

Press-release of 28.07.2010

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On 22nd July 2010, the Court of Cassation Instance - the Federal Arbitration Court of the Moscow District passed a final ruling, which confirmed validity of the determination issued by the Federal Antimonopoly Service (FAS Russia) regarding "Avianeft" CJSC, which is the provider of refueling services in Kaliningrad airport. The company refused "Aeroflot- Russian Airlines" OJSC a possibility to deliver its own fuel.

Earlier the FAS Russia's decision was supported by the Court of the First Instance and the Appeal Court.

On 10th June 2009, FAS Russia found that "Avianeft" CJSC violated Article 10 of the Federal Law "On Protection of Competition" (prohibiting abuse of market dominance).

The case was initiated upon a petition of "Aeroflot- Russian Airlines" OJSC. FAS Russia established that the airline approached "Avianeft" CJSC regarding independent delivery of the "Aeroflot" own aviation fuel to refuel its aircrafts in Kaliningrad airport. The cost of the air carrier's own fuel was lower than "Avianeft" CJSC, however "Avianeft" CJSC refused to provide such possibilities to "Aeroflot".

"Avianeft" CJSC explained its refusal by absence of a license for aviation fuel storage, although this type of activities does not require licensing. "Avianeft" CJSC did not see this as a problem when the company itself delivered aviation fuel to "Aeroflot" and at the same time provided services for supplying aviation fuel (including fuel storage).

Therefore "Avianeft" CJSC violated the law by preventing separate entry of "Aeroflot" to the market of aviation fuel and the market of services for supplying aviation fuel. These actions resulted in infringing the interests of the airlines and restricting competition.

On 20th July 2010, the 9th Arbitration Appeal Court confirmed validity of the FAS Russia's decision and determination on a similar case against "Khabarovsk Airport" OJSC, which had also been initiated upon a complaint of "Aeroflot".

Commenting the court ruling on the case against "Khabarovsk Airport" OJSC Deputy Head of FAS Russia Anatoly Golomolzin said, in particular, that when airlines can independently purchase fuel by organizing tenders, buying fuel at a commodities exchange or entering into long-term contracts with fuel producers it reduces its costs.

"Numerous cases, particularly, against airport fuel-and-refueling complexes allowed us to reduce the costs of into-plane fuelling by 1.5 times in comparison with the period of crisis (2008). In the overall cost structure, fuel expenditures of airlines dropped from 45% in 2008 to 24% in 2010", says Anatoly Golomolzin. "It is a factor of principal importance for cutting down air fare."