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FLY BY NIGHT

Behind Crashes Abroad, Ill-Regulated Airlines

Some Nations Furnish 'Flags of Convenience' Without Safety Checks

By DANIEL MICHAELS in Rome and ALAN CULLISON in Bishkek, Kyrgyzstan March 17, 2007; Page A1

Kam Air Flight 904 was approaching Kabul on Feb. 3, 2005, when it slammed into a mountaintop. The crash killed all 104 people on board the Boeing 737 jet, including American and Italian aid workers.

The accident's cause remains a mystery. Kam Air, a small, private Afghan carrier, had leased the plane and its crew from a company registered in Kyrgyzstan, Phoenix Aviation, and neither outfit could offer clues. The plane's voice recorder was never found amid wreckage strewn across a snow-covered minefield, and a recovered data recorder was blank due to a technical failure.

Although the investigation ended inconclusively (See the report<sup>1</sup>), it prompted the European Union to place Phoenix Aviation on its blacklist of nearly 100 foreign carriers considered too dangerous to fly within the EU. (See the list<sup>2</sup>.)

- The Situation: Hazardous aircraft are flying across Africa, the Middle East and the former Soviet Union, thanks to 'flags of convenience' from countries with little regulation.
• What's at Stake: Some of the planes have crashed, with Westerners among the victims, and some carry weapons that fuel conflicts.
• What's Next: The EU and the U.N. are trying to crack down on the planes.

This blacklist, originally created to ensure the safety of EU citizens, is now shedding light on an obscure but widespread threat to global aviation. Even as air travel grows safer in the developed world, a parallel universe of hazardous aircraft exists across Africa, the Middle East, Latin America and

the former Soviet Union.

The root of the problem is "flags of convenience," or countries -- mainly in Africa and the former Soviet Union -- that register carriers without properly regulating them.

The phenomenon is similar to a trend that has plagued maritime commerce. Liberia and Panama, for example, gained notoriety in the 1970s as flags of convenience. These nations indiscriminately certified decrepit freighters and tankers, some of which sank with their crews or caused devastating oil spills.

According to EU and United Nations officials, there are potentially hundreds

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of planes in dozens of countries that are either illicit or operate on the edge of illegality. Their operators put passengers' lives at risk by flying with little regard for safety, and they endanger many more people on the ground by funneling money and weapons that fuel wars. Numbers are hard to come by, but crashes of suspect carriers have killed several hundred people over the past four years.

Phoenix Aviation illustrates the menace. In examining the Kam Air crash, investigators discovered that Phoenix, the plane's lessor, held an operating certificate from Kyrgyzstan, an impoverished former Soviet republic. Phoenix's headquarters, however, were actually a continent away in the United Arab Emirates.

**Escaping Oversight**

By registering in one country and operating from another for many years, Phoenix escaped oversight that might have prevented the Afghan crash, Western aviation officials say. Phoenix last year ceased operation. The company's former owners could not be reached for comment in Kyrgyzstan or the U.A.E., and former managers declined to comment.

**MORE ON THE AIRLINES**



- [The National Transportation Safety Board report](#)<sup>3</sup> on the Kam Air crash.
- [The list of carriers](#)<sup>4</sup> banned in the European Community.
- [A site](#)<sup>5</sup> where residents of Ostend, Belgium, discuss evidence of weapons-trafficking aboard planes landing at the city's airport.
- [Information from Amnesty International](#)<sup>6</sup> on arms supply in Africa.
- Report from the UN team monitoring Sierra Leone: [Part 1](#)<sup>7</sup> | [Part 2](#)<sup>8</sup>.
- [The report](#)<sup>9</sup>, in English, of France's review of the airplane crash in Benin.
- [The AeroTransport Data Bank](#)<sup>10</sup>, a Web site that tracks planes world-wide.
- A translation of [Saudi Arabia's decision](#)<sup>11</sup> to block certain airlines from serving the country during the pilgrimage to Mecca.

