



Dominica Hotel & Tourism Association

17 Castle Street, P.O. Box 384 | Roseau Commonwealth of Dominica

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Honourable Roosevelt Skerrit
Prime Minister of Dominica
6th Floor Financial Centre
Kennedy Avenue
Roseau
Commonwealth of Dominica

Dear Honourable Prime Minister,

The Board of Directors of the Dominica Hotel and Tourism Association has been mandated by its membership to write to you on the matter of LIAT's re-fleeting program; the large number of flight cancellations, delays and re-routing of flights; the absolutely dismal customer service that has been meted out to the travelling public; and responses from the LIAT hierarchy to complaints and concerns raised by affected customers which have left much to be desired. In fact, these responses have ranged from trivial and highly inappropriate (the Chief Commercial Officer's parody on YouTube in response to Sir Richard Branson's circulation of a letter of complaint to LIAT from passenger Hicks); to hubris in the recent exchange between one of our prominent hoteliers, Mr. Gregor Nassief and the Chairman of the LIAT Board of Directors, Mr. Jean Holder.

Dominica has been particularly hard hit by the LIAT crisis, because of its inordinate dependence on LIAT for its arrivals. The impact has been severe on all sectors of the private sector. The vital tourism industry, future foreign direct investment flows and expansion of offshore university facilities have all been put at risk by LIAT's recent failings. Confidence in Dominica's air access infrastructure has been severely undermined and it needs to be restored urgently. Our fear is that left to its own devices, LIAT seems incapable of recovery and this failure will have a devastating impact on Dominica's economic prospects. The negative impact of the reduced arrivals caused by the LIAT crisis has already been exacerbated by timing, since it is occurring in the off-season for cruise ship calls, when tour companies, taxi drivers, attractions, restaurants and others in the sector, would have little income flowing from cruise passengers and are therefore dependent on summer travel traffic.

If LIAT does not get its act together immediately, sufficiently to restore market confidence in the air access infrastructure that we have worked so hard to establish, the Ross University students will be subjected to untold hardship; the World Creole Music Festival / Independence celebrations and Christmas / New Year festivities when many returning residents visit Dominica will be negatively impacted; and the Winter peak tourist season will be very badly affected. In fact, we have been warned by our European travel agents that European consumer protection legislation places the onus on the Agent to compensate passengers who are inconvenienced by airlines. They have warned that the financial risk placed on them by a non-performing LIAT will have great future impact on their Dominica sales. This is a market that we have invested in heavily and one that we



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can ill-afford to lose. These are just some of the costs of LIAT's shortcomings. In addition, the sub-regional and regional integration projects on which the Dominica macro-economy depends have been hurt by the poor performance of LIAT. Unless there is almost instantaneous recovery, the integration projects will suffer irreversible damage.

Now that we have given an account of some of the impacts of the recent LIAT crisis on Dominica, we would like to outline some suggestions for corrective action and recovery:

Firstly, we feel that the LIAT's shareholders, board, management and the general public should be made aware of the economic impact of the re-fleeting crisis on the member countries of the Eastern Caribbean Currency Union. To this end, we request that the Eastern Caribbean Central Bank and the Economics Division of the OECS Secretariat should be commissioned to research and publish the impact of the LIAT crisis on the ECCU economies. Judging from local experience, we are sure that the negative impact of the resulting economic shock is very significant.

Secondly, and commencing without delay, there should be an investigation of the LIAT management's decisions. To facilitate an objective investigation, the Board may have to be reconstituted. The findings would be a guide to future action to ensure that mistakes are not repeated. It would also signal to LIAT's management that they will be held accountable and also the findings will serve as a guide to the shareholders.

Thirdly, over the last three months, LIAT has proved itself incapable of operating "in the consumers' interest"; particularly in a highly regulated environment and on routes where the airline enjoys a virtual monopoly. It is suggested that Dominica should move assiduously to have consumer protection legislation, with appropriate penalties and enforcement mechanisms, enacted in the countries of the OECS. This legislation can be patterned after the European Union legislation. Enactment and enforcement of same will go a long way towards the restoration of confidence in the aviation industry in Dominica and the rest of the sub-region among regional and international travelers and the travel trade.

This is a necessary pre-requisite to repairing a badly damaged tourism brand. It will also drive home to the management and board of LIAT that poor planning, execution and decision making will have negative consequences for the airline. It will also raise the level of accountability that appears to be so sadly lacking in LIAT.

Fourthly, air transportation in the Eastern Caribbean needs to be liberalized. We urge Dominica and the rest of the OECS to spearhead the adoption of a revised CARICOM Multilateral Air Services Agreement by all regional states, with the primary purpose of promoting fair and open competition in the region. Competition leads to greater efficiency and improved service. To ensure a level playing field, it may be necessary to incorporate "fair competition" regulations in the MASA.



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Fifthly, we are convinced that between LIAT, Caribbean Airlines, SVG Air, Windward Islands Airways and Fly Montserrat there are enough assets to serve the Eastern Caribbean efficiently, effectively and viably. The existing airlines need to restructure and rationalize their services through mechanisms such as schedule integration, pooling, code sharing etc. To be successful, this process cannot be imposed by governments in a 'top down' manner. The airlines should be empowered to sit in a room and arrive at a fair system with the aid of skilled facilitators. Free of the threat of predatory competitive pressures, we are sure that the private sector will make any necessary investments to supplement the services, for example acquiring third tier airlines to operate on thin routes.

We would like to stress that Dominica's situation which results directly from the LIAT crisis is dire. We have examined the situation closely and come up with a menu of constructive solutions which we think are worthy of urgent implementation.

We thank you for your kind attention to this matter.

Sincerely,

.....
Mr. Herve Nizard,
Chair, DHTA Access Committee

.....
Yvonne Armour
President, DHTA

CC:

Honourable Kamla Persad Bissessar - Prime Minister, Trinidad & Tobago/Chairwoman CARICOM

Honourable Freundel J Stuart, QC, MP - Prime Minister, Barbados Government Headquarters

Her Excellency Dr Len Ishmael - Director General, OECS Secretariat

Ambassador Irwin LaRocque - Secretary General, CARICOM

Dr William Warren Smith - President, Caribbean Development Bank

Sir K Dwight Venner - Governor, ECCB

Mr. Hugh Riley - Secretary General, CTO

Mr. Benoit Bardouille - Chairman, DDA/DASPA