

Latin America's largest airline LATAM files for bankruptcy in US

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LATAM Airlines has filed for bankruptcy under Chapter 11 protection in the United States

Latin America's largest airline LATAM filed for bankruptcy in the US on Tuesday, the company said in a statement, following a drastic slump in business caused by the coronavirus pandemic.

The world's travel and tourism sectors have been hammered by the contagion, as they are directly affected by border closures and population lockdowns.

"Given the impact that the COVID-19-generated crisis has had on the [aviation industry](#), LATAM has been forced to make a series of extremely [difficult decisions](#) in the past few months," said the airline's chief executive Roberto Alvo in a video statement.

"LATAM Airlines Group and its affiliates in Chile, Peru, Ecuador and Colombia entered into a voluntary reorganization under Chapter 11 protection in the United States," he added.

Chapter 11 proceedings allow a company that is no longer able to repay its debt to restructure without pressure from creditors.

Last month, the Chilean-Brazilian airline said it was

scaling back its operations by 95 percent in response to the global health crisis. It also announced hundreds of job cuts earlier in May.

The airline said there would be no immediate impact on passenger or [cargo flights](#).

"The US Chapter 11 financial reorganization process provides a clear and guided opportunity to work with our creditors and other stakeholders to reduce our debt, address commercial challenges that we, like others in our industry, are facing," its statement said.

It came just two weeks after Latin America's second largest airline, Colombia's Avianca, also filed for bankruptcy in the US to reorganize its debt "due to the unpredictable impact" of the pandemic.

The International Air Transport Association has forecast a \$15 billion loss in revenue for Latin American airlines this year.

Before the pandemic, LATAM—a merger of Chile's LAN and Brazil's TAM—flew to 145 destinations in 26 countries, operating around 1,400 flights a day.

On Friday the World Health Organization declared Latin America "a new epicenter" of the coronavirus pandemic, as cases surge across the continent—especially in Brazil, which now has the second highest number of confirmed COVID-19 cases after the US.

Latin America and the Caribbean have reported more than 41,000 virus deaths and over 766,000 total cases, according to an AFP tally.

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