

Ministerial Statement on LIAT
delivered by the Prime Minister, Hon. Mia Amor Mottley
in the House of Assembly on June 4, 2019

Within recent weeks there has been considerable discussion with respect to LIAT, the regional airline, and I promised that at an appropriate time I would speak to this Honorable Chamber and the country with respect to it.

As you are aware Sir, LIAT has had considerable challenges within recent times and there have been a number of meetings of the shareholder governments with respect to LIAT. Barbados equally, has entered an IMF programme since October 1, 2018 and while it is fair to say that the crisis risks have abated and it is fair to say that Barbados is on the road, it is also equally fair to say that Barbados' journey is far from complete.

It is against that background that we have entered these discussions, recognizing that wherever we could in the past Barbados has made its contribution to LIAT and indeed to securing affordable regional air transport.

Over the years we have done so without murmur and indeed Sir, Barbados moved from being a minor shareholder in LIAT prior to 2003 holding 8.19 per cent to where we are today at 49.4 per cent. I should say that at one stage we held 51 per cent — that was in 2013.

When we analyse where LIAT is today and what LIAT requires of its shareholder governments, it is clear to us that there are going to be serious challenges to us being able to proceed any further. Mr Speaker, we cannot do what LIAT requires with the current structure that LIAT has today.

Many are aware that LIAT has found it difficult, with continuous losses, to keep flying and to keep its head above water. Indeed, many of the studies that have been done, some predating our existence as a government, make it absolutely clear that the current model which LIAT has within the 1974 Limited is not an attractive model and that what is needed is significant restructuring — indeed, a new model of governance, a new financial model and a new operational model in order for it to be able to extract greater benefit and to provide the services it does.

We, as a government, were persuaded by those studies and continue to be so. But we are not the only shareholder government and there are others, no matter what we have said, or no matter how much we try to impress upon them, who believe there are better and different ways to secure the viability of the airline.

Mr. Speaker, Sir, we accept that there is no unanimity on this issue, but we equally accept that if others want to try and to do it through a different methodology then they should be given that opportunity so to do, particularly as a sister government.

It is against that background that we have continued to reflect where Barbados finds itself now as the largest single shareholder at 49.4 per cent of LIAT. There is only so much that Barbados can responsibly do at this time given our current circumstances and our current position on the journey which I referred to just now.

Therefore sir, notwithstanding our absolute commitment to regional air travel and given the fact that the studies have recommended a different model and restructuring for LIAT and given the inability of the Government of Barbados to do for LIAT in the next five to ten years what it did for LIAT in the last five to ten years when we moved significantly to assume major shareholder responsibilities, we have taken the decision as a Cabinet that it is time for us to step back while at the same time allowing other governments to continue with their proposals to want to restructure LIAT in the way they have determined.

I want to make it absolutely clear that the Government of Barbados is not turning its back on LIAT. Indeed, we continue to be committed to LIAT and will:

(1) Maintain a minimum shareholding in LIAT should we reach an agreement with our sister government for them to take over our shareholding with respect to the negotiations;

(2) We will provide a minimum revenue guarantee on any route that is unprofitable, recognizing however that the majority of routes that Barbados is involved in is in fact profitable with respect to LIAT.

And it is against this background, Mr Speaker that our commitment continues such that within the last few weeks the Government of Barbados would have sent a further BDS \$1 million to LIAT and would also have satisfied our commitments to the Caribbean Development Bank with respect to the re-fleeting of LIAT.

Against the background of us taking a step back while retaining a serious commitment to it, we have accepted an offer from a sister CARICOM state, Antigua and Barbuda, to enter into negotiations with them to see whether a deal can be concluded with respect to Antigua and Barbuda taking up our shares in exchange for them taking up our responsibilities as a shareholder within the context of LIAT.

This will require negotiations on the part of both countries and therefore we will be writing Prime Minister Gaston Browne to indicate that just as he has established a negotiating team, the Government of Barbados will establish a negotiating team that will meet with his team to settle the terms, if we can, with respect to the conclusion of the transfer of shareholding.

The Honorable Attorney General of Barbados will lead our negotiating team and it will meet hopefully in the course of the next few weeks to start the discussion.

Mr. Speaker, Sir, we believe that affordable regional air travel is critical, but we also accept that life is also to be taken how we find it. The Government of Barbados wishes the Government of Antigua well with respect to being able to pursue an alternative model, recognizing that we cannot play that role that we have played in the course of the last five to ten years, given our priorities and challenges economically.

But we believe that we can continue to play a vital role still as a minimum shareholding government within LIAT and ensuring that as many routes as possible that LIAT conducts are commercially viable such they do not place pressure and burden on the overall finances of the airline.

Mr. Speaker Sir, I therefore thank this honorable chamber for affording me the opportunity of sharing the position that has been reached by the Cabinet of Barbados with respect to LIAT and we look forward to successful discussion between our two countries such that we can report properly back to the public and this Parliament the outcome of those discussions over the course of the next few weeks.