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# Caribbean Development Bank Reiterates Urgent Call for Action on Cash-Strapped LIAT

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## LIAT

BARBADOS, CBC — The Caribbean Development Bank (CDB) has reiterated a call for urgent attention to be taken to address the challenges facing the cash-strapped, regional airline, LIAT.

CDB President Dr. Warren Smith has pointed to the airline's financial woes and the impact of high taxes on intra-regional travel.

"I think CDB's position, based on a number of studies that we have financed, suggests that intra-regional travel is a very important part of the successful development of our countries," he told the bank's annual news conference.

“Most of us are small island states and the decline in intra-regional travel traffic as a consequence of heavy taxation that is placed on intra-regional movement, is affecting the level of business that is done between the islands.

“So there’s an urgent need to address that issue; there’s an urgent need to improve the financial performance of LIAT because its sustainability depends on addressing that issue,” Smith said.

Smith told reporters the bank is anxious for a turnaround in the performance of the regional aviation system, particularly at the Antigua-based carrier, which has received financial support from the regional development institution.

LIAT, whose major shareholders are the governments of Antigua and Barbuda, Barbados, Dominica, Grenada and St. Vincent and the Grenadines, has also received financial support from the CDB which, according to Smith, currently stands at an estimated US\$300 million.

Last year, a warning from Trinidad and Tobago’s Prime Minister Dr. Keith Rowley that the airline was in danger of ceasing to exist if it did not receive a cash injection, prompted calls for serious investment in the troubled airline.

Regional governments also sought assistance for the transportation sector from the European Investment Bank following reports that the airline would be forced to shut down due to its financial problems.

In January, former Barbados prime minister Owen Arthur was appointed chairman of the board following the resignation of Jean Holder who held the post for two decades.

The CDB President on Tuesday welcomed Arthur’s appointment, saying he was pleased that changes are being made.

“I think that former prime minister Owen Arthur who is now the chairman of the Board... has a very good understanding of what has taken place. He was there originally when Barbados became the largest shareholder in LIAT, and my expectation is that we’re going to see some progress in that regard,” Smith said.

He also noted ongoing discussions on the development of an inter-island ferry service which he said would benefit the region.

“CDB is not involved in that at this stage but that’s not a substitute for aviation, it is a complement to aviation and it’s part of the infrastructure that needs to be built out in our Caribbean countries,” he said.

High taxes and other issues affecting LIAT are not the only concern for stakeholders in the regional travel industry and other businesses.

Responding to a question on the potential impact of the coronavirus (Covid-19) on regional trade, Smith acknowledged that there could be some fallout for the region, although the virus has not been detected in the Caribbean.

“Tourism is a big money earner for many Caribbean countries, and increasingly China is becoming a market for exports of goods and services for some Caribbean countries.

“So to the extent that that corona viral issue is protracted I think we could pretty much expect that there could be a negative fallout. In fact one of the big fears is that it can spread across the world to some of the source markets for our tourism arrivals. And similarly our ability to export into countries in the Far East in particular, would be compromised by that type of development,” he said.

Smith also advised Caribbean countries to take measures to protect themselves against the deadly illness.

Earlier this week Dominica’s Minister of Health, Dr. Irving McIntyre, announced that the island will be able to test for Coronavirus after receiving training from the United States Centre for Disease Control.

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