



The Impact of Air Passenger Duty And Possible Alternatives for the Caribbean

Caribbean Tourism Organisation

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"This is a discriminatory tax, not an environmental tax but a tax on development which fails to understand the importance of tourism to developing countries. This decision comes at the wrong time and sends the wrong signal, especially from a country that wants to contribute to global development" **Mr Taleb Rifai, UNWTO Secretary General**

"I always returned to the Caribbean three or four times a year to visit friends and family but since the increase in air passenger duty last year I have really had to cut back on the number of visits to see relatives for special occasions. I am angry that another increase in the tax has happened this year as it means that even essential visits, for example for funerals, might no longer be possible." **Valarie Gilkes, Member of the Caribbean Diaspora and UK Voter**

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Introduction

In September 2010 six Caribbean Tourism Ministers met in London with British Ministers, officials, MPs and industry representatives to make clear their concerns about the damaging effect that Air Passenger Duty (APD)¹ was having on the Caribbean tourism economy and the Caribbean community in the UK. The visit was organised by the Caribbean Tourism Organisation (CTO), the regional tourism development agency comprising of 33 Governments and a variety of private sector entities².

In these meetings the British Government requested a concise review of the relationship between aviation taxation and Caribbean visitor arrivals, with a specific focus on the value of tourism to the Caribbean, the projected impact of increases in the cost of flights as a result of taxation and evidence about the impact of APD on the Caribbean community in the UK.

The visit came in response to concerns expressed directly to successive British Governments by Caribbean Heads of Government about the four-tier band system and followed from the thirty-first regular meeting of Caribbean Community (Caricom) Heads of Government on 4-7 July 2010 in Jamaica, which noted in its communiqué:

“Heads of Government noted with concern the potentially negative implications for the regional tourism industry of the Air Passenger Duty (APD)/Per Plane Duty (PPD) - proposed by the Government of the United Kingdom. Given that Tourism was the mainstay of many of our economies, they also considered the implications for the inhibitive impact on travel by the Caribbean Diaspora from that part of the world”.

Caribbean Governments have been the first to recognise that it is not easy to disaggregate figures relating to APD given the current global financial climate and that there are a number of economic factors at play including:

- The world economic downturn
- Variable performance by Caribbean tourism destinations
- The fact that hotels in some countries are discounting rates to an extent that others are not

The figures are further complicated by the fact that some airlines and tour operators have been absorbing up to now, the 1 November 2009 increase to offset consumer price sensitivity.

However, based on figures available so far indicating trends in UK travel and tourism to the Caribbean, the report that follows indicates the likely negative impact that APD will have,

¹ Background information on APD can be found in annex 1.

² CTO Member states are Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Cuba, Curacao, Dominica, Dominican Republic, Grenada, Guadeloupe, Guyana, Haiti, Jamaica, Martinique, Montserrat, Puerto Rico, St. Barts, St. Eustatius, St. Kitts & Nevis, St. Lucia, St. Maarten, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, Turks & Caicos Islands, US Virgin Islands, Venezuela

whether through any successor aviation tax or further increases that may take place as a result of the EU Emissions Trading Scheme (ETS) being applied to aviation.

The Caribbean starts from the perspective that the manner in which the UK Treasury created a banding system is discriminatory against the Caribbean - the most tourism dependent region in the world - and its Diaspora in the UK. It notes also that the APD banding system favours the United States, a competitor destination; is intellectually incoherent as it divides Russia into two zones but sees all of the US as one entity; and takes no account of the impact that the tax has on Caribbean nations that are still in transition to services-based economies that are largely tourism based.

The region also believes that as the November 1 2010 increases begin to bite, the full negative effect of APD will become apparent as hotels and airlines reach a point at which they cannot continue to absorb the cost. The region observes that this will only become apparent once the damage has been done and visitors are lost to other lower banded destinations.

The report that follows makes clear that:

- Arrivals from the UK to the Caribbean are declining while those from other source markets are increasing;
- The Caribbean is more tourism dependent than any other region of the world;
- APD is considered by regional and international institutions to be having a negative effect on the Caribbean economy;
- The latest increase is already having a negative effect on bookings but this will only be felt fully as the year proceeds;
- UK companies in the aviation, tourism and travel industries are being damaged by APD as bookings to the Caribbean decline;
- The tax is discriminatory against the Caribbean and Caribbean people in the UK and re-banding is required; and
- It is possible to develop an alternative approach that involves design change of APD.

1. The Value of the UK Market to Caribbean Tourism

According to CTO arrivals statistics, the ten countries most dependent on UK arrivals are as follows:

	Average Total arrivals over years 2006 - 2008	UK Arrivals as a Percentage of Average Total Arrivals Between 2006 And 2008	Travel and Tourism Economy GDP as a percentage of GDP ³ (2006-2008 Average)	Total GDP 2006-2008 Average (US\$) ⁴	Value of tourism in US\$ ⁵
Barbados	567,721	38.5	54.4	3.43bn	1.86bn
Antigua & Barbuda	260,432	35.3	80.8	1.12bn	0.91bn
Montserrat	7,689	28.9	Not available	Not available	n/a
Saint Lucia	295,235	26.7	41.2	958mn	395mn
Grenada	123,793	25.3	28.6	617mn	176mn
St. Vincent & the Grenadines	90,390	17.4	31.6	545mn	172mn
Trinidad & Tobago	370,903	16.1	42.2	21.75bn	9.18bn
Jamaica	1,715,654	10.7	27.9	13.15bn	3.67bn
Cuba	2,240,376	9.1	6.8	Not available	n/a
Dominica	79,637	8.3	27.4	345mn	94.5mn

It should be noted from the above figures that while the UK market accounts for around 10% of the total market for Jamaica and Cuba, their overall arrivals are significantly higher than for the smaller islands. So while they are less dependent overall on the UK market, tourism's absolute value to these economies is significant.

³ Source: World Travel and Tourism Council

⁴ Source: World Bank national accounts data, and OECD National Accounts data files.

⁵ Calculated using WTTC tourism average percentage GDP and World Bank GDP figures

The Value of Tourism to the Caribbean

1.1 Gross Domestic Product⁶

In the countries that receive significant numbers of UK visitors, tourism accounts for a higher proportion of GDP. For example, according to research produced by Oxford Economics it is estimated that tourism in Barbados will account for 47.9% GDP in 2010; 37.8% in St Lucia; and 78.4% in Antigua & Barbuda. See annex 2 for a country breakdown.

More generally across the region as a whole, taking into account nations that are less tourism dependent (e.g. Trinidad and Tobago and Guyana) or in larger nations that have more broad based economies (e.g. Dominican Republic and Cuba), Oxford Economics estimates that in 2010 direct travel and tourism revenue will account for 3.7% of regional GDP in 2010 and the broader travel and tourism economy will account for 12.4% of regional GDP. This latter figure includes both indirect and direct revenue along with the impact of investment, government collective consumption and merchandise exports related to the tourism industry⁷.