Kyrgyzstan, Liberia and Equatorial Guinea are among the countries singled out for failing to monitor air-operation licenses. International safety officials say regulators from these countries don't check where the planes they license actually fly, or even whether they ever land on home soil.

Unscrupulous or criminal aircraft operators, in turn, move among these havens to chase fast profits by flying cargo without asking questions and carrying passengers without taking basic precautions.

These operators "create an airline like they'd set up a fruit-juice factory," says Paul-Louis Arslanian, director of France's

aircraft-accident investigation bureau, known as BEA.

Officials from Equatorial Guinea, Sierra Leone and Kyrgyzstan say they are trying to improve regulation. Regulators from Liberia could not be reached for comment.

The problem of unregulated carriers emerged as a byproduct of the Cold War's end and economic globalization. The Soviet Union's breakup in 1991 left hundreds of Antonovs, Ilyushins and other rugged cargo planes in the hands of almost anyone who could grab them.

Mainstream airlines compounded the problem by modernizing their fleets. Thousands of outdated jets landed on world aircraft markets at garage-sale prices. Many wound up in Africa, Latin America and parts



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of Asia, carrying passengers on routes shunned by established carriers.

Africa, in particular, became a magnet for rickety aircraft and profiteers willing to land where conventional freight carriers fear to fly. A surge in demand for raw materials sparked a Wild West-style air cargo market that has even figured in recent movies, including "Blood Diamond" on the illegal diamond trade.



Africa's wars also created an import market. Weapons dealers in the Balkans and Eastern Europe shipped munitions to both sides in conflicts like Angola's battles for oil and minerals, Rwanda's ethnic feuds and Liberia's civil war. (See [more information](#)<sup>12</sup>.)

"It can be arms, it can be natural resources -- people just want to make big profits at the smallest cost possible," says Abdoulaye Cissoko, an aviation expert from Mali working on a U.N. panel monitoring an arms embargo on the Congo.

In 1996, a Russian Antonov cargo plane, overloaded with weapons for Angolan rebels, failed to get airborne from the airport in Kinshasa, Zaire, and plowed into a crowded market, killing more than 300 people

Over the following years, as officials from the U.N. and researchers from Amnesty International and other groups focused on how weapons were reaching conflicts across Africa, they zeroed in on a handful of middlemen. One person fingered as a kingpin of weapons dealing and transportation was Viktor Bout, a Russian citizen and former KGB officer.

A U.N. team monitoring the arms embargo on Sierra Leone in December 2000 said Mr. Bout controlled "a complex network of over 50 planes, tens of airline companies, cargo charter companies and freight-forwarding companies, many of which are involved in shipping illicit cargo."

The team gathered evidence at remote airfields, in offices of shell companies and through interviews with air crews and managers. Its report, and later investigations, detailed an operation based on money-laundering, forged documents, painted-over aircraft tail numbers and planes licensed using flags of convenience. ([Part 1](#)<sup>13</sup> | [Part 2](#)<sup>14</sup>)

The U.S. Treasury in April 2005 slapped sanctions on 30 companies linked to Mr. Bout and four of his associates, labeling him "an international arms dealer and war profiteer." Mr. Bout, who lives in Moscow and could not be reached for comment, has eluded authorities. In a December interview on Russian TV, he denied charges against him. ([More on the Russia Today interview](#)<sup>15</sup>.)

Alongside Mr. Bout's network, investigators found scores of other shadowy, transient carriers, among which planes trade repeatedly. For example, Air Cess and Santa Cruz Imperial -- companies blacklisted by the U.S. Treasury for links to Mr. Bout -- several years ago operated aircraft that ended up in the fleet of Phoenix Aviation, according to AeroTransport Data Bank, a Web site based in Paris that tracks planes world-wide. ([See the site](#)<sup>16</sup>.)

Aircraft and operators that flit among nationalities to avoid oversight present "the biggest problem in African aviation," accounting for around half of all aircraft accidents, says Nigerian Civil Aviation Authority Director General Harold Demuren, who is trying to fix Nigeria's woeful safety record with its own carriers.



