

Czech state could buy up to 100% of Smartwings airline group

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The Czech government could buy up to 100% of airline operator Smartwings, the owner of Czech Airlines, or offer the national flag carrier state-guaranteed loans, Industry Minister Karel Havlicek said on Saturday.

He told Czech television the government would discuss the situation with Smartwings and a decision should be reached by the end of June. He said the group was of strategic interest.

Finance Minister Alena Schillerova backed the idea of buying the group, CTK news agency reported, as airlines have grounded planes as governments have imposed lockdowns and advised against international travel to prevent the coronavirus spreading.

Smartwings said it welcomed any discussions. "We still believe that further debate about support for the company, which employs 2,500 people, will play out in a businesslike manner," the group said in a statement.

Havlicek, who also runs the Transport Ministry, said any government move would be an investment, adding the group could be sold later, possibly for a profit.

"We are not saying that it will happen but I look out for the interests of transport and industry. In this view, I think it is necessary to protect this type of firm, not only this type but others also," he said.

The government has previously raised the possibility of guaranteeing loans for the group.

Smartwings' Czech Airlines is set to resume flights on Monday after a disruption lasting a month and a half.

Smartwings is controlled by Czech businessman Jiri Simane and partners, who own 50.1% of the group. Chinese state-owned CITIC holds 49.9%.

CITIC could not be immediately reached for comment.

The airline group handled 8.2 million passengers in 2019 and is the biggest operator out of Prague Airport.

(Reuters)