

Air Jamaica deal in danger

Local officials appeared stunned by news out of Port-of-Spain yesterday that the new Trinidad government, led by Kamla Persad-Bissessar, could be having second thoughts about the takeover of Air Jamaica by the state-owned Caribbean Airlines Limited (CAL).

Efforts to get a comment from Finance Minister Audley Shaw were unsuccessful while other government officials remained mum. Instead, they pointed The Gleaner to Dennis Lalor, who led the Air Jamaica divestment committee and was the point man in the negotiations. But an obviously surprised Lalor told The Gleaner that he had not heard the news, which came yesterday afternoon out of one of the first post-Cabinet media briefings hosted by the Persad-Bissessar administration which was elected less than three weeks ago. Lalor said he would not expect any change in the position of the Trinidad government because its objectives have been largely met since CAL acquired Air Jamaica. Under the agreement finalised on April 28, the government of Trinidad and Tobago was slated to contribute working capital to facilitate the merger while the Jamaican Government assumed the debt and covered the multibillion-dollar winding-up costs. But the Jamaican Government has received grants of US\$820,000 (J\$70 million) in 2008 to help with the early stages of the divestment and US\$221,000 (J\$19.12 million) yesterday from the United States Trade and Development Agency to assist with finalising the deal. The Jamaican Government acquired a 16 per cent stake in CAL as part of the condition for the airline taking over the lucrative routes of the cash-strapped airline. Approximately 900 Air Jamaica employees were retained by CAL to manage the eight routes operated by the Kingston-based carrier. However, Trinidad's new Finance Minister Winston Dookeran yesterday told journalists in Port-of-Spain that his government was concerned about the operations of CAL and its recent agreement with Air Jamaica. Dookeran, T&T's former central bank governor, told reporters that the Ministry of Finance would be called upon to take a position on the "many financial challenges ahead of us in that particular arrangement". According to Dookeran: "To that end, I have also advised the Cabinet of the appointment of an appraisal committee headed by Mr Conrad Aleong (former airline executive) ... to do an immediate appraisal ... and the directions that we must set as we tackle that problem." Dookeran's Congress of the People and Persad-Bissessar's United National Congress, while in Opposition, had voiced concern about the CAL deal which was signed by the Patrick Manning-led People's National Movement (PNM). The PNM was defeated by a combination of parties (People's Partnership Coalition) in the May 24 general election.