

The Virgin Islands Consortium

Liat Is Once Again On Life Support, With Only Days Cash On Hand Left

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Liat, the well-known Caribbean airline which has been under seemingly unrelenting financial pressure, is once again facing tough times, as the carrier is reported to have only days cash-on-hand left, and as of March 2, was said to be in need of a \$5 million infusion of cash.

The need comes even as Caribbean islands that have joined in bailing out the carrier in the past, have been more resistant in Liat's latest crisis, some noting greater economic difficulty at home, and others asking that more hands be on deck in keeping the struggling airline afloat.

Liat's latest financial woe was revealed by Trinidad Prime Minister Keith Rowley, who late last week returned to his country following the 30th annual Caricom meeting in St. Kitts and Nevis. During a press conference in Trinidad following his trip, Mr. Rowley said while Trinidad has helped in the past to financially bolster Liat -- even without being an owner of the carrier -- times have changed, and Trinidad could no longer afford to support as it once did.

Barbados Minister of Tourism Kerrie Symmonds was more blunt, stating that Barbados, the majority shareholder in Liat, was not Liat's ATM machine. He said this while at the same time expressing interest in keeping the airline alive.

Caribbean leaders have different takes on the cause of Liat's problems. The airline is said to operate only 10 planes and 15 routes, a situation many leaders believe is unsustainable. Liat has roughly 666 employees.

The carrier recommenced its U.S. Virgin Islands route to St. Thomas in July 2018, a development welcomed by Virgin Islanders with family in the Caribbean islands Liat serve. Liat had announced the halting of flights to the territory in February 2017, a decision the carrier said was made "to achieve greater profitability and improve efficiency."

Caribbean leaders and stakeholders in Liat said countries seeking to keep Liat coming to their destination may have to subsidize it.

"Currently, part of Liat's problems is that Liat is flying uneconomic routes with loads that are heavily subsidised. If the airline is to remain flying to countries that have routes like that, the shareholders are saying that such countries will have to guarantee a minimum revenue stream to the airline or the airline would cease to fly those routes," Mr. Rowley said.