

Russian Airplane Crash Clouds Putin Goal of Building World-Class Economy

By Paul Abelsky - Sep 9, 2011

Russian Prime Minister [Vladimir Putin](#)'s goal of turning the economy into one of the top five in the world may be threatened by mounting unease over the country's transport infrastructure.

The Sept. 7 crash that killed all but two of the 45 passengers aboard an 18-year-old Russian-made Yakovlev-42 plane was the fifth jet airliner accident in the country in the past year, bringing the number of casualties to 99, according to data compiled by researcher Ascend Worldwide Ltd. Other transport accidents included a July 10 shipwreck that killed 119 people.

The catastrophes highlight the failure to overhaul infrastructure in the world's largest country as the government seeks to modernize the economy and remake Moscow into a global financial hub to reduce dependence on energy exports.

"The number of deadly accidents rules out coincidence and points to fundamental problems with ageing infrastructure and the rule of law," Lilit Gevorgyan, a London-based analyst at IHS Global Insight, said by e-mail. "This is certainly casting a shadow on [Russia](#) aspiring to become a world class economy."

The age of Russia's domestically manufactured single-aisle aircraft fleet is between 25 and 30 years, while the U.S. fleet averages around 13 years, according to Ascend, a London-based aviation consultant company. Ascend fleet figures show a need for at least 400 new commercial passenger aircraft in Russia, said George Ferguson, senior aerospace and defense analyst for Bloomberg Industries.

'More Difficulties'

Airline fleet renewal "is required at smaller carriers further afield that will have more difficulties securing bank loans or leasing commitments," Ferguson said of Russia's commercial aviation industry.

Russia may turn to foreign aircraft producers to ensure safety of [air travel](#) after the accident in the Yaroslavl region, about 300 kilometers (185 miles) northeast of Moscow, President [Dmitry Medvedev](#) said. The plane carrying the Lokomotiv Yaroslavl hockey team crashed after failing to gain altitude when taking off from the Tunoshna airport on the opening day of the Kontinental Hockey League season.

“The value of human life overrides other considerations, including support for the domestic producer,” Medvedev said at the crash site yesterday. “Of course it’s necessary to think of our own but if they’re not up to the job, we need to buy equipment overseas.”

Some say upkeep of aircraft and the systems installed on them is more important than the age of the planes.

“As regards aircraft age, this isn’t necessarily a burden,” Jurgen Hild, managing partner at Aviation Competence, which advises the [airline industry](#), said by e-mail. “It’s more aircraft maintenance and equipment and crew qualification, training and operating procedures that provide for safety.”

‘Strategic Priority’

Supporting the aviation industry is a “strategic priority” for the government, which channeled 270 billion rubles (\$9 billion) in state funds to domestic producers between 2009 and 2011, Putin [said](#) Aug. 17 at the opening of the MAKS international air show outside Moscow.

The [air force](#) suspended flights by MiG-31 fighter jets earlier in September until a probe after a crash that killed two pilots Sept. 6. A cargo spaceship crashed last month in the first such accident with the vessel since it started flights in 1978. Russia lost its most powerful telecommunications satellite in August, setting back the country’s efforts to promote the wider availability of communications services.

The country’s transport infrastructure has also become a target for terrorist attacks. A suicide bomber killed 37 people at Moscow’s Domodedovo Airport in January, while twin subway bombings during the morning rush hour in Moscow killed 40 people last year.

Presidential Election

The accidents are increasing pressure on Medvedev, who may run in a presidential election in March. His approval rating fell to the lowest level on record, dropping to 42 percent last week from 46 percent in mid-August, a survey published Aug. 25 showed.

Approval for Putin, who may also bid to return to the presidency next year, fell to 49 percent, the lowest since 2005, when it last dipped below 50 percent, the Public Opinion Foundation, also known by its Russian acronym FOM, said in a [report](#) on its website. The survey was based on interviews with 3,000 people Aug. 20-21. No margin of error was given.

Still, the accidents may generate sympathy for Russia and its leaders, Tomas Valasek, director of foreign policy and defense at the London-based Centre for European Reform, said in a telephone interview yesterday. While regional airlines may be “decrepit,” the flagship carrier OAO Aeroflot has one of [Europe](#)’s newest fleets, he said.

Nothing About Safety

“I don’t know how you draw generalizations for Russia from this incident,” Valasek said. “It appears to have been a pilot error and it says nothing about the safety of the airport.”

As the air accidents were concentrated on domestic routes, where traffic has been increasing, there may not be an effect on visitors from abroad, said [Mark Rubinstein](#), head of research at Metropol IFC in Moscow.

“There have been a number of tragic accidents but it won’t detract from Russia’s appeal as a destination for foreigners, he said in a telephone interview yesterday.

Even with limited immediate impact, the state of Russia’s transport infrastructure may make it difficult to reach Medvedev’s goal of boosting growth to as much as 10 percent within five years from 3.4 percent in the second quarter to match the pace of [Brazil](#), [China](#) and [India](#).

“Despite the tough talk by the Russian leaders, positive change in transport sector is going to be in short supply,” wrote Gevorgyan at IHS. “The overhaul of transport, including aircraft, sector is a difficult and long-term project.”

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