

Vietnam Government Pledges Support to Aid Bamboo Airways' Restructuring

Posted on December 28, 2023 by Business Editor



The Vietnamese government has shown a strong commitment to supporting Bamboo Airways (QH, Hanoi Noi Bai International), with high-level directives issued to various government agencies and departments. This initiative, aimed at aiding the airline's restructuring efforts, was emphasized in a meeting on December 12, where Deputy Prime Minister Le Minh Khai instructed officials from key ministries and financial institutions to devise ways to assist the carrier.

The meeting included representatives from the Ministries of Transport, Planning and Investment, Finance, Public Security, the State Bank of Vietnam, and the State Capital Management Commission. They were tasked with identifying and implementing measures to support Bamboo Airways, with a deadline set for December 31, 2023, to report back on their proposed actions.

This government backing follows an earlier directive from Prime Minister Phạm Minh Chính in August, responding to a request from Bamboo Airways for assistance. The airline, after incurring a loss of VND17.6 trillion dong (USD722.5 million) in 2022, has embarked on a comprehensive overhaul of its operations. This includes fleet downsizing, route adjustments, and other financial strategies aimed at reversing its fortunes by the end of 2024. Despite these efforts, Bamboo Airways anticipates a loss of VND1 trillion (USD41 million) in the current quarter.

The meeting also involved officials from several state-owned entities, including Vietnam National Petroleum Group, Airports Corporation of Vietnam, and various commercial banks, all of which have financial relationships with Bamboo Airways. These entities are expected to play a role in easing the airline's financial and operational challenges.

While the specific nature of the assistance remains unclear, it is likely to involve measures aimed at reducing financial burdens and streamlining operational processes. This may include easing regulatory requirements, expediting approval processes, and negotiating more favorable terms with lenders and suppliers.

Bamboo Airways has not yet responded to ch-aviation's request for comment on this development. However, the government's proactive stance highlights its commitment to ensuring the stability and sustainability of key players in Vietnam's aviation sector, particularly during challenging economic times. This move is indicative of the government's broader strategy to support national industries and maintain economic growth.

