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Coronavirus Effect: LIAT to Be Liquidated, Antigua Has Announced

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ST. JOHN'S, Antigua, CMC – Prime Minister of Antigua and Barbuda, Gaston Brown has announced plans to liquidate the regional carrier, LIAT.

Browne, who made the announcement on Saturday said a new entity will be formed and a meeting of all shareholders will be held shortly to discuss the matter.

“COVID would have actually, let’s say increased the losses exponentially, so whereas in all of 2019 LIAT made a loss of about EC\$12 million, that was within the means of the shareholder governments to subsidize,” said the Prime Minister who was speaking on local radio.

“You would have found that since COVID, the planes have been grounded, they have to pay the lease payments and they are not getting any revenue. A decision will have to be made to collapse it and then maybe the countries within the region will have to come together to form a new entity.”

He added that the region cannot move forward without a form of connectivity and “you cannot have an integration movement if people cannot connect.”

“What I’m hoping that we do not have going forward with the new entity, is any squabble over the location of the headquarters, at the end of the day, the only service that Antigua and Barbuda has enjoyed ... within CARICOM (Caribbean Community) is LIAT and this has been the case for several decades.

“So I just hope that we are not going to have countries within the region opportunistically fighting us to get the headquarters in their country to displace Antigua and Barbuda,” he said, while adding that the formation of the new airline must be done swiftly.

“Back in 1974 when LIAT was collapsed, my understanding is that it took a day to start the operation of a new entity. It may be a little more difficult to get it done within 24 hours and I do understand that there are a number of stakeholders that we have to satisfy, especially creditors and I believe that we could do a work out with the various creditors and to literally get some arrangement in which they can accept that we are not conveniently closing LIAT 1974 Ltd. The governments cannot go any further with it.”

According to the Prime Minister, LIAT does not have sufficient assets to satisfy the requirements or claims of most of its creditors, including the airline’s employees.

“LIAT only owns three planes and those planes are charged to the Caribbean Development Bank, (CDB), so clearly they have a superior claim and after they would have covered their claim there will be hardly any assets available to liquidate severance and other liabilities to staff and other creditors, so there has to be a negotiated position.”

Concerning the fate of employees, he said the governments “won’t be bandits and just walk away from the staff, they will have to pay some form of compassionate payments to assist them. But they have to understand that they are legally vulnerable and that they have to look at the bigger picture and to cooperate, not to become litigious and to prevent the creation of a new LIAT.”

According to the Prime Minister, the new carrier, will be much leaner than the current LIAT, which employs hundreds throughout the region and there will be significant job losses.

“Let’s face it, it’s going to be a right-sized entity. You are going to have significant job losses, there’s no doubt about it. Hundreds of people are going to lose their work, it is inescapable.”

“But if you are going to have a new entity that is scaled down, that is viable, that is efficient, that can meet the connectivity needs of the Caribbean people, then clearly that has to be the option that we pursue.”

He also said that the new entity will retain the name LIAT .

“We should not be running away from the name LIAT – LIAT is a Caribbean institution built by Caribbean people of which we should be proud. Many institutions in the US in the aviation industry, including American Airlines, they have gone belly-up many times over. They never

discontinued the name American Airlines. Americans are proud to support the name American Airlines, but whereas they have their Chapter 11 protection, we don't have that in our laws.

Leeward Island Air Transport was established in 1956 in Montserrat.

In 1971 Court Line Aviation of the UK acquired control and renamed the airline LIAT and in 1974, ownership of the airline was acquired by 11 Caribbean Governments in 1974 and it was then renamed LIAT (1974) Ltd.

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