



Air Canada (TSX:AC): Ottawa Urged to Block Transat Deal

Description

Air Canada ([TSX:AC](#)) has plenty of problems in 2021. Until recently, acquisitions weren't one of them. Last year, the company reached a formal agreement to acquire **Transat A.T.** (TSX:TRZ), the company that owns Air Transat. Air Canada secured favourable terms on the deal, getting a \$5 per share price, down from \$13. It was a huge win for the company.

But now, one influential Quebecer is urging Ottawa not to approve the deal. A high-profile media tycoon, he's offering to pay \$6 per share for the travel company, rather than \$5. According to him, his deal with Transat will be better for consumers.

So, who is this Quebec investor, and does he have a real shot at stopping Air Canada's deal?

Pierre-Karl Péladeau

Pierre-Karl Péladeau is a billionaire Quebec investor and media tycoon. He is best known for being the CEO of **Quebecor Media**. Previously, he was the owner of **Sun Media**, and Quebec's leader of the opposition.

Péladeau is an individual with significant political clout, as both a media proprietor and politician. He has been trying to buy Air Transat for a long time. On December 14, he says, the company's board refused his offer.

Now, he's taking the fight to Ottawa. Saying that his offer is better than Air Canada's, he's [lobbying Ottawa to deny the deal](#). Because he's offering a higher share price, he says that his deal will be better for investors. He has also claimed that his management would be better for Transat's customers.

It's not clear exactly how much influence Péladeau has in Ottawa. As a politician, he represented the Parti Québécois, not the Liberals, so his connections within Trudeau's cabinet may be limited. However, he does have significant media clout and deep connections in Quebec. Most likely he's able to get in touch with high-level decision makers. He has claimed that he had a 90-minute interview with E.U. regulators, who voiced concerns that Air Canada's deal might not be good for travelers between

Canada and Europe.

Refund drama remains

Pierre-Karl Péladeau isn't the only person feeling irritated by Air Canada's takeover of Transat. Many Air Canada passengers feel the same way. When news of the Transat deal broke, many travelers complained that AC was using its resources to buy up competitors when they still hadn't been refunded. As of right now, Air Canada says it's working through voucher and refund requests. But the process is taking a long time, despite funds for the Transat takeover apparently being ready to go.

Foolish takeaway

For the longest time, the [Air Transat deal](#) was one of the few things Air Canada had going for it. Sure, the company may have been bleeding cash and slashing routes last year, but at least it had a big deal in the works. If Pierre-Karl Péladeau has his way, then even that's called into question. As of right now, there's no indication that the feds are going to block the Transat deal. But there are forces working to move them in that direction.

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