LATVIA BACKS AIRBALTIC CASH INJECTION

News / Airlines

Latvia's parliament has backed an EUR€80 million (USD$85 million) **cash injection for AirBaltic**, removing a potential hurdle for the state-owned flag carrier to complete the purchase of Bombardier CSeries aircraft.

The green light follows a government decision to prevent the state-owned airline separately importing jets from Russia's Sukhoi, a possibility that had threatened to put the airline at odds with the Baltic state's hawkish policy against Moscow.

The state infusion is part of a refinancing and expansion plan that also provides for EUR€52 million of private investment from German banker Ralf-Dieter Montag-Girmes in return for a 20 percent stake in carrier.

The arrival of an investor with lengthy experience in Russia had triggered speculation that Latvia could import Russian jets, putting approval for the refinancing at risk.

But Montag-Girmes has denied any pro-Russian bias.

Karlis Sadurskis, chairman of a parliamentary committee that has been studying AirBaltic, said there had also been competing concerns that the new financial investor would pull out if Latvia blocked purchases of Russian planes.

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But a new shareholder agreement to be signed in coming weeks would avoid this.

Under EU rules, the state can only inject new funds needed to pay for new aircraft if there is also a private investor.

"AirBaltic has altered its business plans and will substitute Sukhoi Superjets (with) Bombardier planes, and all the finances will be covered," Sadurskis said.

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