



LATVIA'S GOVERNMENT RESIGNS AMID AIRBALTIC AND OTHER SCANDALS

News / Airlines



Latvia's government fell as Prime Minister Laimdota Straujuma **resigned amid a deal to finance the airBaltic** national airline that forced Transport Minister Anrijs Matiss from office.

Latvian Prime Minister Laimdota Straujuma announced her resignation after a meeting with President Raimonds Vejonis.

"The time has come to create a new government. New ideas, new input, new energy is needed to make further efforts on the basis of what has already been accomplished," Straujuma said. Latvian Government had faced protests over health care, national airline rescue.

The leader of the party "Unity" Solvita Aboltina, noted that the government needs to prove its efficiency. She added that the decision about attraction of the investor for airBaltic was collegial, and it is the responsibility of the Minister who dealt with this issue, "the head of the team".

Aboltina believes that a functioning government is currently in doubt, and the investor confirms that.

Previously, Straujuma fired Transport Minister Anrijs Matiss on Nov. 4 over plans to extend an 80

million-euro (\$87 million) loan to AirBaltic for new aircraft, and the potential purchase of a minority stake by a private investor.

She added that aviation business is special and a company that is not associated with it is unlikely to find an appropriate investor. In addition, said Straujuma, problems with aviation are currently found in multiple countries around the world. She also mentioned Lithuania and Estonia, as well as the situation with Lufthansa.

«Finding an investor is not simple. What is necessary here is a professional company that specializes in searching for investors in aviation. We need a strategic investor. Mr. [German businessman Ralf Dieter] Montag Girmes will not be airBaltic's strategic investor,» – said Straujuma, adding that existing investments will serve as a stimulus for the airline's development until a strategic investor is found.

President Raimonds Vejonis told reporters he would talk to all political parties before choosing a candidate to form a new government.

As previously reported, Latvian Saeima has permitted the allocation of EUR 80 million credit to airBaltic.

In 2011, airBaltic was on the edge of bankruptcy and requested for more than €40 million aid to state in business. During the same year airBaltic announced plans to cut half of its employees and cancel around 700 flights. Following the drastic measures made by airBaltic's management, the government of Latvia agreed to invest around 150 million euros to save the airline. The cost-cutting program, initiated by airBaltic aimed to return to profitability, allowed the company to narrow its losses. However, the carrier still requires the support of the Latvian government.

Recently, Esotnian national carrier has went bakrupt afte the EU ruled the airline benefited from illegal government subsidies worth €85 million.

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