

The Virgin Islands Consortium

Liat's Situation Becomes More Dire As Stalemate With Pilots Threatens Operations

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Liat's return to the U.S. Virgin Islands was hailed as a success by the Mapp administration, and residents with roots in the Eastern Caribbean cheered the decision in 2018. But as the carrier continues to struggle financially, it has been cutting routes, slashing benefits and implementing other belt-tightening measures to survive. Its standing with the pilots union has been particularly troubling: As other employees have agreed to a 6 percent wage cut over three years, along with a wage freeze, the pilot's union has said the only way its members would agree to the slash and freeze, is if the current management of Liat is wholly dismissed, and a complete restructuring of the airline is initiated.

"Liat is a fundamental regional public good," said St. Vincent and the Grenadines Prime Minister Dr. Ralph Gonsalves, speaking to News Say TT. "The goal right now is to figure out a way to save or restructure, but," he said, if the owners can't get the necessary cuts from workers, "we will have to move to plan b, which is close and start afresh."

Liat is majority owned by four Caribbean governments, with Barbados being the largest shareholder with 49.5 percent, followed by Antigua and Barbuda with 13 percent, St. Vincent and the Grenadines with 12 percent, and Dominica with less than 10 percent.

Barbados, which in the past had borne the brunt of the airline's financial burdens, has been less willing to solely continue bailing it out, with Barbados Minister of Tourism Kerrie Symmonds stating that the island would no longer be Liat's ATM machine.

Along with longstanding financial problems - Liat's total debt load stands at roughly \$60 million -- the carrier has been facing stiff competition from Caribbean Airlines, which is owned by the government of Trinidad, and One Caribbean, an up-and-coming, privately owned carrier. Observers have said Liat needs to drastically reorganize or face going out of business.

Even so, Mr. Gonsalves maintains that the airline should be saved. "We had agreed at level of shareholders that we needed \$5.4 million in immediate funds and \$7.5m in cuts, of which \$2.5 million will come from workers in contracts, salaries and allowances. And only one (non-shareholder) country, Grenada, (agreed to put up) emergency funding," Mr. Gonsalves said. He later added, "It's vital for us. Liat does 52 flights from St Vincent and we don't have a fast ferry."

While the Government of the Virgin Islands is not a shareholder of Liat, the airline serves as a crucial link between the territory and the Caribbean islands. During a press conference on July 3, 2018, where the airline announced its return to the USVI, then-Dept. of Tourism Assistant Commissioner, Joyce Dore-Griffin, said D.O.T. would assist the airline in making its return to the territory successful by including LIAT in D.O.T.'s marketing plan. The strategy entailed posting information about Liat on D.O.T.'s various social media platforms; news releases, feature stories, banner advertising, deals, press luncheons and local media events. The plan also included travel industry reception for local travel agents, the development and promotion of vacation packages, the offering of sponsorship opportunities for local events and festivals, regional media familiarization visits, reverse travel familiarization, and USVI features in in-flight magazines, Mrs. Dore-Griffin said. Campaigns to help bridge the gap between the U.S. Virgin Islands and the wider Caribbean, along with destination tourism, meetings and conventions, business travel and association media, were also planned, according to Mrs. Dore-Griffin.

Liat travels three times weekly to the territory's capital from Antigua: On Mondays, Wednesday and Fridays, leaving the V.C. Bird International Airport in Antigua at 11:20 a.m. and arriving at the Cyril E. King International Airport at 12:20 p.m. The same flight leaves CEKA at 1:20 p.m., and arrives in Antigua at 2:20 p.m. The aircraft being used for the Antigua/St. Thomas route seats 48 passengers, and is said to be one of Liat's newer planes offering a high level of comfort.

The airline reaffirmed that it would not be continuing flights to St. Croix, but did not rule out the possibility of resuming flights to the island in the future. LIAT further explained that it had canceled flights to the territory originally to focus on profitable routes and to

fine-tune its connections between islands. The airline didn't fully detail why it found St. Croix to be particularly unprofitable, however.

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