

Portugal strikes deal to nationalise TAP airline

July 3 2020

Portugal said Thursday it will nationalise TAP airline to prevent the firm collapsing after striking a deal with private shareholders.

Like most carriers, the [company](#) has been hit hard by lockdowns aimed at slowing the spread of the coronavirus that saw most global air travel halted.

The government said it would invest 55 million euros (\$62 million) in the company, increasing its ownership stake from 50 percent to 72.5 percent.

"The activity of TAP is of enormous strategic significance for the country," Finance Minister Joao Leao told a news conference.

He said the Portuguese government had intervened to avoid "the collapse of the company".

TAP had rejected earlier offers from the government.

But after extensive negotiations, the [government](#) reached an agreement with the airline's main shareholder, US businessman David Neeleman, to relinquish his stake.

Neeleman and his Portuguese associate Humberto Pedrosa had previously held roughly 45 percent of the firm through their Atlantic Gateway consortium.

Pedrosa will retain around 22 percent of TAP and the company's employees will keep five percent.

TAP plays a key role in Portugal's important tourism sector.

"Nearly 90 percent of our tourists arrive by plane, and half of them by TAP," Infrastructure Minister Pedro Nuno Santos said Tuesday.

"It would be an economic disaster to lose it."

COVID-19 lockdowns have forced many airlines to dramatically reduce their business, with other European nations also intervening to prop up firms such as Lufthansa and Air France.

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