

## **Brief summary and explanation bill to amend the Aviation Act BES to create basis for public service obligation**

- This bill creates a legal basis in the BES Aviation Act for establishing public service obligations on infrequently operated routes between airports in the Caribbean Netherlands and/or between these airports and other airports within the Kingdom. The Act provides a basis for a future ministerial regulation by which the Minister of Infrastructure and Water Management can establish a public service obligation (PSO).
- When establishing a PSO, the Kingdom may stipulate that airlines must provide sufficient transport facilities in that area under specific conditions. This may include all airlines permitted to provide transport in the Caribbean Kingdom under the Multilateral Protocol. The Kingdom may also choose to select one airline through a tender to operate flights under the PSO. Under a PSO, conditions may be imposed on airlines with respect to maximum ticket prices, minimum flight frequencies, capacity and continuity.
- The scope of the law covers all three BES islands. However, it is expected that initially the focus will be on the connections between Sint Maarten and Saba/Sint Eustatius.
- In June 2023, the Chamber was informed about two SEO studies in which options for the implementation of a PSO for the above-mentioned connections were explored. It was indicated that establishment of a PSO would most likely require a structural financial government contribution for which no financial resources have been budgeted yet. In December 2023, the Chamber was informed that the Ministry of the Interior and Kingdom Relations, together with interested ministries and parties, is exploring the possibilities of financing a PSO and that decision-making on a possible government contribution for a PSO will be up to a subsequent cabinet. However, the bill itself does not currently create any financial obligations for the government. It only creates a legal basis for establishing a PSO through a possible future ministerial regulation and selecting airlines for it through a tender.