

Heavily indebted Thai Airways gets court nod for restructuring

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Thai Airways is struggling, and is billions of dollars in debt

A Thailand court on Monday approved the restructuring of Thai Airways, which is billions of dollars in debt and struggling to survive the coronavirus tourism crash.

The global aviation sector was plunged into crisis by the pandemic as countries severely restricted travel, forcing airlines to ground vast numbers of planes and seek government help as they haemorrhaged cash.

The kingdom, once a majority shareholder in Thai, reduced its stake in May and went to the insolvency court to resolve the airline's debt—which totalled 332.2 billion baht (\$10.6 billion) by the end of June, according to local media.

"The problem that caused debtor's financial situation is not from its business but from the rapid change in aviation, particularly the impact from Covid-19," Bangkok's Central Bankruptcy Court said Monday.

It approved Thai's request for a rehabilitation plan, which would see its debt and company organisation restructured.

Thai said after the ruling that it would propose that plan by the end of the year.

Shares in the airline rallied more than 7 percent on Thailand's Stock Exchange Monday.

The airline has long been accused of mismanagement, and Thailand's transport ministry found in August that some of its financial damage was due to corruption, including "bribes" paid for the acquisition of 10 aircraft.

The government was previously mulling a 54 billion baht bailout for the airline, which was met with a public outcry.

Thai has restructured multiple times over the last several years but it never "went deep enough to resolve many of the longstanding systemic issues", aviation expert Brendan Sobie told AFP.

Thailand's tourism-reliant economy has been battered by the pandemic, and is expected to shrink by more than seven percent this year according to government estimates.

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