

- **SAA on the verge of bankruptcy SOUTH African Airways is on the brink of bankruptcy with cash reserves running low, BBC reports based on information provided to the nation's parliament. According to a recent cash flow statement supplied to MPs, SAA is currently bleeding cash and says matters may only improve by Oct if it receives a ZAR 792 million (AU\$74.4 million) bailout from the government. SAA has been struggling to post a profit for the past seven years and last month the South African Treasury paid out \$185 million to settle a loan from the Standard Chartered Bank which the bank had refused to extend (TD 03 Jul**

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- **Alitalia started bankruptcy proceedings for the second time in a decade, throwing the survival of Italy's flag carrier in doubt after the airline failed to fend off budget rivals and workers rejected job cuts and concessions linked to a €2 billion (US\$2.2 billion) recapitalization plan aimed at salvaging the cash-strapped Italian airline.**

Shareholders voted unanimously to file for special administration, the carrier said in a statement following a meeting on Tuesday.

While Etihad withdrew financial support, the Gulf carrier said it's ready to work with Alitalia as a "commercial partner," which effectively means that codeshare agreements continue. Etihad passengers booked on Alitalia flights can proceed with travel plans as normal, it said.

#### **No more lifelines**

Alitalia, which missed out on a round of consolidation that shored up other European flag carriers, has seen its standing further eroded since a previous bankruptcy in 2008.

Etihad's stake purchase, part of a €1.76 billion rescue of Alitalia in 2014, was a major chance as the Persian Gulf carrier sought to transform the struggling company into a five-star operator.

The plans never panned out as budget rivals Ryanair and EasyJet further ate into its position in Italy, and a wave of terror attacks in Europe hurt tourism in the region.

With the insolvency filing, Alitalia's board of directors "acknowledged the serious economic and financial situation of the company," the airline said in the statement.

#### **Job cuts, asset sales to follow?**

The airline, which has 12,500 employees, has been stumbling in the wake of a previous bankruptcy in 2008.

The Italian government has already ruled out a bailout.

Italian finance minister Pier Carlo Padoan said last week that the government will not pump more cash into boosting the airline's capital. Alitalia is "a private company" and its fate is "in the hands of shareholders and management," Padoan told lawmakers in Rome on Thursday.

Alitalia files for Chapter 15 bankruptcy to secure US operations - Italian flag carrier Alitalia has filed for Chapter 15 bankruptcy protection in the US, in an effort to keep its leased terminal gates at New York JFK. The temporary relief will allow Alitalia to continue operations to the US. Chapter 15 allows foreign companies protection under the US Bankruptcy Code as they undergo insolvency proceedings in their own country. It guarantees a temporary restraining order until June 23, offering a short period of protection from creditors.

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