

# Government agency takes over Nigeria's biggest airline

A Nigerian government agency on Thursday said it had taken over the country's main private airline Arik Air to prevent it from going bust because of spiralling debts.



© Jaromír Chalabala via [123RF](#)

Jude Nwauzor, a spokesman for the Asset Management Corporation of Nigeria (AMCON), told AFP: "AMCON has taken over the management of Arik because the whole place is in a mess. We have appointed a new management to stabilise the airline and prevent it from going down like other airlines in Nigeria."

Arik, which was set up in 2006, has a 60% share of domestic flights in Nigeria. It also serves destinations across West Africa and flies to London, Johannesburg and New York.

## Loans totalling 135 billion naira

AMCON said Arik had failed to repay loans totalling 135 billion naira (US\$429 million, 402 million euros) by the end of December and also had debts to "a lot of foreign creditors".

The total amount of debt is more than 300 billion naira, it added. Staff salaries have not been paid for up to eight months and it had defaulted on payments for insurance, repairs and servicing of its planes.

"International creditors have seized some of its planes because of mounting debts," said Nwauzor.

Passengers have borne the brunt of the increasing management and financial problems at Arik, with frequent cancellations and delays to services. In December, services were grounded by a 24-hour strike over unpaid wages.

## **"Aviation industry already facing challenges**

Said Nwauzor: "The aviation industry is already facing challenges and government does not want Arik, being the largest carrier in Nigeria, to go the way of others and so decided to intervene.

"Our intervention is to stabilise and run Arik into profitability so that it can go back to regular and undisrupted operations. We will also encourage interested investors to inject fresh funds into it."

Aviation minister Hadi Sirika said in a statement the intervention would "stabilise the operations of the airline", preventing job losses and protecting Arik as a going concern.

Arik is not the only airline struggling: Nigeria's second-biggest carrier, Aero Contractors, stopped services for four months last year because of "serious financial difficulties".

## **Lack of foreign currency**

Airlines say a lack of foreign currency caused by the economic recession in Nigeria has left them unable to pay fuel suppliers and in some cases landing charges at airports outside the country.

Aviation analysts have previously criticised the running of Nigerian airlines for trying to minimise operating costs to boost profits. That has seen more than 40 operators go bust in 35 years, including Nigeria Airways, which collapsed in 2003.

Abuja's only airport will be shut completely for at least six weeks from early next month for essential runway repairs.

International carriers Lufthansa, Air France and South African Airways, however, have refused to re-route their Abuja flights during the closure.

*Source: AFP*