

Malta to replace struggling national airline

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Air Malta will operate its last flight on March 30, 2024.

Malta will shut down its loss-making national carrier, Air Malta, next year and replace it with a new government-owned airline, Prime Minister Robert Abela has announced.

The Maltese [government](#) had been negotiating with the European

Commission for more than 18 months in the hope of being allowed to inject around 290 million euros (\$304 million) in state aid into the airline.

However, Abela announced late Monday that Brussels had refused the government's requests, and there was no other course of action than to close down Air Malta and replace it with a new airline.

"We are ensuring that Malta will continue to have a national airline... One that is stronger, one that makes a profit, and one that serves this country on an economic and social level," Abela said.

He said the Mediterranean island nation "cannot be dependent on foreign airlines, we need to retain control of our national airline which can meet Malta's needs while making financial sense".

Air Malta will operate its last flight on March 30, 2024— two days before what would have been its 50th anniversary—and be replaced by an airline operating under a newly established company called KM Malta Airlines plc.

The new airline will retain Air Malta's fleet of eight Airbus A320 aircraft, but drop more than half of its routes, flying to 17 destinations, down from 37.

The government said 350 million euros has been set aside to be invested into the new airline, 50 million euros of which will be its working capital.

Finance Minister Clyde Caruana explained during a presentation that the aim was for the venture to be profitable by 2025.

The new airline will initially be government-owned, as was Air Malta,

but under the agreement struck with the European Commission, after three years the government will have to either seek a strategic partner or look into partial privatization.

Both Abela and Caruana stressed, however, that the government will maintain a majority shareholding.

Set up in 1974, Air Malta has long faced financial difficulties.

In 2012, Valletta sought and was granted permission from the European Commission to inject €200 million into the company.

But the airline continued to hemorrhage money over the years.

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