

Opening Remarks
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Introduction:

- Distinguished guests, Ladies and Gentlemen, Welcome to the IATA Caribbean Aviation Day.
- Before we begin, on behalf of IATA and our 290 member airlines, we would like to extend our sincerest condolences to the people of the Cayman Islands, on the passing of Her Majesty Queen Elizabeth II last week.
- She will be remembered for putting duty above everything else and through the development of the Commonwealth, furthered a common bond across many nations of the Caribbean.
- Our thoughts and prayers are with you.
- I would also like to thank the Cayman Government for being such generous hosts

COVID & Restart:

- Bringing us all together here shows that you understand the important role aviation plays in this region.
- Who would have thought that when we last gathered in a similar setting at the IATA Caribbean Aviation Day back in 2018, a global pandemic would grind the world to a halt?

- Border closures and flight suspension essentially cut the lifeline of the many and diverse countries that make up this region.
- And, of course, no one in this room really needs a reminder on the interdependencies
 - between aviation and tourism as our industry contributed 13.9% to GDP and 15.2% of all jobs in Caribbean pre-pandemic in 2019.
- In fact, according to the WTTC, eight out of the ten most tourism-dependent countries globally in 2019 were in the Caribbean region”
- While countries like Antigua and St. Lucia were among the first to start accepting tourists for the 2020 winter season,
 - the diverging and fast changing travel restrictions placed a large administrative and operational burden on airlines, curtailing demand.
- One of the big lessons learned from the past 2 years is that governments and the aviation value chain must find better ways to cooperate and communicate on a holistic level,
 - with the aim of jointly ensuring the socio-economic wellbeing of this region.
- What we saw during the pandemic was that the decision making shifted to the ministries of health, who previously had not been part of the traditional aviation value chain.

- At times the lack of knowledge and understanding of the intricacies of our business led to the creation of unrealistic protocols.

Recovery & Connectivity:

- In line with the theme of today's event: "Recover, Reconnect, Revive", let us jointly look at how we can build a better future together.
- The good news is that people want to travel.
- This has been made very clear by the ongoing recovery.
- Global passenger air traffic has reached 74.6% of pre-crisis levels.
- In the Caribbean, the recovery is even faster as we have reached 81% of pre-crisis levels in June.
- Some markets, such as the Dominican Republic have already surpassed 2019 levels.
- And while international connectivity between the Caribbean, the Americas and Europe has largely been restored, traveling within the region remains a challenge.
- We have only reached 60% of intra-Caribbean passenger levels compared to 2019 and in many cases the only way to reach other islands is via Miami or Panama.
- While the intra-Caribbean market is not the size of regional markets in many parts of the world,

- it is a market which needs to be served, not only for the good of local residents and businesses,
- but also to facilitate multi-destination tourism.

Multi-Destination Tourism & Seamless Pax Processing

- As we will be hearing during one of the panels today, selling and marketing the Caribbean as a multi-destination is becoming increasingly important as inflationary pressures will have an adverse effect to the disposable incomes in some of the key source markets like Canada, Europe and the USA.
- When holiday makers will be deciding where they will spend their valuable vacation days and budgets,
 - being able to offer a variety of experiences will be key.
- And when they fly, today's travelers are also looking for a seamless/simplified experience.
- While physical infrastructure does not appear to be a limiting factor for connectivity in the region,
 - creating the right conditions to generate the demand that will support a sustainable increase in air connectivity in the region is still a challenge.
- Outdated, redundant and paper-based administrative and regulatory processes continue to negatively impact airline operations.

- Together with those in charge at government level, we need to urgently move into the digital age to provide a better customer experience and more efficient and secure airline operations.
- The good news is that many governments went down that path when it came to providing travel authorizations during the height of the pandemic.
- So we need to build on these experiences moving forward, rather than return to the old and inefficient ways.
- The region had the perfect opportunity to revolutionize back in 2007 when it hosted the Cricket World Cup and
 - created a single domestic space arrangement for the free movement of visitors.
 - What will it take to stop the chatter and like the Nike slogan states “ just do it”!

