

Canada provides Transat airline with loans up to Can\$700 million

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The government has come to the rescue of Canada's third largest air carrier, offering Air Transat's operator secured loans of up to Can\$700 million

The Canadian government has provided Transat with up to Can\$700 million (US\$570 million) in loans to keep the nation's third-largest carrier flying after a precipitous drop in air travel during the coronavirus

pandemic.

"With this support, we now look forward to resuming operations as soon as safe travel is possible and [travel restrictions](#) can be lifted," company president Jean-Marc Eustache said in a statement Thursday.

Through its Air Transat brand, Transat offers vacation packages, hotel stays and [air travel](#) to about 60 destinations in the Americas and Europe.

It had concluded a takeover by Air Canada in June 2019, but the deal fell apart earlier this month when it became apparent it would not get regulatory approval in Europe.

The nation's flagship Air Canada itself received a Can\$5.9 billion government bailout earlier this month, also in the form of secured loans.

Under the terms of bridge financing through the government's Large Employer Emergency Financing Facility, Transat must reimburse customers whose travel had to be canceled over the past year due to public health restrictions on travel.

The average rate of the loans is about six percent, it said. The [loans](#) are also backed by warrants that may be converted into up to 25 percent of outstanding shares in the company.

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