

British Airways set to cut up to 12,000 jobs

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British Airways is set to slash up to 12,000 jobs as part of a restructuring plan as the carrier grapples with the fallout of the novel coronavirus pandemic, its parent company IAG said Tuesday.

The firm said it was still deliberating its options but that it was "likely that they will affect most of British Airways' employees and may result in the redundancy of up to 12,000".

Passenger demand will take "several years" to return to 2019 levels, it added.

Shares in International Airlines Group (IAG), which also owns Iberia and Vueling, lost 2.2 percent as preliminary results showed that first quarter revenue fell by 13 percent to 4.6 billion euros (\$4.9 billion).

The group's operating result before exceptional items came in at a loss of 535 million euros, compared with a profit of 135 million last year, with the second quarter expected to be worse.

IAG said it had reduced passenger capacity for April and May by 94 percent compared with the same period last year.

BA chief executive Alex Cruz warned last month of

consequences for the airline after the coronavirus pandemic gutted demand.

Recent weeks have seen it operating flights only for essential travel and repatriation of tourists marooned abroad.

The carrier, which has approximately 45,000 employees including around 4,000 pilots and 16,500 cabin crew, has already furloughed nearly 23,000 staff.

Brian Strutton, general secretary of the British Airline Pilots' Association (Balpa) union, called Tuesday's announcement "a bolt out of the blue", noting that BA had previously suggested "it was wealthy enough to weather the COVID storm and declined any government support".

"Balpa does not accept that a case has been made for these job losses and we will be fighting to save every single one," Strutton said on the union's Twitter account.

Weighing further on IAG was an exceptional 1.3 billion euro charge resulting, it said Tuesday, from the "ineffectiveness" of its fuel and foreign currency hedges for the remainder of the year.

IAG, which said detailed first quarter results would be released on May 7, added that its January-February operating result was similar to that period of 2019, despite the suspension of flights to China from the end of January as the virus impacted there.

The group repeated its February guidance that "given the uncertainty on the impact and duration of COVID-19, IAG is not currently providing profit guidance for 2020" as a whole.

"However, the group expects its operating loss in the second quarter to be significantly worse than in the first quarter," given the virus fallout, chief financial officer Stephen Gunning said in the statement.

The pandemic—and the travel restrictions introduced to fight it—have dealt a huge blow to the entire aviation industry, leaving many carriers in dire financial straits and announcing layoffs.

British tycoon Richard Branson has warned that his part-owned airline Virgin Atlantic could collapse and is reportedly searching for fresh investors after failing to agree lending terms with the UK government.

Meanwhile no-frills British airline EasyJet recently secured a £600 million loan from the government, which is dealing with carriers on a case-by-case basis.

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