



PRESS CONFERENCE

The Hon. W. Lawrence Scott, JP, MP
Minister of Transport

Air Service Development – Boston Route

28 October 2021

Good morning members of the media,

Recently there has been a focus on the announcement by an air carrier that they will not be servicing the Boston route this winter.

I know that many of our residents depend on this route for business and personal reasons. Not having this non-stop service will inconvenience many, especially those who frequent the area for access to medical treatment and universities.

Since the early 90s, every airline that has provided year-round service to the island has received a marketing incentive and or a Minimum Revenue Guarantee (also known as an MRG) from the government at some point in their life span. The positive of an MRG is that Bermuda gets continued air service. However, the downside is that an MRG disguises or artificially inflates the strength of the market on its own.

It goes without saying that Covid has negatively impacted governments and airlines alike, in their ability to generate and sustain revenue. This means that the air service provider will have to rely on unsubsidized revenue and in the case of the Boston market, the current demand for service or lack thereof, is not seen as financial feasible by the airline between November 2021 and February 2022.

In 2019 prior to Covid, airlines had the economic and financial ability to weather our shoulder season. However, in 2021 they are looking at every opportunity to generate as much revenue as possible. So instead of losing money on the Bermuda route, they look to allocate their resources to more profitable destinations.

It is anticipated the Boston route will return in March 2022. In the meanwhile, connectivity is available to Boston through other gateway cities.

As I stated in the beginning, I have empathy for those who are affected by the airline's decision which results in us not having direct service to a key gateway city.

With that said, I am encouraged with the progress that the Air Service Development team, led by the Bermuda Airport Authority, is making in addressing the traditional challenges in this area. I invite, MP Lovitta Foggo, Chairperson of the Airport Authority to give an overview.

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