2.2 Employment⁸

The significance of travel and tourism to GDP is reflected in the region's employment figures, with 1.9 million people across the region in jobs related to travel and tourism. This translates to 1 in every 9 jobs.

The figures show that in Antigua & Barbuda 8 out of 10 jobs are related to tourism, just over half in Barbados, with one quarter of all employment in Jamaica, St Vincent & the Grenadines and Grenada resulting from tourism. See annex 2 for the country breakdown.

It is expected that studies underway in parts of the region using satellite accounting methods will indicate an even higher number of individuals and industries reliant on tourism as a source of employment and revenue.

2.3 Investment⁹

In 2008, investment in the Caribbean travel and tourism industry was US\$11.441bn or 22.9% of total investment in the region. In 2009 investment totalled US\$10.439bn, though this year was recognised as a weak year for foreign direct investment due to the world economic climate. In 2010 it is estimated to be US\$10.221bn, just over 20% of total investment in the region. Broken down, the importance of investment by country includes Barbados 47.9% of total investment, St Lucia 37.5%, Antigua & Barbuda 48.9%. The highest and lowest levels are 71.1% in Aruba to 5.1% in Haiti. See annex 2 for the country breakdown.

⁶ Data on GDP in the Caribbean is taken from a report prepared for the World Travel & Tourism Council and the Caribbean Hotel and Tourism Association. "Travel and Tourism's Economic Impact Across the Caribbean", Oxford Economics, May 2010.

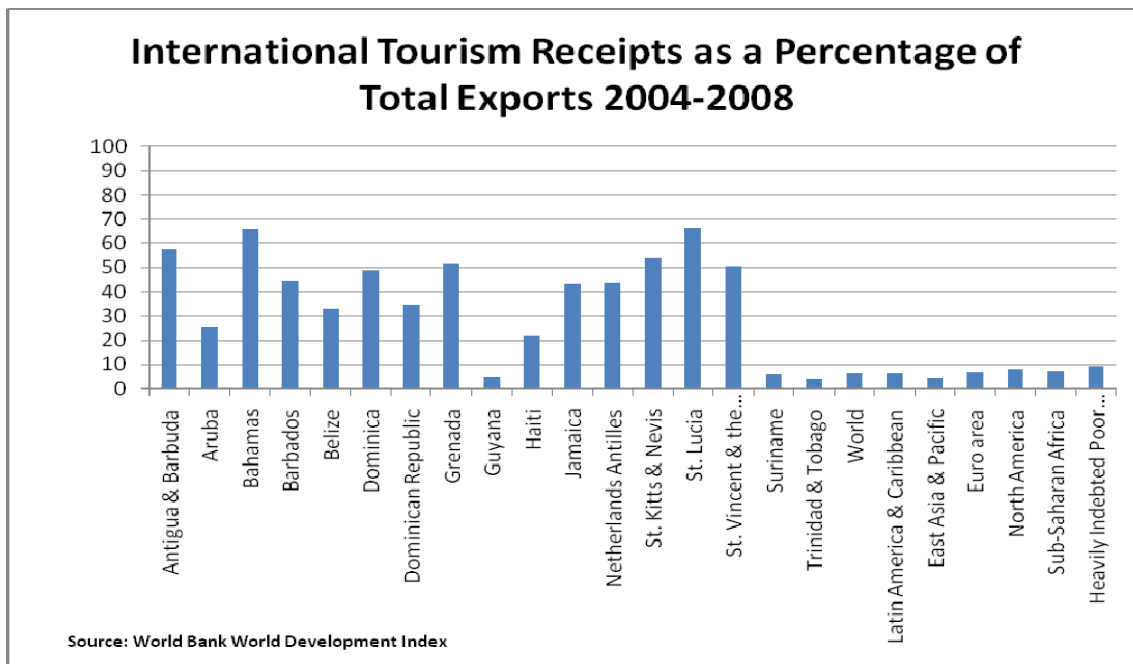
⁷ The Oxford Economics study covered the following countries: Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Bermuda, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Netherlands Antilles, Puerto Rico, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, British Virgin Islands, US Virgin Islands.

⁸ "Travel and Tourism's Economic Impact Across the Caribbean", Oxford Economics, May 2010.

⁹ "Travel and Tourism's Economic Impact Across the Caribbean", Oxford Economics, May 2010.

2.4 Tourism as an Export Industry

The Caribbean is the most tourism dependent region in the world.



The World Bank World Development Indicators (WDI)¹⁰ show that tourism receipts for Caribbean countries represented a significantly larger proportion of total exports than the world average between 2004 and 2008. In fact, half of the twenty countries earning the largest proportion of total exports from tourism are in the Caribbean. The full WDI table can be found in annex 3.

The heavy dependence on tourism for GDP, employment, investment and export earnings means that the majority of Caribbean economies are much more sensitive to external policy changes that have a direct effect on tourism than other countries which are less dependent on tourism.

¹⁰ <http://data.worldbank.org/data-catalog/world-development-indicators>

3 The Impact of Air Passenger Duty

3.1 The Impact on Price Competitiveness

A key Caribbean concern about the introduction of the four tier APD banding system on 1 November 2009 was that the system places the Caribbean at a competitive disadvantage to holiday destinations in the USA because they have been placed in different bands.

South Florida and the Florida Keys – undeniably competitor holiday destinations to the Caribbean – as a part of the USA are in a lower tax band than the Caribbean, even though the Florida Keys are, for example, only around 200 miles closer to London than Kingston, Jamaica, around 250 miles further away than Bridgetown, Barbados and approximately 380 miles further away than St John's, Antigua and Barbuda. See annex 4 for a distance table¹¹.

In its 2009 annual report "Highlights of Caribbean Development Bank's activities in 2009 and economic background and prospects", the Caribbean Development Bank¹² (CDB) highlighted the importance of tourism and construction to the recovery of the regional economies. In reviewing the prospects for recovery, the CDB stated "a key concern remains however, in ... Air Passenger Duty introduced by the UK, which will further reduce the Region's price competitiveness."

3.2 The Impact on Demand

In a World Economic Forum study of Travel and Tourism Competitiveness¹³, it states "All of the studies reviewed, spanning a period of over 25 years, found that there was a significant demand response to changes in airfares. The consistency of this result strongly indicates that any policy action that results in higher fares (e.g. passenger taxes, increased landing fees) will result in a decline of tourist numbers."

A British Social Attitudes report¹⁴ on changing attitudes to air travel found: "a range of estimates suggest that a 10 per cent change in fares would affect demand for flights by around five to 15 per cent (Cairns and Newson, 2006)"

The implication of this is that an increase in cost is likely to have an impact on overall demand. Furthermore, it implies that where cost is a factor in choice of destination, the Caribbean countries have been placed at a competitive disadvantage to destinations of a similar distance, or in the case of west coast USA and Hawaii, ones that are significantly further away.