Some of these dodgy airlines carry emergency relief and workers. The U.N. Humanitarian Air Service, or UNHAS, part of the World Food

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Investigators at the Afghan crash site of Kam Air Flight 904 in February 2005.

Reuters

Program, is often first on the scene at earthquakes, floods and wars, operating in areas without airports. To do this, it uses carriers willing to fly in almost any conditions. Officials try to enforce strict safety standards, but face harsh economic realities.

In Sudan, UNHAS set a 13-ton weight limit for Antonov-12 freighters. But officials have seen the same planes flying for other clients with 21 tons of cargo, said Pierre Carrasse, head of the aviation section

at UNHAS headquarters in Rome.

"Someone gives the pilot \$300 to carry extra cargo, then someone else gives the first officer \$300, and soon you've got to 21 tons," Mr. Carrasse said in an interview. While the powerful turboprop can usually lift off, flying becomes far more dangerous with an overloaded aircraft.

**Threat to Passenger Flights**

A similar disregard for safety threatens passenger flights. Union des Transports Africains Flight 141 on Dec. 25, 2003, was scheduled to fly to Beirut from Cotonou, Benin, on Africa's Atlantic coast. The geriatric Boeing 727 was packed with passengers and baggage stowed in an "anarchic manner," concluded inspectors from France's BEA, who were called in by Benin to investigate. ([Read the report in English](#)<sup>17</sup>.)

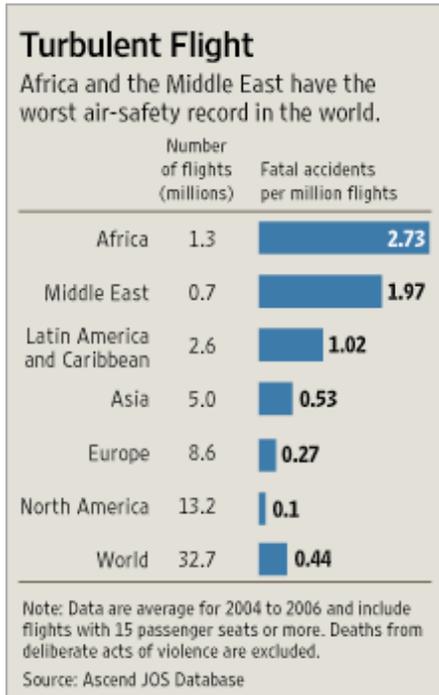
The overloaded plane, unable to climb, smashed into a shack at the end of the runway and plunged into the ocean, killing around 145 people, although passenger figures were one of the "numerous inconsistencies" BEA investigators found.

The BEA also discovered that the 727 had changed hands three times between its purchase out of storage in California's Mojave Desert in January 2003 and the crash. As it jumped among companies registered in Afghanistan, Swaziland and Guinea, no national authority inspected the plane and no maintenance documents were kept -- a gross safety lapse, the BEA found.

The plane's cockpit lacked basic emergency equipment and operating documents. The crew was not certified to fly a 727, and UTA's ground staff had no training in loading aircraft.

"A flight is not a game of chance, luck should not play a part in it and all of the calculations show that the takeoff should never have been attempted," wrote Mr. Arslanian, the BEA chief, in the final accident report.

The UTA crash drew little attention, but a series of accidents that killed hundreds of Europeans on unknown carriers in locations from Egypt to Venezuela sparked calls within the EU for tighter supervision of foreign airlines. EU officials reacted in late 2005 by announcing plans for a



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blacklist of unsafe carriers around the globe.

Europe's push for safety -- and its budding battle against flags of convenience -- quickly spread to other parts of the world. As the EU presented its blacklist, the U.N.'s International Civil Aviation Organization also moved to tighten safety enforcement at a meeting in Montreal.

Then in May, aviation officials of the African Union met in Libreville, Gabon, to improve mutual safety inspections and support. (See the list<sup>18</sup>) By August, Ukrainian plane maker Antonov bowed to international pressure and published a list of 75 aging aircraft it had built that engineers deemed unsafe for continued flying. ICAO rules oblige all countries to ground the planes.

