

The Virgin Islands Consortium

Port Authority Responds To interCaribbean Airways' Cancellation Of Planned USVI Flights

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Following a Consortium [article](#) last month about interCaribbean Airways' decision to cancel planned flights in the U.S. Virgin Islands because of what the company described as an unfriendly business environment and apparent roadblocks to prevent it from getting started in the territory, the Virgin Islands Port Authority (VIPA) responded by attempting to rebut the claims made by interCaribbean Airways.

According to Monifa Braithwaite, V.I.P.A.'s public information officer, the Port Authority was not aware that interCaribbean had issued a release on its decision to cancel the

U.S.V.I. route, even though The Consortium's article, in the second paragraph, stated as much.

In its release, the Turks and Caicos-based carrier said it had been working for several months to have the U.S.V.I. filings process completed, but the process, which the airline described as lengthy and arduous, was not possible to manage in tandem with setting up all other operations.

"Such has been the process, that other requirements to setup at the airports are unable to be advanced without this completed," the company said. "interCaribbean over a month ago deployed an additional aircraft to Tortola in readiness for these flights but given the unusually lengthy processes to get to a starting point, it has become clear that the approval process and our priorities are not aligned."

The company said it planned to redeploy the aircraft that was bound for the U.S. Virgin Islands to other operations and growth opportunities. "We operate in 13 countries and have not faced the prolonged or protracted challenges of setting up an operation timely in any country," interCaribbean said. "We wish to acknowledge we have seen full cooperation from the CPB (Customs and Border Protection) and the TSA (Transport Security Administration) Agencies in receiving their early and timely approvals for both St. Thomas and St. Croix."

Noticeably, interCaribbean left out the Virgin Islands Port Authority, which recently came into an agreement with Liat and included the [waiving of Liat's landing fees for a year as part of the deal](#).

In response, V.I.P.A. said the airline incentive offered to LIAT is not exclusive, a point already included in April 2018 Consortium article. V.I.P.A. added that the incentive is applicable to any airline that provides new or increased air service to the Henry E. Rohlsen Airport on St. Croix, or service outside of the peak operating hours at the Cyril E. King Airport on St. Thomas (prior to noon and after 5 p.m.). The incentive was first implemented by V.I.P.A.'s board in 2014 and recently extended through November 2020, the authority said.

In its release, interCaribbean Airlines said it did not meet an environment conducive to doing business in the U.S.V.I. "A key element at any new city served is selecting a partner handling company. In the case of the U.S.V.I., we are confronted with handling costs that are three to four times the norm across our entire network of cities," the company said. "We simply will not pay such outrageous prices. We cannot expect to have to double our everyday affordable low fares to compensate, it goes against our business model and we don't feel this will be welcomed... We will not see support from the traveling public."

The Port Authority countered by stating: "The Virgin Islands Port Authority does not charge any airline for ground handling services. Ground handling services at our airports are provided by our tenants. At CEKA these services are provided by World Wide Flight Services (WWFS) and Goddard Catering Group (GCG). WWFS and Envoy (who only services American Airlines) are our ground handling tenants at HERA. Our tenants must pay their employees at least the legal minimum wage rate in the United States Virgin Islands. Notably, the minimum wage rate is higher in the USVI than it is in other foreign

countries. This may affect the cost of doing business in the USVI versus foreign destinations where the wage rates are significantly lower."

Asked whether V.I.P.A. had any authority in controlling handling fees to assure that the prices were not unreasonable, Ms. Brathwaite said she would seek more information on the matter before providing an answer. In a followup conversation on Saturday, Ms. Brathwaite said if the handling fees proved to be overly excessive, the matter would be brought to the attention of V.I.P.A. Director David Mapp.

V.I.P.A. said it has worked with interCaribbean to begin the process of getting the airline established at both of its airports on St. Thomas and St. Croix, to include:

- Provision of two airline counters and an office space at the Cyril E. King Airport Terminal
- Provision of one airline counter at the Henry E. Rohlsen Airport Terminal
- Renovation of Gate 2 at HERA to accommodate foreign departures.

But the authority said interCaribbean had not completed its application process with V.I.P.A., including the submission of standard documents required by law to do business in the US Virgin Islands.

"To date, V.I.P.A. has not received interCaribbean's USVI business license or their certificate of liability insurance coverage. These are requirements that cannot be waived by V.I.P.A. and are required of every business that intends to operate in the territory," the authority said. "V.I.P.A. will continue to work with interCaribbean and we look forward to welcoming them in the winter 2018 season, as they announced to be their new anticipated start of service to the U.S. Virgin Islands."

Correction: May 5, 2018

A previous version of this story, in the tenth paragraph, erred when it referred to landing fees instead of handling fees. The story has been updated to reflect the correct information.