Evidence of this is already emerging from 2010 arrivals figures.

The Caribbean Tourism Organisation's own research conducted in May and June 2009 and in March and April 2010 to determine the response of UK visitors to changes in the price levels

¹¹ Distances were calculated using Google Maps Distance Calculator.

¹² The United Kingdom is a donor country and member of the Caribbean Development Bank.

¹³ The Travel & Tourism Competitiveness Report 2008, The World Economic Forum, p85

¹⁴ Pay more, fly less? Changing attitudes to air travel, Chapter 6 of British Social Attitudes 2008-2009, p131, Sage Publications

of air tickets, indicated the clear likelihood of a fall off in demand as the price of air tickets rises for whatever reason.

CTO's first survey was conducted during May and June 2009 when 1703 visitors were interviewed with a follow-up in March and April 2010 when 1431 were interviewed.

The 2009 survey observed that when air fares rose beyond £500 the interest of the UK visitor in travel to the Caribbean declined very rapidly for those using economy class, which accounted for 75 per cent of the total respondents. The second survey which was undertaken in winter 2010 showed much the same pattern. Seventy one per cent of economy class visitors indicated they would quickly lose interest in travel to the Caribbean as air fares rise above £550. CTO concluded that the findings indicated: a high level of price sensitivity to air fare changes for the typical British visitor; lower air fares were associated with multiple visits within the same year; and the extent to which extra costs such as aviation taxation added to air tickets will impact negatively on a visitor's propensity to travel.

3.3 The Impact on UK Arrivals to the Caribbean Market

3.3.1 UK Civil Aviation Authority

A comparison of the UK Civil Aviation Authority¹⁵ figures for Quarters 1 and 2 (Q1, Q2) 2009 and Q1 and Q2 2010 shows that UK passenger numbers to the USA have declined by 6.5% and passenger numbers to the Caribbean have declined by 11.8%.

Looking at passenger traffic to countries across the four bands, bands A and B registered positive growth averages of around +8.84% in band A and +1.83% in band B, while bands C and D registered declines of -7.98% and -4.66% respectively. See annex 5 for full CAA table.

The fact that destinations in groups C and D have suffered declines suggests that this may be a result of increased fares due to APD increases on 1 November 2009.

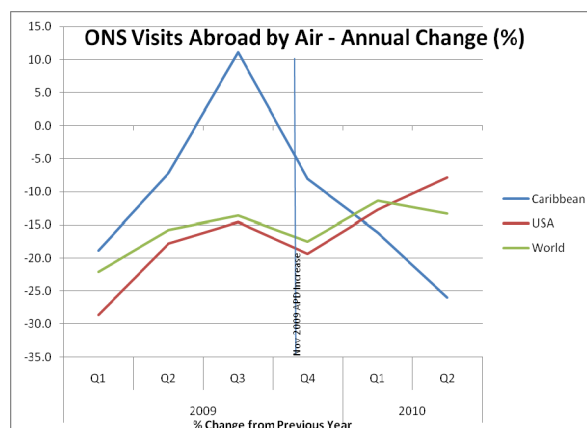
Industry experts believe that the full impact of the APD increases on the Caribbean markets will not be felt until 6-12 months after the 1 November 2010 increase. Their sense is that this means that the damage to the Caribbean economy will intensify. To understand the impact of APD or revenue measures designed to address environmental concerns on developing nations and visitor recipient nations in the Caribbean, a full impact study is required.

¹⁵ CAA International Passenger Traffic to and from UK Reporting Airports (in Thousands) by Country 1999 – 2010

3.3.2 UK Office for National Statistics

UK Office of National Statistics (ONS) figures for the first two quarters of 2010 indicate decreases in all visits abroad by UK residents by air of 11% (Q1) and 13% (Q2).

Visits to the Caribbean show reductions of 16% and 26% for the same periods. This is an average 6 month decline of 21% for the Caribbean.



Detailed figures can be found in annex 6.

3.3.3 Caribbean Tourism Organisation

A comparison of stayover arrivals figures from the UK for Q1/Q2 2009 and Q1/Q2 2010 indicate declines in key markets as follows:

COUNTRY	TOTAL ARRIVALS		U.K. MARKET		% SHARE		% CH 2010/09	
	2009	2010	2009	2010	2009	2010	TOTAL	UK
BARBADOS	263849	271840	100704	88443	38.2	32.5	3	-12.2
ANTIGUA ^{Jan-Mar}	70400	70516	24784	18600	35.2	26.4	0.2	-25
GRENADA ^{Jan-May}	50483	46491	13083	11959	25.9	25.7	-7.9	-8.6
SAINT LUCIA	145575	162856	37871	36228	26	22.2	11.9	-4.3
ST. VINCENT ^{Jan-May}	30938	30229	6073	5422	19.6	17.9	-2.3	-10.7
JAMAICA ^{Jan-May}	802630	846664	73656	70867	9.2	8.4	5.5	-3.8

This shows an average decline of 10.8% from the UK.

3.3.4 International Monetary Fund (IMF)

The latest IMF Regional Economic Outlook for the Western Hemisphere¹⁷ suggests that Jamaica and Cuba have not seen the same level of decline in arrivals because of heavy discounting in the hotel sector. IMF figures do not disaggregate UK arrivals from the rest of the world; however this would suggest a reason for the smaller decrease in arrivals to Jamaica and Cuba. Heavy discounting by hotels is likely to result in lower hotel yields, which will have a negative impact on tourism receipts for countries. Such activity suggests that as the UK increases APD rates to the Caribbean, that tourism receipts are likely to continue to fall.

¹⁶ Statistics from Caribbean Tourism Organisation Member Countries

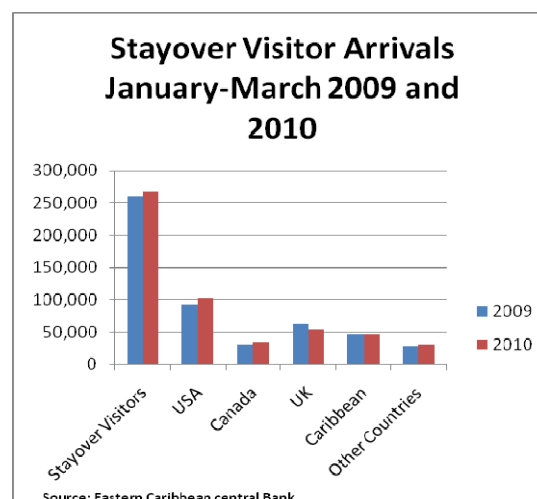
¹⁷ Regional Economic Outlook, Western Hemisphere, IMF October 2010, p34

3.3.5 Eastern Caribbean Central Bank

Eastern Caribbean Central Bank (ECCB) figures for the first quarter of 2010 show that stayover visitors for the group of eight countries¹⁸ in the Eastern Caribbean Currency Union (ECCU) are as follows:

	Jan-Mar 2009	Jan-Mar 2010	Difference 09/10
Stayover Visitors	261,038	267,847	+2.6%
<i>of which</i>			
USA	93,324	103,042	+10%
Canada	30,153	33,978	+12.7%
UK	63,291	53,526	-15.4%
Caribbean	46,479	47,071	+1.3%
Other Countries	27,791	30,230	+10.9%

This conclusively demonstrates that the UK is the only source market that has registered a decline in visitors to the reporting Eastern Caribbean countries in the first quarter of 2010.



