



International Civil Aviation Organization  
South American Regional Office

**Fourth Virtual Meeting of Directors General of Civil Aviation of the  
South American Region on the Response to COVID-19**

(Lima, Peru, 11 December 2020)

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**Agenda Item 2: New challenges faced regarding risk management and the application of cross-border mitigating measures in response to COVID-19**

**The value of safety in the new organisational reality generated by the pandemic**

(Presented by Colombia)

**SUMMARY**

Economic crises, such as the current one generated by COVID-19, generate reorganisations, restructurings, mergers, and acquisitions that demand a change in corporate structures. This working paper seeks to draw the attention of States and the SRVSOP to the need for safety to prevail and for specific guidelines to be established on this matter during this process.

The Directors General of Civil Aviation of the SAM Region are invited to:

- a) Endorse this working paper.
- b) Urge ICAO to generate, through the SRVSOP, specific safety guidelines for the reorganisation, restructuring, merger, or acquisition of organisations that are part of the civil aviation system of the SAM Region and to ensure the continuity or transfer of certifications and the sustainability of the safety pillars in the entities resulting from these processes.
- c) Urge the SRVSOP to expedite standard harmonisation and the recognition of multinational organisations so as to facilitate integration.

**1. BACKGROUND**

1.1. Economic crises bring about changes in business structures, generally a reorganisation or restructuring, but also mergers and acquisitions, each with its own peculiarities and differences. In general, the world undergoes waves of mergers and acquisitions as a way to address the economic crises affecting the industrial or service sectors, to protect capital and to ensure business continuity.

1.2. The aviation sector is not alien to this scenario and additionally faces a state of uncertainty. Since the beginning of the COVID-19 crisis, we have stated this reality in our working papers: uncertainty is the greatest threat that we face as a Region and the most important challenge for civil aviation worldwide, and generating trust in the sector becomes a challenge for civil aviation authorities in the reactivation process.

1.3. Despite the aggregation of economic, health, and market uncertainties, reorganisations, restructurings, mergers, and acquisitions are an alternative for mitigating risk and placing the activity in a balanced position between risk and uncertainty, so that financial risk-takers may undertake projects in the sector.

1.4. Faced with the possibility that an airline, an MRO, a workshop, a manufacturer of aeronautical parts, a ground service provider, or an FBO may disappear, and to the possibility of surviving as an activity applying innovative business schemes that allow for a rearrangement of operations and financial adjustments to preserve the assets of the civil aviation sector, a State will likely choose this latter path, as it helps to improve the competitiveness of companies operating in an economy and facing hypercompetitive globalisation in times of pandemic and reactivation.

1.5. Stakeholders throughout the aviation chain, economic regulators and civil aviation authorities must perceive these processes and adapt to them in face of a rapidly changing landscape, when considering reorganisation, merger, or acquisition plans that may arise as a result of the crisis caused by the pandemic.

1.6 The reality is that the air transport market has been transformed and pre-pandemic strategies have been disrupted, and the only real objective of many operators is to survive and have access to liquidity to preserve a minimum level of activity.

## **2. INTRODUCTION**

2.1. Safety, as a concept associated with organisations, is internalised and becomes part of collective behaviour. Well-implemented and structured processes are the basis for its functionality. Risk management systems mature around the organisation, and are enriched by experience, incident analysis and mitigation strategies implemented.

2.2. Aviation personnel play a key role in safety and risk management of a civil aviation organisation, regardless of its size, as it is they who perform the work, regardless of the supporting technology, processes and safety policies.

2.3. The safety culture that we have been promoting for decades has been embraced by the organisations and is embedded in their values, behaviour, and methods under a programmatic recognition that requires alignment at the organisational and individual level, both in the aeronautical staff of the organisation and in each individual.

2.4. Reorganisations, restructurings, mergers, and acquisitions are decisions of value, price and financial risk, at a time when future value is even more uncertain due to the elements of the economic crisis caused by COVID-19, uncertainty that we all know is there, we perceive it. But we are equally aware that growth will return in the future and cash flows will benefit from the effort we make today for the sake of the operators of the civil aviation value chain.

## **3. DISCUSSION**

3.1 The relationship between safety and the organisations is symbiotic. When civil aviation organisations are restructured, merged or acquired by others, they must keep in mind their safety responsibilities, culture-related aspects, the aeronautical staff and the processes, as key elements for the required transformations and seek a safety condition adapted to the new organisation, as an inextricable element of the entity that is transformed, merged or reborn into another.

3.2 In short, in these financially-driven processes, it must be recognised that, without the involvement of safety management and its collaborators in an organisation's restructuring, merger or acquisition within the civil aviation service chain, safety might be compromised. It should also be understood that the preservation of safety knowledge is an asset for the organisation and its survival, and a pillar for safety programmes, recognising in them the elements that make them really effective and must be preserved in the new structures.

3.3 These administrative processes could be focused on the business as such and not on safety issues, and this is where civil aviation authorities must be present, accompanying, guiding, examining and ensuring that safety is preserved so that the new or transformed organisations are capable of managing safety efficiently, their culture is internalised, and this pillar is strengthened at the end of the process.

3.4 We must consider that our surveillance systems are supported by manuals, processes, activities, behaviours and compliance with regulations, which have moved towards regional models contained in the LARs, providing for the acceptance of certifications of civil aviation organisations in the SAM Region obtained under the Regional Safety Oversight System (SRVSOP) procedures.

3.5 The airlines, MROs, workshops, manufacturers of parts, ground services, airports, air navigation services, FBOs and, in general, the companies that work daily in civil aviation, have multiple certifications: those issued by the States, the SRVSOP, IATA (such as IOSA), other authorities (such as EASA and FAA), among others, which, based on procedures, manuals, structures, inspections and audits, reflect their level of compliance with their own regulations or operating rules.

3.6 In accordance with its mission, the SRVSOP provides advice and assistance for the harmonisation and updating of civil aviation safety procedures. It also plans and implements certification and oversight activities with multinational teams of experts. Accordingly, the SRVSOP should make recommendations to civil aviation authorities on the best restructuring, reorganisation, merger or acquisition practices, so that these processes, regardless of the level of the organisation or the size of the supervised entity, will allow for an efficient transition in case they have to face such administrative processes and thus contribute to the implementation of effective solutions.

3.7 We want to restore connectivity and ensure a level of activity like the one we had before COVID-19. In terms of safety, we seek to be a single body around SRVSOP, which entails a common safety culture across our States. As authorities, we must try to ensure that the structural characteristics of the organisations promote the development of a safety culture, where changing an existing culture is different from developing a safety culture and different from maintaining it, and more so in settings of administrative change like those mentioned before.

#### **4. SUGGESTED ACTION**

4.1 The Directors General of Civil Aviation of the SAM Region are invited to:

- a) Endorse this working paper
- b) Urge ICAO to generate, through the SRVSOP, specific safety guidelines for the reorganisation, restructuring, merger, or acquisition of organisations that are part of the civil aviation system of the SAM Region and to ensure the continuity or transfer of certifications and the sustainability of the safety pillars in the entities resulting from these processes.
- c) Urge the SRVSOP to expedite standard harmonisation and the recognition of multinational organisations so as to facilitate integration.