per week)	Airports served in Australia (times per week)
Emirates	Moscow (14) via Dubai	Sydney, Melbourne, Brisbane, Perth (total 63)
Singapore Airlines	Moscow (4) via Singapore	Sydney, Melbourne, Brisbane, Perth, Adelaide (total 82)
Qantas/British Airways (BA) code share	Moscow (20), St Petersburg (7) to London on BA. Connect to BA or Qantas services to Australia (14 per week or 26 respectively)	Sydney, Melbourne (total 40)
Korean Air/Aeroflot code share	Moscow (3), St Petersburg (3), Vladivostok (5) via Korea	Sydney, Melbourne, Brisbane (total 13)
Thai Airways	Moscow (3) via Bangkok	Sydney, Melbourne, Brisbane and Perth (total 40)
JALways/Japan Airlines	Moscow (3) via Tokyo	Sydney, Brisbane (total 14)
Aeroflot	18 weekly flights from Moscow to Asian destinations (3 to Seoul, 4 Bangkok, 4 Hong Kong, 7 Tokyo) and 20 Moscow-London Heathrow flights	None

There are currently no direct services from Russia to Australia, only services operated by intermediate carriers like Emirates and code share carriers like Aeroflot/Korean Air. Source: Air Transport Intelligence 13-19 April 2009 schedules

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Feedback or Suggestions?

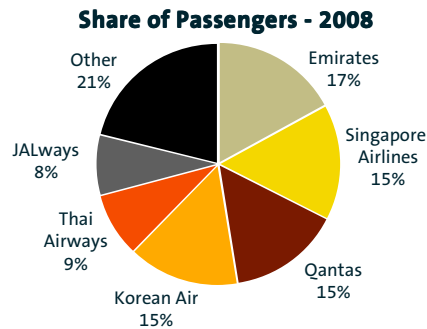
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## Understanding how Russian tourists travel to Australia

### Airlines on the Route

There is no dominant carrier on the route. Emirates, Singapore Airlines, Qantas and Korean Air all share a significant portion of Russian tourists to Australia. In recent years, Singapore Airlines and JALways have gained significant market share.



Airline	2004	2005	2006	2007	2008
Emirates	16%	25%	24%	22%	17%
Singapore Airlines	5%	6%	7%	9%	15%
Qantas	32%	22%	21%	18%	15%
Korean Air	10%	7%	9%	10%	15%
Thai Airways	2%	1%	7%	10%	9%
JALways	0%	0%	2%	7%	8%
Other^	36%	39%	30%	24%	21%

^Other carriers include Asiana Airlines (3%), Air NZ (2%), Cathay Pacific (2%), British Airways (2%), Air China (2%), Malaysia Airlines (2%) and a range of smaller carriers.

### Direct Capacity: Russia to Australia

There are currently no direct services from Russia to Australia. Aeroflot is the only carrier that has operated direct services on the route albeit for a short period (May 1993 to March 1996). These services have been largely replaced by the code share services it operates with Korean Air and Cathay Pacific.

**Bilateral Capacity Restrictions:** There are currently no binding capacity constraints between Russian Federation and Australia. Under the current air services agreement, there is approval for three frequencies per week with Russian Federation and Australian carriers using none. There are no bilateral talks scheduled for the remainder of 2009.

### Looking Ahead

- From a capacity perspective, the outlook for 2009 on Russia-Australia route is positive with growth primarily driven by Middle Eastern carriers. On 2 February 2009, Emirates added daily services to Moscow, Melbourne and Brisbane and began to increase capacity to Sydney through the introduction of its A380s. On 1 December 2008, Etihad launched five weekly Moscow services. Etihad also added four weekly Sydney services on 31 October 2008 and daily Melbourne services on 1 March 2009. Qatar is expected to launch daily services from Doha to both Sydney and Melbourne in late 2009, potentially connecting its existing daily Moscow services. In addition Transaero, a Russian carrier, postponed its once per fortnight Moscow-Hong Kong-Sydney services in January 2008 to at least March 2009 as it expands domestic services, particularly to the far east region of Russia. Other changes on the route include Japan Airlines adding one weekly service to Moscow in March 2008 and China Southern launching three weekly Urumqi-Moscow services in October 2008.
- Ideally direct services to Australia by Russian carriers, Aeroflot (Russia's flag carrier) or Transaero, would strengthen Australia's market presence. While Transaero has expressed interest in Australia, Aeroflot has recently appointed a new general director, Vitaly Savelyev, who is undertaking to significantly restructure the airline, possibly delaying aircraft deliveries (including 22 A350s, 22 B787s). Aeroflot also plans to launch services to Guangzhou (China) on 3 June 2009, which could potentially connect with fellow SkyTeam member, China Southern's Australian services.
- Fuel costs affect the operating economics for airlines of very long haul routes like Russia to Australia. In mid 2008 oil and jet fuel prices peaked to record highs (US\$145 and US\$181 per barrel respectively) adding around A\$400 in fuel surcharges on a return trip from Europe to Australia. Since then fuel prices and associated fuel surcharges have largely fallen (despite a small rebound in 2009). In October 2008, Qantas reduced fuel surcharges from A\$420 to A\$380 on a return Europe-Australia flight, and further reduced in December 2008 and in May 2009 to A\$320 and A\$190 respectively.