The 'other countries' category includes western European countries such as Germany, France, Italy and Spain. The fact that non Caribbean stayover visitors have increased by an average of 11.2% while the UK market has seen a decline of 15.4% suggests that increases in the cost of flights as a result of Air Passenger Duty is having an impact.

3.3.6 The Projected Impact of the Average Decline on GDP

The average decline shown by the figures from different sources is 14.8%¹⁹.

Using information about the dependence of a select number of countries on UK arrivals in addition to estimated 2010 total travel and tourism GDP for 2010²⁰, one can estimate the value of a 14.8% decline in UK arrivals in US\$ and as a percentage of GDP.

	Average Total Arrivals across 2006 - 2008 (CTO Statistics)	UK arrivals as a percentage of average total arrivals between 2006 and 2008 (CTO Statistics)	Estimated UK Arrivals Contribution to GDP based on Oxford Economics 2010 GDP calculations (US million)	Estimated GDP Value of a 14.8% Decline in UK arrivals (US million/% total GDP)	
Barbados	567,721	38.5	690.3	102.16	2.73
Antigua & Barbuda	260,432	35.3	312.6	46.26	4.09
Montserrat	7,689	28.9	No estimate	N/A	N/A
Saint Lucia	295,235	26.7	102.4	15.16	1.49
Grenada	123,793	25.3	41.9	6.20	0.94
St. Vincent & the Grenadines	90,390	17.4	29.1	4.31	0.70
Trinidad & Tobago	370,903	16.1	402.2	59.53	0.26

¹⁸ Counties covered by the above figures are: Anguilla; Antigua & Barbuda; Dominica; Grenada; Montserrat; St Kitts & Nevis; St Lucia; St Vincent & the Grenadines

¹⁹ Figures used to arrive at average percentage are: CAA 11.8%, ONS 21%, CTO 10.8%, ECCB 15.4%

²⁰ Using Oxford Economics data

Jamaica	1,715,654	10.7	422	62.46	0.41
Cuba	2,240,376	9.1	372.6	55.14	0.08
Dominica	79,637	8.3	8.3	1.32	0.34

This table demonstrates that in Barbados, a 14.8% reduction in arrivals from the UK would translate to a 2.73% reduction in total GDP, suggesting that any increase in the cost of travel that negatively impacts upon demand could significantly affect individual economies in the Caribbean.

3.4 The Impact on Choice of Destination

Annual traffic data to end September 2010 for eight popular Caribbean destinations on Cheapflights.co.uk shows an average annual 11.6% drop in Caribbean destination searches compared to the previous year.

Country	2008-2009	2009-2010	Variance Year on Year (%)
Antigua & Barbuda	35440	31642	-10.7
Bahamas	19738	23327	18.2
Barbados	180550	138904	-23.1
Cayman Islands	11929	17108	43.4
Grenada	24521	24928	1.7
Jamaica	296305	256211	-13.5
St Lucia	32401	37175	14.7
BVI	5462	6788	24.3
Total Sample	606346	536083	-11.6

As a travel search engine rather than a supplier, cheapflights can only report on searches and not bookings, however the fact that fewer people are searching for Caribbean destinations could point to APD impacting upon perceptions of costs of visiting certain destinations.²¹

3.5 The Impact on Visiting Friends and Relatives

The UK Office of National Statistics (ONS) Travel Trends Survey estimates that in 2009 there were 122,000 Visiting Friends and Relatives (VFR) visits from the UK to the Caribbean, staying a total of over 3 million nights and spending £77million.

A report on the Caribbean Population in the UK produced by the Caribbean Council for ECIC Holdings Ltd²² estimates that the Caribbean Diaspora population in the UK is approximately 800,000. Therefore, the number of visits identified in the ONS Travel Trends 2009 is equivalent to one visit each for 15% of the Caribbean community in the UK.

One VFR specialist travel agent in the UK has indicated that forward bookings are down by as much as 20%. This figure is in line with ONS statistics for overall arrivals for the first two quarters of 2010. If this figure is correct, the value of lost VFR business using ONS 2009 statistics on average spend would be approximately £15.4million.

²¹ Data from Cheapflights Media.

²² ECIC Holdings Ltd is a group of Eastern Caribbean banks

In public events around the UK organised by the Jamaica National Building Society in early 2010, the increased cost of travel in the current economic climate was a primary reason given by the Caribbean Diaspora in the UK for reducing the number of visits it makes.

3.6 Family Travel

The Caribbean Tourism Organisation states that three quarters of UK visits to the Caribbean are in the category involving more than one person travelling together.

CTO's statistics suggest that 29.3 per cent of those travelling to the Caribbean are families; 50.4 per cent consist of spouse or partners travelling together; 10.6 per cent are groups and friends; 7.3 per cent are travelling alone; and some 2.3 per cent fall into other categories.

The cumulative effect of APD on household travel is likely to become an increasing factor in choice of holiday destination. As of November 1 2010 a family of four travelling to the Caribbean is paying in tax £300 in economy class; £600 in premium economy and £600 in business class.

3.7 Premium Economy & World Traveller

Statistics produced by the Caribbean Tourism Organisation indicate that 69.9 per cent of visitors from the UK to the Caribbean travel in Economy Class; 17.9 per cent in premium economy; 6.8 per cent in business class; and 5.4 per cent in first class.

Airlines and the travel and tourism industry suggest that APD threatens the future existence of Premium Economy travel to the Caribbean. This class of travel is popular with visitors to the Caribbean and with parts of the VFR market, with many travellers choosing to upgrade their class of travel for their annual holiday or visit. The difference in the cost of APD in economy and premium economy class means that in addition to cost of the ticket upgrade, a family of four will pay an extra £300 in tax to upgrade from economy to premium economy.

When the higher rate of tax is applied to this cabin, the cost of the tax in addition to the cost of an upgrade to premium economy will mean that passengers who have previously been willing to pay for the additional comfort in this class of travel will no longer choose to do so.