Safety officials said this increased vigilance in Africa boosted the appeal of Kyrgyzstan. A Central Asian country of five million people, snowy mountains and shepherds who drink fermented mare's milk, Kyrgyzstan became a magnet for cowboy carriers.

Vera M. Perelygina, president of Kyrgyzstan's Itek Air, estimates that no more than six of her country's 27 registered airlines actually do business there.

Itek, which was founded in 1999, is one of the few that does serve the Kyrgyz market, from its base in the capital, Bishkek. Ms. Perelygina said many newcomers appear to be "temporary airlines" with little presence but a desk and telephone, established for one-off operations like hajj flights to Mecca.

"If you can fly, say, 200 people there and back, then you really don't have to work the rest of the year," because it's so profitable, Ms. Perelygina said.

EU officials visited Bishkek in September to meet airline officials and regulators. Managers from one Kyrgyz-registered carrier that apparently had no office in the country received the inspectors in a coffee house, EU officials say. Another meeting occurred in a hotel.

### Blacklisting

EU specialists say they found Kyrgyz Civil Aviation Authority officials receptive to improving safety but still had to blacklist all 27 of the country's airlines, including Itek, for safety reasons.

Kyrgyz officials were furious. "They don't understand our money problems," fumed Kyrgyz CAA deputy head Alymbai Abakirov days after the Oct. 12 blacklisting. CAA staff are being lured away by higher salaries in the Middle East, he said in his office at the agency's headquarters, a crumbling, disused control tower accessible only by a rutted road.

Mr. Abakirov admitted that his agency lacks resources to police a list of air carriers that has almost quadrupled from only seven in the past five years. Many inspectors supplement their \$50 average monthly salary by moonlighting as safety consultants for the same carriers they regulate, said Mr. Abakirov. On his desk sat a clock inscribed, "With compliments of Phoenix."

Phoenix Aviation illustrates how hard suspect carriers can be to pin down. After the Kam crash, Phoenix split into several new companies, say Kyrgyz and international aviation officials.

At Bishkek's Manas Airport, where Phoenix kept an office, the owners of a company called Phoenix Agency deny any relation to the lessor whose plane crashed outside Kabul. Mr. Abakirov at the Kyrgyz CAA said contact details for Phoenix Aviation's successors are secret -- although most air authorities world-wide consider such information public.

Phoenix's old phone number and post office box number in Sharjah, in the U.A.E., are now used by a U.A.E.-registered carrier called AVE.com, which in December 2005 ran a wanted ad for aircraft in Speednews, an industry publication, describing itself as "previously Phoenix." A number of AVE's planes formerly flew with Phoenix, according to AeroTransport Data Bank and other aircraft registries.

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AVE marketing official Sergei Shcherba said by phone from Sharjah that several former Phoenix staff now work at AVE. But he said that "AVE is a different company from Phoenix" and denied a connection.

The real successor to Phoenix, he said, was an airline based in Kyrgyzstan -- Max Avia -- which has also flown Boeing 737s previously operated by Phoenix, according to independent aircraft registries. But Max Avia executive Alexander Puchyev also denied any link to Phoenix, though he said some former Phoenix staff now work for his carrier. Max Avia's marketing manager in Sharjah, Arsen Babayev, said by phone that Phoenix had ceased operating in 2005.

"It is now called AVE.com," Mr. Babayev said, pointing the finger back.

The EU blacklist, meanwhile, hasn't stopped Kyrgyz airlines like Max Avia from flying. Mr. Babayev said his carrier mainly flies in the former Soviet Union and Middle East, avoiding Europe.

"I don't think it has affected us much," Mr. Babayev said. "Apart from the bad publicity."

**Write to** Daniel Michaels at [daniel.michaels@wsj.com](mailto:daniel.michaels@wsj.com)<sup>19</sup> and Alan Cullison at [alan.cullison@wsj.com](mailto:alan.cullison@wsj.com)<sup>20</sup>

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