

LUFTHANSA GETS THE GREEN LIGHT FOR THE ITA AIRWAYS TAKEOVER



The European Commission has officially approved the merger between ITA Airways and Lufthansa, paving the way for a new era in the aviation industry. After months of negotiations, disputes, and discussions, the EU antitrust authority has given the green light for the German airline company to enter the Italian airline, which the Ministry of Economy currently owns.

The approval, subject to full compliance with the remedies offered by Lufthansa and the Italian Ministry of Economy and Finance (MEF), was confirmed in a statement from Brussels just one day before the decision date set for July 4th.

Italy's Economy Minister, Giancarlo Giorgetti, along with Lufthansa CEO Carsten Spohr and Ita President Antonino Turicchi, announced a positive conclusion to a long-standing issue involving the national airline. Giorgetti stated that the resolution is not just a success for the government and the country, but a **strategic move that will develop air traffic to and from Italy, making Rome a reference hub for America, Asia, and Africa.**

Carsten Spohr expressed his pleasure in welcoming the Italian state airline ITA Airways as a new member of the Lufthansa airline family. The acquisition of shares through a capital increase is expected to be completed in the fourth quarter, marking the beginning of a promising future for ITA under Lufthansa's ownership.

Concentrated Market Power

Many experts agree that ITA Airways would only work if it operated independently. Its domestic market faces strong competition from budget airlines like Ryanair and Easyjet. Regarding profitable routes across the Atlantic, it finds it challenging to rival the larger US carriers. Building a strong alliance with Lufthansa has been seen as beneficial, and the EU Commission has now recognized this.

However, the EU competition authorities previously expressed concerns about Lufthansa's agreements with United and Air Canada in a joint venture over the North Atlantic. On the other hand, all major US carriers and Lufthansa's European competitors, such as IAG, British Airways, and Air France-KLM, are active in the highly lucrative air transport market. The Commission's assessment in March concluded that the competitive pressure from other airlines on the routes between Italy and the USA and to and from Canada and Japan was minimal.

Additionally, EU officials were concerned that Lufthansa might hold too much market power on short-haul routes between Italy and central European countries. Despite some competition from airlines like Ryanair, these low-cost carriers often operate from more remote airports. Lufthansa has been in northern Italy through its regional subsidiary, Air Dolomiti.

41 Percent for 325 Million Euros

The first installment of 325 million euros will be invested in ITA's equity capital for 41% of the shares. The Italian state will retain its ownership for the time being. **Starting in 2025, Lufthansa**

will have the option to acquire an additional 49% under specific conditions and potentially become the sole owner of the airline. A thorough business development assessment is required before the state can acquire the remaining 10%.

Jörg Eberhart, Lufthansa's strategy chief, who previously led the regional subsidiary Air Dolomiti in northern Italy for nearly eight years, is being considered for the position of ITA's new boss. ITA Airways currently operates 71 aircraft and has 4,500 employees.

Date: 2024-07-08

Article link: <https://www.tourism-review.com/lufthansa-to-take-over-ita-airways-news14526>