

Impact of Aviation Safety Oversight Standards on the Economies of the OECS Countries

by

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MAY 12, 2003: - In recent months, I have been invited to speak on matters about which I know too little. Since I do not want to subscribe to the growing national phenomenon, whereby the mad leads the blind, I tend to acknowledge my limitations and invite the sane and the knowledgeable to share their expertise.

Mr. Ian Bertrand, e-mail address: elperial@trinidad.net is a former Trinidad/Tobago island scholar. This is to say he is in the rare club of people like Dr. Eric Williams and Mr. Lloyd Best. He did his first degree at Cambridge University and his Master's degree (Operations Research) at London University. He is a former managing director of BWIA, and is currently a consultant in Tourism.

I asked Mr. Bertrand to help me answer the question: TELL ME WHAT WE SHOULD BE DOING IN THE ECONOMY, WHICH WE ARE NOT DOING. He gave me the following response which is (a) undesirable to summarize, and (b) too important not to share with our people and our regional leaders whether they administer or are in opposition. This is something that should receive unanimous support.

I commend it for your reading, and especially, your action.

REGIONAL SAFETY OVERSIGHT

Bahamas, Guyana and Jamaica are the only countries in the Region that currently meet the International Civil Aviation Organization (ICAO) safety oversight standards according to the United States Federal Aviation Administration (FAA). On the basis of its International Air Safety Assessment Programme the FAA has assigned those countries a Category 1 rating thus imposing no restrictions on the operations of the airlines domiciled in those CARICOM countries.

The FAA has never assessed Barbados as no aircraft on its registry fly to or from United States territory. The OECS countries have never been able to achieve a Category 1 rating and continues to be at Category 2 status. Trinidad & Tobago was officially downgraded to Category 2 status in July 2001 after the concerns of the FAA had been sent to that country's government in December 2000. These concerns have not yet been addressed. This situation is a serious indictment on the governments in the Eastern CARICOM Sub-Region.

The USA penalizes those countries that in its assessment do not maintain appropriate safety oversight of aircraft on their registry, not directly, but by restricting the operational flexibility and curtailing the expansion of operations of their designated airlines to serve the USA. The apparent rationale is that it is deemed more effective to have the airlines pressure their own

defaulting governments to ensure compliance than for the USA to do. This rationale does not appear to have worked in the Eastern CARICOM Sub-Region.

The practical application of the penalties means that the US airlines are free to continue to expand services to Category 2 countries, thus reducing the competitive capability of airlines domiciled in those countries. Thus US airlines are free to expand service into the Eastern CARICOM Sub-Region but BWIA is restricted in so doing in respect of services to US territory. BWIA was forced to cancel service to Atlanta and is not permitted to fly its A-340s to points within the USA. These restrictions increase operating costs of such airlines flying into the USA.

A further significant restriction is the inability of any airline of a Category 1 country that serves the USA to put its designator code on flights of airlines of Category 2 countries in any part of the world even where the specific flights of the airline of the Category 1 country do not serve the USA. Thus British Airways cannot code share with say LIAT or Caribbean Star and BWIA has been forced to suspend its code share agreement with United Airlines that it was aggressively implementing and which was producing significant increases in US visitors to the Eastern Caribbean.

Impact on Tourism Marketing

Tourism is the most important industry in the OECS countries. Anything that hinders planned growth of that industry adversely affects the economies and thus the social infrastructure of these countries. BWIA is the de-facto international carrier of the Eastern CARICOM Sub-Region. The majority of OECS countries cannot accommodate international flights and depend on linkages between regional airlines and international airlines to develop their tourism industries.

In practical terms the FAA imposed restrictions mean that the regionally domiciled airlines such as BWIA cannot easily expand service into the USA, a major tourist arrivals' generating country for the Region. This limits the capability of the regional airlines to expand their share of airlift thus reducing the security of airlift supply to the region as the major US-based international airlines struggle for survival.

Further, airlines such as British Airways, Virgin Atlantic, Air Canada, cannot put their designator code on say a LIAT or Caribbean Star flight between Antigua and Dominica. The result is that say neither Dominica nor British Airways nor Air Canada in their marketing efforts can hold out that the airline provides service to that country. This penalty imposes an artificial restriction on the country's ability to market its tourism product since it is not able to take full advantage of the long haul carrier's cachet and superior marketing penetration in the international marketplace. It forces service between say Toronto and Anguilla to appear much lower on the screens of the Computer Reservation Systems in the offices of travel agencies thus making the destination much more difficult to sell. It places further restrictions on the impact of an already limited marketing effort by the OECS countries in the major tourism generating countries.

This particular restriction is particularly onerous on the independent unprofitable regional airlines domiciled in the Eastern CARICOM Sub-Region whose potential to earn additional revenue is thereby constrained. It also affects the quality of airlift and therefore the tourism flows to those countries that depend solely on these Regional carriers for service.

OECS Cooperation

The OECS countries have a common Directorate of Civil Aviation and have agreed in principle to establish a joint Civil Aviation Authority. The safety oversight human resource and physical infrastructure has been improved but the appropriate legislation is not in place in the participating countries. Until this is done these countries would not be able to achieve Category 1 status. The value of the current investment in aviation safety infrastructure upgrade will therefore continue to be wasted and the advancement of their economies restricted.

The governments have thereby set a poor example for their airlines, which they criticise for not implementing functional cooperation programmes. Given appropriate 'political will', the OECS countries in the Region can come together, adopt the successful Jamaica model, which was predicated on the use of the internationally acclaimed Canadian model, and so facilitate the timely (AND LONG OVERDUE) achievement of Category 1 status.

In summary this failure by the governments in the Eastern CARICOM Sub-Region to aggressively seek Category 1 status has adversely affected their economies, the ability of Regional carriers (that they are forced to support financially) to be profitable and has also restricted their ability to serve the critical tourism industry. In effect the countries are severely penalising themselves

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