

UK travel giant Thomas Cook faces collapse

September 22 2019



It may be the end of a long road

Thomas Cook's 178-year existence was hanging by a thread on Sunday after the iconic British travel firm struggled to find further private investment and is now relying on an unlikely government bailout.

The operator said Friday that it needed £200 million (\$250 million) or

else face administration, which could affect 600,000 holidaymakers and require Britain's largest repatriation since World War II.

A source close to the negotiations told AFP on Saturday that the company had failed to find the cash from private investors and would collapse unless the government intervened.

But ministers are unlikely to step in due to worries about the pioneering operator's longer-term viability, the Times reported on Saturday, leaving it on the brink.

"We will know by tomorrow (Sunday) if agreement is reached," the source told AFP.

The firm's creditors held a marathon meeting on Sunday to try and work out a deal, with a meeting of the board of directors to be held later.

The group issued a last-ditch plea to creditors to reduce the £200m funding demand or restructure the debt, which was now being considered, according to Sky News.

The Transport Salaried Staffs Association, which represents workers at the company, called on the government to save the firm.



Running out of alternatives to bankruptcy

"The company must be rescued no matter what," said TSSA General Secretary, Manuel Cortes.

Shadow business secretary Rebecca Long Bailey called on the government to step in by "taking an equity stake to avoid this crisis".

Foreign minister Dominic Raab promised tourists affected that they would not end up stuck abroad.

"I can reassure people that in the worst-case scenario, the contingency planning is there for people to avoid being stranded," he told BBC's Andrew Marr Show.

Two years ago, the collapse of Monarch Airlines prompted the British government to take emergency action to return 110,000 stranded passengers, costing taxpayers some £60 million on hiring planes.

The government at the time described it as Britain's "biggest-ever peacetime repatriation".

Jobs threat

But holidaymakers were already reporting problems, with guests at a hotel in Tunisia owed money by Thomas Cook being asked for extra money before being allowed to leave, according to a tourist interviewed by AFP.



Thomas Cook's main shareholder appears to have decided that enough is enough

"After an hour they left the hotel and are currently at the airport," said a spokesman for the Tunisian interior ministry.

The group's activities would cease immediately in the event of bankruptcy, forcing its travel agencies to close, grounding its planes and leaving the group's 22,000 global employees—9,000 of whom are in Britain—out of a job.

Chinese peer Fosun, which was already the biggest shareholder in Thomas Cook, agreed last month to inject £450 million into the business as part of an initial £900 million rescue package.

In return, the Hong Kong-listed conglomerate acquired a 75 percent stake in Thomas Cook's tour operating division and 25 percent of its airline unit.

Thomas Cook in May revealed that first-half losses widened on a major write-down, caused in part by Brexit uncertainty that delayed summer holiday bookings. The group, which has around 600 stores across the UK, has also come under pressure from fierce online competition.

Cabinet maker Thomas Cook created the travel firm in 1841 to carry temperance supporters by train between British cities.

It soon began arranging foreign trips, being the first operator to take British travellers on escorted visits to Europe in 1855, to the United States in 1866 and on a round-the-world trips in 1872.

The company was also a pioneer in introducing "circular

note"—products that would later become traveller's cheques.

It now has annual sales of £9 billion, serving 19 million customers in 16 countries.

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