

Thai government approves national airline bankruptcy proceedings

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Thai Airways had been suffering due to competition from budget airlines and bloated costs before the coronavirus crisis.

Thailand's cabinet approved a plan to restructure troubled Thai Airways International Pcl's finances through a bankruptcy court, the Southeast Asian country's prime minister said on Tuesday.

The plan for a court-led restructuring of the national carrier replaces a previous proposal of a government-funded rescue package that was heavily criticised in the country.

The state-controlled airline's troubles are the latest example of how the coronavirus pandemic is crippling the global airline industry.

Colombia's Avianca Holdings SA and Virgin Australia Holdings Ltd have filed for bankruptcy protection since the pandemic broke out.

Airlines around the world have grounded the bulk of their capacity due to government directives and border restrictions.

Thai Airways, though, had been in trouble even before the outbreak of the coronavirus due to stiff competition from budget airlines and bloated costs.

It posted losses every year after 2012, except in 2016. In 2019, it reported losses of 12.04 billion baht (\$377.3m).

"The government has reviewed all dimensions ... we have decided to petition for restructuring and not let Thai Airways go bankrupt. The airline will continue to operate," Prime Minister Prayuth Chan-ocha told reporters at a news briefing. "Thai Airways will be protected by the courts and a professional will be appointed to oversee the restructuring," Prayuth said, adding the airline's workers will continue to have jobs.

Thai Airways said the plan will be implemented through the Central Bankruptcy Court and it would operate as usual as the restructuring took place.

"Thai Airways will not be dissolved or go into liquidation or be declared bankrupt," Thai Airways Acting

President Chakkrit Parapuntakul said in a statement.

Operations including passenger and cargo transportation will continue in parallel with the plan, he said.

Thai Airways shares surged 11.7 percent on Tuesday, but are still down by about a third this year.

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