Tour operator TUI Travel has already indicated that if premium economy classes continue to be included in the higher rate band that it will abandon plans to have a premium economy cabin in its new 787 Dreamliners.

Fred Olsen Cruise Lines have said that they currently absorb the cost of APD. The amount they are able to charge for Premium Economy seating is now scarcely any higher than the APD cost which they subsidise.

This implies that APD is making premium economy seating a less affordable option to its traditional customer base and that a drop off in demand will make this category of travel commercially unviable. This is likely to lead to less choice for the customer, a fall in comfort and the desirability of travel to the Caribbean for a particular market segment and a decline in revenue for the UK Treasury.

3.8 Switching to an Alternative EU Airport

If the cost of APD rises to the point where travellers to the Caribbean find the price unviable, then tour operators and others in Continental Europe will offer packages through other European cities and in particular Paris, Amsterdam or Frankfurt.

4 **Alternatives to the current system**

ADP is failing to make each journey accountable for its actual environmental cost because the banding structure does not reflect the carbon emissions produced by the different length of flights.

As the world's most tourism dependent region this is important as there is no low carbon alternative for reaching the Caribbean from the UK other than by flying (with the exception of occasional long cruises).

Rather than see a per plane tax, the Caribbean would like the distance banding system redesigned so that it is fair and the environmental costs of reaching all destinations are better reflected.

To achieve this, the Caribbean in the short term should be placed in the same band as the US and consideration should be given thereafter to developing a more equitable system that gives the UK Treasury the same revenue levels while placing greater emphasis on taxing shorter flights where alternative and more environmentally friendly forms of transport are available.

4.1 **Using Community of Interest principles to Reband the Caribbean**

In the context of re-banding, the Caribbean believes that attention should be paid to the community of interest principle in aviation.

The community of interest principle is recognised by the International Civil Aviation Organisation (ICAO) as applying to international air transport. In the Caribbean it has been used to designate Caribbean airlines to countries in Europe and North America on the basis of a waiver of the nationality clause.

In the 1983 ICAO general assembly, the Caribbean Community (CARICOM)²³ successfully argued for a change in the system which recognised the need for small states to act as a single entity. This allowed the national carrier of one CARICOM country to operate flights between another CARICOM country and international destinations in the USA and Europe. In effect, the principle enlarges the geographic and commercial scope of the airline as defined by the boundaries of the community. When the decision was taken at the 1983 assembly, ICAO pointed out that the basis for the decision was an underlying concern that many developing states are dependent on regular and reliable air transport services for social and economic development, in particular those which are dependent on tourism.

The Community of Interest principle rests on the definition of the boundaries of a community rather than the individual countries within it.

²³ CARICOM members include: Antigua & Barbuda; The Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; St Kitts & Nevis; St Lucia; St Vincent & the Grenadines; Suriname; Trinidad & Tobago. Anguilla, Bermuda, British Virgin Islands, Cayman Islands and Turks and Caicos Islands are Associate Members.

Using this principle, the UK could designate Bermuda as the CARIFORUM²⁴ ‘capital’, thus allowing it to be re-banded in to APD band B (Bermuda is in band B)²⁵.

4.2 Redesign of APD

Caribbean Governments believe that APD is failing to encourage a shift to lower carbon travel and as such it needs to be redesigned. This is based on the principle that the current structure penalises longer journeys which do not have a lower carbon alternative.

Figures produced by Virgin Atlantic Airways (VAA) show that the total tax take in each tax band does not relate to the total CO2 emissions produced and that changing the banding structure to more accurately reflect the emissions contribution of each flight would result in a fairer system.

APD Rates	Band A	Band B	Band C	Band D
Standard Rate post Nov 2010	£12	£60	£75	£85
High Rate post Nov 2010	£24	£120	£150	£170
% APD (of total tax take)	36%	33%	22%	9%
% CO2 Emissions (of total)	45.4%	25.7%	19.2%	9.7%
VAA Proposed Standard Rate	£16	£45	£65	£85
VAA Proposed Higher Rate	£32	£90	£130	£170
% APD (of total tax take)	46%	25.5%	19.5%	9%
% CO2 Emissions (of total)	45.4%	25.7%	19.2%	9.7%

While such a revision would ensure that the system more accurately reflects the emissions generated by flights of different length, it does not address the arbitrary aspect of the band system that places the Caribbean in a higher rate band than west coast of the USA, Alaska or Hawaii. As such, any revision of the band system should be accompanied by a revision of the way that the distance measure is applied.

The Caribbean, however, believes a more simple solution can be found that benefits all long haul destinations.

4.3 Return to a Two Band System

HMRC figures indicate that from January – March 2010, 75% of total flights taken were short haul. Given that short haul flights are the only ones that can realistically be replaced by lower carbon alternative modes of transport such as rail; this suggests that there might be an opportunity to redesign APD so that it takes in to account the emissions of flights of different length, but also of the availability of alternatives.

²⁴ The member states of Cariforum are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. Cuba became a member in October 2001. The UK and Dutch OCTs have observer status while active co-operation is pursued with the French DOMs.

²⁵ Full details of the Community of Interest principle can be found in “The Community of Interest Principle. A proposed Alternative to the Geographical Banding of British Air Passenger Duty”, MAT Consultants Ltd, November 2009.

Total Passenger Numbers (thousands) January – March 2010									
	Band A	Band A % of total	Band B	Band B % of total	Band C	Band C % of total	Band D	Band D % of total	Total
Total	14,477	75.1	2,547	13.2	1,696	8.8	541	2.8	19,261
Economy	14,219	78.4	2,074	11.4	1,398	7.7	445	2.50	18,136
Other	258	23.0	472	42.0	298	26.5	96	8.50	1,125

Using HMRC Jan-March 2010 figures as a sample, if all economy destinations from bands C and D were moved in to band B, the lost revenue would be £11.44million using 1 November 2009 APD rates. However, by increasing the APD economy rate for band A by just £1 per flight, the increased revenue for band A economy would be £14.22million.

4.4 **Per Plane Duty**

Due to uncertainty about how a per plane duty might work in practice, it is not possible to determine the impact it would have on the Caribbean. However, per plane duty would mean that all flights departing the UK would be taxed, including transfer passengers who are currently exempt from APD. Airlines point out that transfer traffic is essential to the commercial viability of many routes to the Caribbean. Therefore a reduction in overall passengers on UK flights destined for the Caribbean could result in a loss of airlift to the region.

The Caribbean recognises that the two principal scheduled UK carriers to the Caribbean that provide much of the airlift, British Airways and Virgin Atlantic do not support a Per Plane Tax.

