

Two airlines suspend Iran flights as economy weakens

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LONDON (Reuters) - Two European airlines said on Saturday they were halting services to Iran, a sign of the crumbling purchasing power of Iranians as their economy buckles under the weight of Western sanctions.

Air France-KLM (AIRF.PA) will suspend its Amsterdam-Tehran service starting April 2013, a spokesman for the carrier said. It currently flies to Iran four times a week.

Austrian Airlines, a unit of Germany's Deutsche Lufthansa (LHAG.DE), is cancelling its services to Iran due to a lack of demand, a spokesman said. The carrier's last flight from Vienna to Tehran will be on January 13.

It used to fly to Tehran four times a week, but reduced that to three in November.

The Iranian rial has lost about two thirds of its value against the U.S. dollar in the last year, following U.S. sanctions on its central bank and a European Union embargo of Iranian oil, levied over Iran's disputed nuclear program.

That depreciation has made imported goods and foreign plane tickets far more expensive for Iranians.

A spokesman for Lufthansa said the German carrier was continuing to fly to Tehran five times a week. Italian airline Alitalia also flies to Iran, according to its website.

The U.S. and its European allies fear Iran is trying to build a bomb under the cover of a civilian nuclear program. Iran says its program is purely peaceful.

The sanctions against Iran's energy and banking sectors have made it more difficult for the Iranian government to earn foreign currency, raising concern that the central bank will not be

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able to defend the rial and depressing its value.

Airlines already had to think twice over whether to maintain services to the country since Iran said in 2011 it had stopped providing fuel to European aircraft in retaliation for their refusal to fuel Iranian planes.

Austrian Airlines suspended its service to Tehran for more than two months last summer because it could not be sure of getting its planes refueled there.

(Reporting By Maria Sheahan in Frankfurt and Sara Webb in Amsterdam; Additional reporting and writing by Yeganeh Torbati in Dubai; Editing by Tom Pfeiffer)