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Belgian national airline bankrupt

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Sabena flight attendants had long feared a bankruptcy

Belgium's debt-laden national airline has been formally declared bankrupt in a Brussels court, the latest casualty of the 11 September attacks on the United States.

Sabena's collapse, Belgium's biggest ever corporate failure, was described by employment minister Laurette Onkelinx as "an economic and social disaster" for the country.

The court ruling comes amid more chaotic scenes in Brussels' Zaventem airport, as staff and stranded passengers ignored flight authority officials warnings to stay away.

The carrier has become the first major European airline to file for bankruptcy, although its part-owner, Swissair, has remained in crisis since coming close to collapse last month.

But Belgian Prime Minister, Guy Verhofstadt, has announced the creation of a new Belgian airline that will be based in Brussels with no connections with the government.

Swiss withdrawal

The board of Sabena, Europe's second oldest airline, was finally forced to accept that its desperate search for fresh investment of 372m euros (1229m; \$336m) had failed on Tuesday,

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"Sabena's planes are now grounded"

[Chairman Fred Chaffart](#)

"Sabena has certainly been a burden for the Belgian state."

[Belgian Transport minister Isobel Durant](#)

"It is very important for people on a national level to have a national company"



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chairman Fred Chaffart said.

The airline's financial future was first thrown into doubt when Swissair, facing its own problems, reneged last month on a promised 136m-euro injection into the Belgian airline.

"Back in 1995, the Swiss said they wanted to take over all the shares of the company and be responsible for its profits," Mr Chaffart told BBC World Business Report.

Burdened by an outstanding debt of about 2bn euros (1.2bn; \$1.8bn), Sabena began to falter as liberalisation hit the industry in the 1980s.

Grounded

Sabena's chairman said all European and intercontinental flights would remain suspended and asked staff to stay at home.

Symbolically the last flight came from Africa, where Sabena pioneered commercial air travel in the 1930s to Belgium's then colony, Congo.

Sabena cancelled most of its flights on Tuesday after ground staff in Brussels staged a walk-out in protest over rumours of the bankruptcy decision.

Airline staff at head-office received an e-mail telling them to collect their belongings and go home.

"We have lived through a terrible horror movie for a year," said Ronald op de Beeck, a passenger services assistant, on hearing of the final bankruptcy filing.

"The country is down. It's finished with Sabena."

Emotions ran high among Sabena staff, and in part, this sentiment was echoed by government ministers.

"It is very important for the people on a national level to have a national company, not only for the people who work and who [now]don't have a job," Isobel Durant, Belgian transport minister told the BBC's World Business Report.

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The government, which owns 50.5% of the airline, said it was in talks with several Belgian private and institutional investors in an effort to allow Sabena subsidiary Delta Air Transport (DAT) to take over some services.

Prime Minister Guy Verhofstadt said 12 private investors and three regional governments have agreed to inject 200m euros (\$180m) into the setting up a new airline.

"The first stage (would be) a regional European airline, and within that framework DAT, which exists already," Mr Chaffart told BBC World Business Report.

"We hope to get it flying if at all possible in the next couple of days."

Job salvage hopes

Sabena's DAT subsidiary flies 100-seater jets to European destinations.

"It would very much be regional European on secondary routes and then, let's dream a little bit, with some long haul into Africa," Mr Chaffart said.

The new airline could provide jobs for between 6,000 and 7,000 Sabena staff, according to privatisation minister Rik Daems.

Two banks, Fortis and KBC, and the power firm Electrabel, are reported to be among the scheme's backers.

On Tuesday, Virgin Express, the budget airline part-owned by British tycoon Sir Richard Branson, said it had failed to cut a deal to buy parts of Sabena's operations.

Virgin said the plan to create a new regional airline "would endanger the future of our personnel".

No state bail-out

One of the obstacles facing Sabena's board was the European Union's opposition to state aid for national airlines.

Mr Chaffart said that when he was a banker and

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the airline was a client, he always felt uncomfortable that they didn't make a profit.

"The answer often given was that they had to be a flag carrier and therefore had to do things which basically couldn't earn any money," he said.

“
I always felt uncomfortable that they didn't make a profit... but they had to be a flag carrier and do things which couldn't earn money.
”

**Sabena Chairman
Fred Chaffart**

The EU granted permission for an emergency bridging loan to Sabena worth 125m euros (\$113m; 178m) last month but is thought to have objected to the Belgian government putting up any more money.

Belgium's employment minister said the country "cannot escape a debate about responsibility" and suggested Swissair should be accountable for Sabena's failure.

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