4.5 **EU Emissions Trading System (EU ETS)**

A Vivid Economics report commissioned by the UK Department for Environment, Food and Rural Affairs on the impact of emissions trading on profits in aviation found “ticket price increases would likely to be caused by the additional costs of having to buy or hold allowances and result in fewer journeys sold.”²⁶

In its response to a consultation on the inclusion of aviation in the EU ETS, the UK government stated “Some respondents called for the phased reduction or complete elimination of the Air Passenger Duty (APD) once aviation fully enters the EU ETS from 2012. Government maintains there is a role for aviation tax alongside the EU ETS. All taxes are kept under review and the Chancellor takes into account the full range of factors when setting tax policy”.²⁷

Although the UK Government has said nothing about any further increases to APD, forward projections made by the UK Office for Budgetary Responsibility attached to the UK budget in June 2010 indicate the overall revenue increasing from £1.9 billion in 2009 to £3.8 billion by 2016. This suggests that government is planning to increase rates of aviation taxation as all industry sources suggest that it is inconceivable that passenger numbers will increase to the

²⁶ Executive Summary, A study to estimate the impacts of emissions trading on profits in aviation. A report for Defra and DfT, January 2008, Vivid Economics.

²⁷ Government response to consultation on second stage transposition of EU directive (2008/101/EC) to include aviation in the EU emissions trading system, Department for Energy and Climate Change, 10 August 2010. <http://www.defra.gov.uk/corporate/consult/euets-2013amendments/index.htm>

extent that such additional levels of revenue can be raised from the present levels of taxation.

Caribbean governments are concerned that if this is the case, this combined with any decision to run its taxation policy in parallel to the EU ETS will price many UK travellers out of the Caribbean market.

5 **Conclusion**

While it is difficult to disaggregate arrivals figures, what empirical evidence is available suggests that the increased rate of APD has and will continue to have an impact on UK arrivals to the Caribbean and on its community in Britain.

Given that the Caribbean is already suffering declines in UK arrivals as a result of increases in APD, Caribbean Governments make clear that beyond rebanding of the region and the development of a more equitable relationship between the distance travelled and taxation of emissions, they remain concerned about other related factors.

These include: the prospect of additional costs to passengers to the Caribbean arising through the EU Emissions Trading System; the uncertainty surrounding the manner in which airlines might pass this on to consumers; the absence of any information on a per plane tax; the possibility that APD increases will make the popular premium economy services unviable for carriers and operators of Caribbean routes; and uncertainty as to how projections attached to the UK budget suggesting that APD revenue will double over the next six years will affect the region.

Caribbean governments make clear that the only viable and equitable solution for the region and its community in the UK is the redesign of APD to provide a better and revenue neutral re-balancing between long and short haul destinations.

This report was prepared by the Caribbean Council for the Caribbean Tourism Organisation.

ANNEX 1

APD and its origins

The UK currently imposes an APD on all passengers departing from UK airports (excluding transfer passengers).

The tax was introduced by the Conservative Government in 1994 as a ‘green tax’ designed to account for aviation’s impact on the environment but since then there has been no indication how the £1.9 billion (US\$2.9 billion) collected in 2009/10 was applied.

There were originally two ‘bands’ for APD – one for European destinations, and one for all non-European destinations, which included the Caribbean. At that time the tax on non-European destinations was set at £40 on an economy ticket. Following a consultation, the Labour Government announced in April 2009 plans to revise Air Passenger Duty so that the amount charged was based on a four-tier banding system. Bands were based on the distance between London and the destination country’s capital city. It was also designed to ensure that passengers directly transiting UK airports paid the tax.

In doing so the British government placed the Caribbean in Band C.

Band & approx Distance in miles from London to Capital	In the lowest class of travel (reduced rate)		In other than the lowest class of travel (standard rate)*	
	1 November 2009 - 31 October 2010	From 1 November 2010	1 November 2009 - 31 October 2010	From 1 November 2010
Band A (0-2000)	£11	£12	£22	£24
Band B (2001-4000)	£45	£60	£90	£120
Band C (4001-6000)	£50	£75	£100	£150
Band D (over 6000)	£55	£85	£110	£170

*(However if only one class of travel is available and that class provides for seating in excess of 40" then the standard (rather than the reduced) rate of APD applies).

ANNEX 2

Estimated Contribution of Broader Travel and Tourism Industry to the Caribbean in 2010

	GDP		Employment		Total Investment		Export Revenue	
	US\$	%	Jobs	%	US\$	%	US\$	%
Antigua & Barbuda	885.6mn	78.40	23,500	84.4	446.2mn	48.9	388.6mn	62.70
Aruba	2.016bn	77.4	56,0..	91.3	623.9mn	71.1	1.369bn	84.20
Anguilla	165.7mn	61	4,200	61.5	76.1mn	47.5	89.7mn	79.70
Barbados	1.793bn	47.9	72,900	53.2	556.2mn	54.8	1.112bn	46.90
Bahamas	3.402bn	46.5	91,000	56.0	1.025bn	37.1	1.928bn	63.40
British Virgin Islands	478.6mn	40.7	7,600	53.5	37.1mn	43.4	479.6mn	38.60
St Lucia	383.6mn	37.8	26,600	37.8	92.3mn	37.5	304.2mn	74.00
US Virgin Islands	1.365bn	35.7	21,400	43.0	321.3mn	42.0	1.346bn	9.10
St Kitts & Nevis	177.3mn	29.9	6,800	30.3	66.7mn	29.3	95.1mn	50.80
St Vincent and the Grenadines	167.1mn	27.2	10,200	24.2	59.0mn	27.7	95.9mn	52.00
Dominica	99.6mn	25.8	8,900	23.6	16.1mn	13.4	79.9mn	60.10
Jamaica	3.944bn	25.7	274,000	23.3	1.57bn	28.7	2.274bn	47.50
Grenada	165.6mn	25.1	10,900	23.8	42.1mn	21.6	103.4mn	66.20
Cayman Islands	617.7mn	23.3	8,200	26.3	286.2mn	47.4	328.9mn	22.30
Netherlands Antilles	1.192bn	21.7	16,000	28.8	130.6mn	12.8	1.146bn	41.90
Dominican Republic	7.416bn	16.3	551,600	14.1	1.533bn	19.3	4.524bn	40.80
Guadeloupe	1.483bn	12	14,500	11.1	378.70%	14.2	271.7mn	39.70
Trinidad and Tobago	2.498bn	10.9	95,300	15.1	319mn	10.5	649.5mn	4.90
Bermuda	721.9mn	10.9	5,100	13.1	247.2mn	28.2	504.7mn	19.50
Martinique	1.104bn	9.2	12,400	9.7	450.9mn	15.8	302mn	28.20
Haiti	526.5mn	7	189,800	5.5	111.3mn	5.1	256.9mn	26.20
Cuba	4.094bn	6	274,000	5.1	997.3mn	16.1	2.546bn	18.20
Puerto Rico	4.761bn	4.9	63,100	4.8	1.248bn	11.3	3.366bn	4.70

Data on GDP, Employment and Investment in the Caribbean is all taken from a report prepared for the World Travel & Tourism Council and the Caribbean Hotel and Tourism Association. "Travel and Tourism's Economic Impact Across the Caribbean", Oxford Economics, May 2010.