High Cost of Doing Business – Taxes, Charges & Fees:

- A recurring theme is also taxes and charges levied on aviation. Yes, we understand that the provision of adequate infrastructure for aviation comes at a cost,
 - but very often it is difficult to see the correlation between the level of cost and charges and the actual service provided.

- The Dutch Caribbean Air Navigation Service Provider based in Curacao is one example where users are consistently and effectively engaged in a transparent consultation process.
- By contrast, in some jurisdictions in the region there is still a wide variation in the degree of consultation and users' involvement in order to ensure an optimal outcome.
- Effective consultation depends on goodwill and constructive conversation of all parties involved.
- It helps to prioritize investments and ensure that adequate capacity and services will be provided to meet the demand of current and future users.
- Let me give you another example on how some Caribbean States are pricing themselves out of the global travel and tourism competition:
 - If passengers are not arriving during "regular" 9 to 5 business hours, airlines are being charged significant overtime fees for each passenger to be processed by immigration and customs.
 - Aviation is not a 9 to 5 business. Global connectivity is around the clock.
 - This process is simply unacceptable and makes no sense as those very same passengers are the ones staying at local hotels, eating at local restaurants, and fueling local economies, no matter what time they arrive.
 - So why penalize and charge airlines extra who transport these passengers?

- Why not change the mindset and adjust customs staffing levels accordingly and attract more airlines to the market?
- In addition, the taxes and fees added to airline tickets substantially increase the cost of air travel to and from the region.
- By way of comparison, at a global level taxes and charges make up approximately 15% of the ticket price and in the Caribbean the average is double this at approximately 30% of the ticket price.
- In some markets, taxes, fees and charges make up half of the total ticket price.

For example:

- On a flight from Barbados to Barbuda, taxes and fees represent 56% of the ticket price.
 - On a flight from the Bahamas to Jamaica, 42%.
 - St. Lucia to Trinidad & Tobago, also 42%.
 - And Port of Spain to Barbados: 40%
 - In comparison, Lima, Peru to Cancun, Mexico, another beach destination, taxes and fees only represent 23%.
- Today's passengers have a choice and as the total cost of vacations increasingly become a decision-making factor, governments must be prudent and not price themselves out of the market.
 - For example, a flight for an 8 day vacation from London to Bridgetown in October is around \$800.

- But a flight from London to Dubai for the exact same time frame is around \$600. For a family of four, that is a \$800 difference just for the flights.
- Another example closer to home:
- Miami to Antigua, we are looking at a \$900 round trip ticket for the same dates in October.
- But Miami to Cancun averages to be around \$310 for a round trip ticket.
- Again, for a family of four, that is a total difference of over \$2,000 just for the flights!
- Caribbean destinations are running the risk of pricing themselves out of the global travel and tourism market where passengers have more choice than ever before.

Conclusion:

- In concluding, the Caribbean needs to remain an attractive tourist destination: The WTTC forecasts a possible annual 6.7% travel and tourism GDP increase between 2022 and 2023 if the right policies are implemented.
- Air travel demand is close to reaching pre-pandemic levels but to support a sustainable aviation sector as an integral part of the tourism value chain we need governments to cooperate amongst themselves and with the industry. However, we need more than just good sounding words and declarations, we need action.

- And as more regions across the globe work on attracting tourists, those in power across the Caribbean must take a more holistic approach to this subject, rather than an individual one.
- Offering the Caribbean as a multi-destination region with good, efficient and affordable global and regional connectivity will create a unique selling proposition.
- This will allow aviation to contribute to the socio-economic development of the region and its people.
- From an industry perspective we stand ready to play our role and we hope the discussions and presentations of today's event will encourage governments to actually implement the necessary framework for us to jointly move forward.
- Thank you very much for your attending and we look forward to an interesting and productive day.