



LATVIAN AVIATION INDUSTRY RECOVERY – POINT OF VIEW WITH MINISTER OF TRANSPORT MR. LINKAITS

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There is a life in aviation post covid19, there are countries with aviation industry recovery story more than interesting, as an example in order to see how it is possible to manage to crisis, the present situation as well as impact the future development. Welcome to Latvia! We had an honor to meet once again the Minister of Transport of Republic of Latvia Mr. Linkaits and discuss the actual situation following the interview. Special thanks to Riga International Airport team and VIP center, where we had the opportunity to organize the interview with scurpulous respect of sanitary measures and protocol.

Q. How would you describe business aviation traffic after the corona crisis?

A. To answer your question, I must remind that Latvia is in the second place on the list of safest countries, right after Vatican, in terms of the amount of COVID-19 cases. This fact, coupled with our approach to rules and regulations, has allowed us to slowly restore business aviation traffic. Latvian mentality is quite different in comparison to the Southern ones, as we tend to be more introverted, so keeping the distance is quite normal for us, even without the COVID-19 situation.

Q. In the first months after a slow restart, does the industry seem optimistic?

A. About a month ago, when we discussed the impacts of the COVID-19 crisis on the aviation industry of Latvia, we were optimistic. Right now, I would say, we are taking the optimism with a grain of caution, as there is a possibility of a second COVID-19 wave, or perhaps the prolongation of the first one. The rise in cases has impacted some very popular destinations passengers tend to choose from Riga Airport.

I have to tell you that, despite the actual situation, we haven't cancelled our planned developments in Riga Airport. We are keeping the realization of our investment plan up to date, are working on the next airport terminal project, and even beyond. The COVID-19 crisis will get better sooner or later, and we have to be ready to provide services at the quality level we are proud of.

I would like to remind, that Latvia is among the safest countries by the number of COVID-19 cases, was and still is now. We still have quite impressive numbers, taking second place right after Vatican, so we are essentially only a little bit behind Vatican.

Q. Would you agree if I say that this awful situation in fact made many people discover where Latvia is on the World map, what is going on there and consider travel to Latvia?

A. Yes, exactly. We have low density of population, our people are more introverted, or, let's say, less socially open, in contrast to some Southern countries, for example, and this is partially what allows us to keep social distancing.

And here is the detailed discussion with Mr. Minister of Transport T?lis Linkaits

Q. Mr. Linkaits, what was your first reaction facing corona crisis, without even knowing all circumstances?

A. From the very beginning, when the virus spread in China, the Latvian government was monitoring the situation very closely and carefully. At that time, no one could have yet imagined the global significance of the virus. Early monitoring is what allowed us to be prepared properly, and realize the measures necessary to face this unprecedented situation. The transport industry connects people and places, encouraging them to use all kinds of transport services available. This time around we had to do the opposite – cut the international services in coordination with the industry and invite people to refrain from using public transport, trains or planes.

Q. Latvian government made a very important choice for airBaltic, to invest of up to EUR 250 million to help overcome crisis. Was this decision an evidence for you as the concerned minister, did you had to prove to your colleagues of the government this is the right thing to do?

A. The aviation industry is an important part of the Latvian economy. The government had no doubts regarding the urgent need of measures, allowing to support and help all aviation industry

companies.

The national airline of Latvia - airBaltic - assures itself 2,5% of the country's GDP. As the Minister of Transport, I highly appreciate the professionalism of the management of airBaltic, their ability to react so quickly and adapt so quickly to such an unprecedented situation in the history of airlines. The management of airBaltic came to us with a new business and development plan. It means that it was quite easy and clear for the Latvian government to work through the necessary steps in supporting and helping our national airline. The recent decision of the European Commission supporting state aid to airBaltic shows that activities of the Latvian government were timely, sufficient and based on a very solid plan.



Q. airBaltic is quite important for all 3 Baltic countries, by direct and indirect jobs, by bringing tourists to Latvia, Lithuania and Estonia, how you cooperated with your colleagues from other Baltic States in order to find solutions?

A. You are absolutely right, airBaltic had and still has a large market share in our closest neighboring countries, and is an important tool in ensuring the connectivity of Lithuania and Estonia. During the pandemic, airBaltic has helped and taken part in the cooperation of repatriation via Latvia for Lithuanian and Estonian citizens. Of course, the Ministry of Transport of Latvia was in close contact with the respective ministries of Lithuania and Estonia. However, each country had to take individual positions and decisions as well, in regards to the appropriate support measures needed. I am sure that these decisions are based on the importance of airBaltic for the Baltic States aviation industry and connectivity as a whole.

Q. In your opinion, the decision took by airBaltic to become Airbus only fleet airline, will it help to recover?

A. The decision to focus on one type of aircraft, the Airbus 220, was indeed taken by the airline management, based on a deep understanding of the actual situation, as well as analysis of further industry developments. I support this decision, as it will allow our national airline to be effective and competitive in the low income market, which we have in the Baltic States. They made a choice to have a brand new aircraft, the Airbus 220. Additionally, new deliveries of more aircrafts will continue in the coming years. The COVID-19 pandemic pressed airBaltic to retire the Boeing and Dash Q400 turboprop fleet. It also allows our national airline to optimize their MRO expenses, to adapt the operations to “a new normal” in commercial aviation, to offer the best quality services and prices for passengers.

Q. Riga International Airport was growing with very stable performance each year and is an important regional hub, how you see the after corona crisis development?

A. Riga International Airport is a part of the industry of Latvian aviation, the leading hub in the Baltic States, therefore the government took measure to help this company overcome the crisis caused by the COVID-19 pandemic; The government invested 49 million EUR in airport equity, and refused to receive 5 million EUR of dividends. Since the beginning of the crisis, Riga International Airport was never completely closed. It continued to provide cargo and business flights, as well as repatriation flights. Since the restart of passenger flights, we are seeing positive trends, but the recovery is, of course, slow, as by the end of June the number of passengers has only reached preliminarily 12 % of the previous year. We are glad to see airlines resuming flights to and from Riga International Airport: airBaltic, Finnair, Lufthansa, Wizz Air, Ryanair, Norwegian. I must say that passengers have been very careful when making the decision to travel. Today we are seeing leisure traffic slowly coming back, but still to a lesser extent than business traffic.

Q. Do you see any measure necessary to be taken by European Union institutions in order to restart the aviation industry?

A. The COVID-19 crisis has clearly shown that EU institutions are not always the quickest to react. Each country has had to react and take decisions individually, then in coordination with the neighboring countries, and additionally in coordination with like-minded countries. As the Minister of Transport, I welcome and highly appreciate a solution on slot rules. One more very important EU decision is the facilitation of state aid approval procedures. The latest trends in EU aviation recovery have clearly shown those aiming for sustainable aviation. The Latvian national airline aims to modernize their product, becoming greener and cleaner. For me, as the Minister of Transport of Latvia, it is important to do whatever's possible in order to restart our national aviation industry.

Thank you once again Mr. T?lis Linkaits for this exchange, we wish all the best and first of all a successful recovery of aviation industry in Latvia!

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