ANNEX 3

World Development Indicators: International Tourism Receipts as a Percentage of Total Exports (Top 43 Countries)

Country Name	2004	2005	2006	2007	2008	Average
Macao SAR, China	72.20	75.76	79.69	84.90	68.55	76.22
<i>St. Lucia</i>	70.22	70.30	66.79	66.06	58.76	66.43
<i>Bahamas, The</i>	69.70	68.01	65.80	64.62	61.84	66.00
Samoa	65.58	63.60	63.59	70.40		65.79
Maldives	68.40	59.23	65.88	68.64	61.48	64.73
Vanuatu	57.97	58.77	59.40	64.70		60.21
<i>Antigua and Barbuda</i>	63.11	56.67	59.30	56.18	52.04	57.46
Cape Verde	51.65	49.40	58.58	65.48	60.26	57.08
French Polynesia	61.04	58.71	56.20	57.83	50.76	56.91
<i>Barbados</i>	55.38	53.92	56.16	56.60		55.52
<i>St. Kitts and Nevis</i>	53.11	53.38	56.00	54.62	53.22	54.07
<i>Grenada</i>	43.49	47.69	57.92	56.35	54.35	51.96
<i>St. Vincent and the Grenadines</i>	52.03	51.86	53.30	52.39	42.92	50.50
<i>Dominica</i>	46.75	44.06	49.85	50.05	53.25	48.79
Albania	47.05	48.33	46.02	47.97	48.23	47.52
Fiji	41.87	46.92	45.99	45.58	45.10	45.09
<i>Netherlands Antilles</i>	55.37	52.94	55.25	55.62		43.84
<i>Jamaica</i>	44.45	44.64	43.79	42.26	41.97	43.42
Sao Tome and Principe	51.10	45.78	41.58	25.17		40.91
Lebanon	49.01	44.18	36.85	35.99	33.69	39.94
Seychelles	40.78	37.38	37.98	42.37		39.63
Croatia	39.49	40.39	38.69	38.26	39.39	39.24
Tonga	30.34	29.17	44.47	41.08		36.26
<i>Dominican Republic</i>	33.39	34.90	35.04	34.00	35.13	34.49
Mauritius	33.52	31.65	32.55	37.43	36.99	34.43
<i>Belize</i>	30.90	34.13	32.91	35.09	32.08	33.02
Gambia, The	27.98	31.57	34.40	35.90	30.78	32.12
Cyprus	34.45	32.86	31.46	30.22	22.75	30.35
Ethiopia	27.20	27.62	29.06	29.78	33.69	29.47
Morocco	27.30	28.88	31.78	30.42	26.33	28.94
Jordan	27.22	26.51	29.91	29.68	28.51	28.36
Tanzania	29.14	28.32	28.62	29.62	26.09	28.36
<i>Aruba</i>	26.56	22.85	21.64	29.86	26.25	25.43
Greece	26.23	26.10	25.85	23.39	22.08	24.73
Egypt, Arab Rep.	23.86	23.46	22.17	23.26	22.10	22.97
Liberia	18.60	19.39	25.25	24.89	24.89	22.61
<i>Haiti</i>	17.94	13.88	18.87	24.77	33.49	21.79
Cambodia	19.83	23.06	21.65	22.78	20.46	21.56
Uganda	23.90	25.17	20.76	15.84	15.45	20.23
Rwanda	21.92	19.05	11.24	18.17	30.39	20.15
Madagascar	16.89	21.77				19.33
El Salvador	16.89	18.32	21.16	20.93	19.28	19.32
Armenia	17.56	16.95	20.33	19.30	21.46	19.12

ANNEX 4

Distance in Miles from London, UK

Destination	Distance from London (Miles)
The Valley, Anguilla	4087
St Johns, Antigua and Barbuda	4094
Basseterre, St Kitts	4123
Plymouth, Montserrat	4132
Tortola, BVI	4143
Basseterre, Guadeloupe	4149
Roseau, Dominica	4172
Bridgetown, Barbados	4218
Castries, St Lucia	4225
Kingstown, St Vincent and the Grenadines	4282
St Georges, Grenada	4313
Nassau, The Bahamas	4339
San Juan, Puerto Rico	4366
Port of Spain, Trinidad and Tobago	4429
Havana, Cuba	4663
Kingston, Jamaica	4690
George Town, Cayman Islands	4821
Belmopan, Belize	5240

Destination	Distance from London (Miles)
Washington DC	3667
Los Angeles	6448
Hawaii	7238
Miami	4434
Key Largo, Florida Keys	4479
Anchorage	4471

All distances have been calculated using Google Maps Distance Calculator

ANNEX 5

Civil Aviation Authority: International Passenger Traffic to and from UK Reporting Airports (in thousands) by Country Q1/Q2 2009 and 2010

	2009 Q1	2009 Q2	2010 Q1	2010 Q2	% Change Q1	% Change Q2	Average change %
OTHER WESTERN EUROPE	75	243	72	227	-4.00	-6.58	-5.29
SWITZERLAND	1672	1210	1709	1106	2.21	-8.60	-3.19
NORWAY	443	502	501	486	13.09	-3.19	4.95
TURKEY	308	1397	323	1675	4.87	19.90	12.38
Total EU	21278	30232	20436	27335	-3.96	-9.58	-6.77
NORTH AFRICA	855	997	1034	1126	20.94	12.94	16.94
OTHER EASTERN EUROPE	251	301	277	305	10.36	1.33	5.84
WEST AFRICA	262	228	240	190	-8.40	-16.67	-12.53
UNITED STATES OF AMERICA	3211	4481	3104	4048	-3.33	-9.66	-6.50
CANADA	559	839	538	814	-3.76	-2.98	-3.37
NEAR EAST	237	337	261	301	10.13	-10.68	-0.28
MIDDLE EAST	1414	1469	1612	1472	14.00	0.20	7.10
EAST AFRICA	187	173	176	164	-5.88	-5.20	-5.54
INDIAN SUB-CONTINENT	969	753	924	752	-4.64	-0.13	-2.39
CENTRAL AFRICA	14	17	16	16	14.29	-5.88	4.20
CARIBBEAN	587	400	509	359	-13.29	-10.25	-11.77
JAPAN	178	178	161	158	-9.55	-11.24	-10.39
SOUTHERN AFRICA	421	336	386	300	-8.31	-10.71	-9.51
CENTRAL AMERICA	297	299	272	323	-8.42	8.03	-0.20
FAR EAST	1159	1188	1208	1102	4.23	-7.24	-1.51
SOUTH AMERICA	121	105	126	107	4.13	1.90	3.02
AUSTRALIA AND NEW ZEALAND	362	364	350	317	-3.31	-12.91	-8.11
OTHERS	190	190	212	200	11.58	5.26	8.42

