

US Treasury says loan deal reached with seven airlines amid crisis

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Airline travel remains depressed, but the US Treasury has stepped in to help seven airlines weather the pandemic storm, including American and United

The US Treasury on Tuesday announced it had reached a deal with seven major US airlines including American and United to offer them loans in a bid to stave off job cuts amid the coronavirus crisis.

But the Treasury statement does not say if these agreements are going to be enough to allow those two airlines to cancel recently announced plans to proceed with [job cuts](#).

Since March, airlines have been grounding planes and delaying jet deliveries to try to limit the cash-burn as the worldwide coronavirus pandemic effectively paralyzed travel for months.

As the US economy gradually reopens, airlines have struggled to convince wary passengers to return to the skies, and international routes have been drastically reduced because of various travel restrictions in effect.

Beyond American and United, the other airlines that signed loan agreements with the administration of President Donald Trump are Alaska Airlines, Frontier Airlines, JetBlue, Hawaiian Airlines and SkyWest Airlines.

Delta and Southwest were—unsurprisingly—not part of the agreements, having already said they would not participate.

"We are pleased to conclude loans that will support this critical industry while ensuring appropriate taxpayer compensation," Treasury Secretary Steven Mnuchin said in the statement.

Mnuchin called on Congress to extend its aid programs to support [jobs](#) across the air travel industry.

The \$25 billion in loans have been granted under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act—the \$2.2 trillion coronavirus stimulus package passed by Congress in March.

Airlines had been in talks with the Treasury since July. Certain

conditions will apply, such as maintaining a certain number of jobs and salary ceilings.

The Treasury said the amount of the initial loans could be increased "as a result of some major airlines determining not to move forward" with the process.

"The reallocation of funds will be subject to a loan concentration limit of \$7.5 billion per passenger air carrier, or 30% of the \$25 billion available for passenger air carriers," it said.

Airlines have struck agreements with unions to spread out work among employees. Tens of thousands of employees have also accepted unpaid leave or early retirement packages to avert the need for involuntary terminations.

Before Tuesday's announcement, American Airlines had said it expected to cut as many as 19,000 jobs.

United Airlines on Monday reached an [agreement](#) with its pilots union to avert furloughs of 2,850 pilots, but was still on track to furlough as many as 13,000 other workers as soon as October 1, including flight attendants and airport operations staff.

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