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Dubai govt pumps USD 2bn into Emirates, reports say

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Dhaka: The government of Dubai has already injected DH 7.3 billion (USD 2 billion) into Emirates airline as fresh equity since March, according to media reports.The move follows the tweet of Sheikh Hamdan bin Mohammed Al Maktoum, the Crown Prince of Dubai and Chairman of the Executive Council, in March, that the government would help the airline overcome the COVID-19 crisis.

Due to the crisis, Emirates' saw its profit drop 28 per cent from a year earlier for the financial year that ended on March 31.

The tweet said that the government is "fully committed to supporting Emirates airline in the current critical period". "As a shareholder of Emirates airlines, the government will inject equity considering its strategic importance to the Dubai and UAE economy and the airline's key role in positioning Dubai as a major international aviation hub," it added.

"The current operating model of Emirates could eat up the cash reserves quickly in the near future when the challenging winter hits the Northern Hemisphere," said

Linus Bauer, Managing Director, Bauer Aviation Advisory.

The USD 2 billion injection could give Emirates a boost as it would help the airline reshuffle its entire operating model, Bauer added. This includes restructuring the network and fleet, and the acquisition of additional aircraft like Boeing 787s or Airbus A350s, he further said.

The global airline industry has been hit hard by the pandemic, which led to the closure of borders and grounding of fleets. Although major airlines have been relaunching international routes, a full recovery in the sector will not be seen until 2024, according to the International Air Transport Association (IATA).