ANNEX 6

Office for National Statistics: Visits Abroad by Air (Thousands)

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Caribbean	244	281	234	187	198	261	260	172	166	193
USA	902	1045	1097	928	644	859	937	748	562	792
World	11756	15103	18198	10984	9153	12718	15722	9064	8110	11024

Percentage Change From Previous Year

	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Caribbean	-18.9	-7.1	11.1	-8.0	-16.2	-26.1
USA	-28.6	-17.8	-14.6	-19.4	-12.7	-7.8
World	-22.1	-15.8	-13.6	-17.5	-11.4	-13.3

Office for National Statistics www.statistics.gov.uk

ANNEX 7

APD Bands and Rates

(‘Other’ denotes classes other than economy and includes Premium Economy, World Traveller, Business and First Class)

New Rate (distance from London)	Nov 2009 - Oct 2010 Economy (% increase from previous rate)	Nov 2010 onwards Economy (% increase from previous rate)	Nov 2009 - Oct 2010 Other (% increase from previous rate)	Nov 2010 onwards Other (% increase from previous rate)
Band A (0 - 2000 miles)	£11 (10%)	£12 (9%)	£22 (10%)	£24 (9%)
Band B (2001 - 4000 miles)	£45 (12.5%)	£60 (33%)	£90 (12.5%)	£120 (33%)
Band C (4001 - 6000 miles)	£50 (25%)	£75 (50%)	£100 (25%)	£150 (50%)
Band D (over 6000 miles)	£55 (37.5%)	£85 (54.5%)	£110 (37.5%)	£170 (54.5%)

Old Rates	Pre 2007 Rate	Feb 2007 - Oct 2009 (% increase)
European destinations, lowest class	£5.00	£10 (100%)
European destinations, other classes	£10.00	£20 (100%)
Other destinations, lowest class	£20.00	£40 (100%)
Other destinations, other classes	£40.00	£80 (100%)

1 November 2010 Rates as percentage increase on Feb 2007 rates

	Nov 2010 onwards Economy	Nov 2010 onwards Other
Band A (0 - 2000 miles)	20%	20%
Band B (2001 - 4000 miles)	50%	50%
Band C (4001 - 6000 miles)	87.5%	87.5%
Band D (over 6000 miles)	112.5%	112.5%

1 November 2010 Rates as percentage increase on pre 2007 rates

	Nov 2010 onwards Economy	Nov 2010 onwards Other
Band A (0 - 2000 miles)	140%	140%
Band B (2001 - 4000 miles)	200%	200%
Band C (4001 - 6000 miles)	275%	275%
Band D (over 6000 miles)	325%	325%

APD Cost for Family of Four from 1 November 2010

Band (distance from London)	Economy	Other
Band A (0 - 2000 miles)	£48	£96
Band B (2001 - 4000 miles)	£240	£480
Band C (4001 - 6000 miles)	£300	£600
Band D (over 6000 miles)	£340	£680

Destinations in each band**Band A**

Austria	Libya
Albania	Liechtenstein
Algeria	Lithuania
Andorra	Luxembourg
Belarus	Macedonia
Belgium	Madeira
Bosnia & Herzegovina	Malta
Bulgaria	Moldova
Corsica	Monaco
Croatia	Montenegro
Cyprus	Morocco
Czech Republic	Netherlands
Denmark	Poland
Estonia	Portugal
Faroe Islands	Romania
Finland	Russian Federation (West of the Urals)
France	San Marino
Germany	Sardinia
Greece	Serbia
Gibraltar	Sicily
Greenland	Slovakia
Guernsey	Slovenia
Hungary	Spain
Ireland	Switzerland
Isle of Man	The Azores
Italy	Tunisia
Jersey	Turkey
Kosovo	Ukraine
Latvia	Western Sahara

Band B

Afghanistan	Jordan
Armenia	Kazakhstan
Azerbaijan	Kuwait
Bahrain	Kyrgyzstan
Benin	Lebanon
Bermuda	Liberia
Burkina Faso	Mali
Cameroon	Mauritania
Canada	Niger
Cape Verde	Nigeria

Central African Republic	Oman
Chad	Pakistan
Democratic Republic of Congo	Qatar
Djibouti	Russian Federation (East of the Urals)
Egypt	Saint Pierre & Principe
Equatorial Guinea	Saudia Arabia
Eritrea	Senegal
Ethiopia	Sierra Leone
Gabon	Sudan
Gambia	Syria
Georgia	Tajikstan
Ghana	Togo
Guinea	Turkmenistan
Guniea-Bissau	Uganda
Iran	United Arab Emirates
Iraq	United States of America
Israel	Uzbekistan
Ivory Coast	Yemen

Band C

Angola	Lesotho
Anguilla	Macao SAR
Antigua & Barbuda	Madagascar
Aruba	Malawi
Asension Island	Maldives
Bahamas	Martinique
Bangladesh	Mauritius
Barbados	Mayotte
Belize	Mexico
Bhutan	Mongolia
Botswana	Montserrat
Brazil	Mozambique
British Indian Ocean Territory	Namibia
British Virgin Islands	Nepal
Burma	Netherlands Antilles
Burundi	Nicaragua
Cayman Islands	Panama
China	Puerto Rico
Colombia	Reunion
Comoros	Rwanda
Costa Rica	Saint Bathelemy
Cuba	Saint Kitts & Nevis
Dominica	Saint Helena
Dominican Republic	Saint Lucia

Ecuador	Saint Martin
El Salvador	Saint Vincent & the Grenadines
French Guiana	Seychelles
Grenada	Somalia
Guadeloupe	South Africa
Guatemala	Sri Lanka
Guyana	Surinam
Haiti	Swaziland
Honduras	Tanzania
Hong Kong SAR	Thailand
India	Trinidad & Tobago
Jamaica	Turks & Caicos Islands
Japan	Venezuela
Kenya	Vietnam
Korea North	Virgin Islands
Korea South	Zambia
Laos	Zimbabwe

Band D

American Samoa	New Caledonia
Antarctic Territories	New Zealand
Argentina	Niue
Australia	Norfolk Island
Bolivia	Northern Marina Islands
Brunei	Palau
Cambodia	Papua New Guinea
Chile	Paraguay
Christmas Island	Peru
Cocos	Philippines
Cook Islands	Pitcairn Islands
East Timor	Samoa
Falkland Islands	Singapore
Fiji	Solomon Islands
French Polynesia	South Georgia
Guam	Taiwan
Indonesia	Tonga
Kiribati	Tristan da Cunha
Malaysia	Tuvalu
Marshall Islands	Uruguay
Micronesia	Vanuatu
Nauru	Wallis and Futuna Islands