

Korean Air acquires Asiana Airlines, becomes one of Asia's biggest carriers

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Seoul : Korean Air announced on December 12 that it had completed its protracted purchase of South Korean rival Asiana Airlines, making it one of Asia's biggest carriers.

The KRW 1.8 trillion (USD 1.3 billion) deal, the longest-ever merger to complete between airlines, was first announced four years ago by South Korea's largest carrier to rescue debt-laden Asiana, which was grappling with a plunge in demand during the Covid-19 pandemic.

The acquisition of South Korea's no 2 carrier was hampered by competition concerns, and Korean Air had to make significant concessions to competition watchdogs around the world, including handing routes to other airlines and selling Asiana's cargo operations.

Korean Air acquired a 63.88 per cent stake in Asiana on December 12,

making it a subsidiary three years later than the smaller airline had initially anticipated.

The enlarged Korean Air group could account for just over half of South Korea's passenger capacity, and would become the world's 12th largest airline by international capacity, said reports.

It would rank alongside China's top three state-owned carriers as one of the Asia-Pacific region's largest by revenue, according to 2023 financial results.

"The combined organisation projects natural staff growth through business expansion, with employees in overlapping functions being reassigned within the organisation," the airline said, as per reports.

Asiana will be run as a subsidiary for up to two years before integrating into one airline that will keep the Korean Air name, but with new branding.

Korean Air will also create a single low-cost carrier and its integration strategy includes spreading out flight schedules on overlapping routes, adding new destinations and further investments in safety, also mentioned the airline.

A plan to merge the two airlines' frequent flyer programmes will be submitted to the Korea Fair Trade Commission by June 2025 for review, Korean Air further informed.

Asiana will hold an extraordinary general meeting of shareholders on January 16 to appoint new board directors nominated by Korean Air, concluded reports.