American Airlines to get $5.5 bn loan from US Treasury

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American Airlines CEO Doug Parker joined fellow airline executives earlier this week to call for additional federal aid to the industry

American Airlines has agreed to a $5.5 billion loan from the US Treasury as it aims to ride out the downturn caused by the coronavirus,

the carrier announced Friday.

The airline, which has said it could lay off as many as 19,000 employees next month without another relief package from Congress, said the financing will "help us shore up our longer-term liquidity until demand returns," according to a message to employees.

The loan, authorized as part of the massive CARES Act federal relief package passed this spring, adds to American's mounting debt level, which is higher than that of other leading US carriers.

The Treasury Department told the carrier that the loan could be boosted to as much as $7.5 billion, "although such amount is subject to final approval by the Treasury," American said in a securities filing.

The CARES Act also provided $25 billion in Payroll Support Program (PSP) funds for US carriers, including $5.8 billion to American.

US airlines that took PSP funds committed to not undertaking any involuntary job cuts through the end of September. American has said it could lay off 19,000 workers starting in October if there is not a new relief package.

Airline CEOs visited the White House on September 17 to lobby for such legislation, but talks in Congress have stalled amid intensifying partisanship ahead of the November presidential election.

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