



CHINESE, GERMAN INVESTORS SET SIGHTS ON LATVIA'S AIR BALTIC

News / Finance



Air Baltic (BT, Riga) has attracted attention from **Chinese investors** Latvia's State Secretary to the Ministry of Transport, Kaspars Ozoliņš, has disclosed.

In an interview with Latvian Radio this week, Ozoliņš described the investors simply as owners of a variety of aircraft manufacturing firms. He added that talks took place last month during the finalization of details for a Memorandum of Understanding (MOU) for transport cooperation between Latvia and Chengdu municipality.

"Yes, we have talked it over, and they are interested in this. We have separated it into several stages. The first would be strengthening bilateral cooperation, which is organizing direct flights," he said. "Afterwards, if we see that the cooperation has been fruitful and we consider one another a business partner and we can cooperate, the next step could be analyzing the chances for investment in our airline. They know very well what our situation is, they see, they understand and it's interesting to them."

Ozoliņš said that as part of the cooperation with the Chinese, flights between Chengdu and Riga

would launch sometime between spring and autumn of next year.

The Latvian government is looking for a suitable strategic partner for the airline with a keen eye on Asia. Recently Ozoliņš said he had held talks with South Korea's two largest airlines - Korean Air (KE, Seoul Incheon) and Asiana Airlines (OZ, Seoul Incheon) - over possible cooperation with the Latvian national carrier.

Last month, financial consultant services firm Prudentia announced it had found a German investor willing to inject EUR50 million (USD55 million) into the airline initially with a further EUR70-80 million (USD77-88 million) to follow thereafter. Thus far, a Protocol of Intent has been signed.

However, Transport Minister Anrijs Matīss later accused Prudentia of violating confidentiality agreements and sought its termination. The firm warned that Riga's continued dalliance in finding an investor may lead to problems in Air Baltic financing its purchase of CS300s from Bombardier (BBA, Montreal Trudeau).

The state subsequently ceased cooperation with Prudentia after the announcement.

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