

COVID-19 Press Conference

The Americas

July 9, 2020

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Today's Agenda

Latest
Financial
Outlook



Country
Updates

WORLD
TRAVEL &
TOURISM
COUNCIL

Q&A



Impact of
EU
Restrictions



Overall
Impact on
Travel and
Tourism

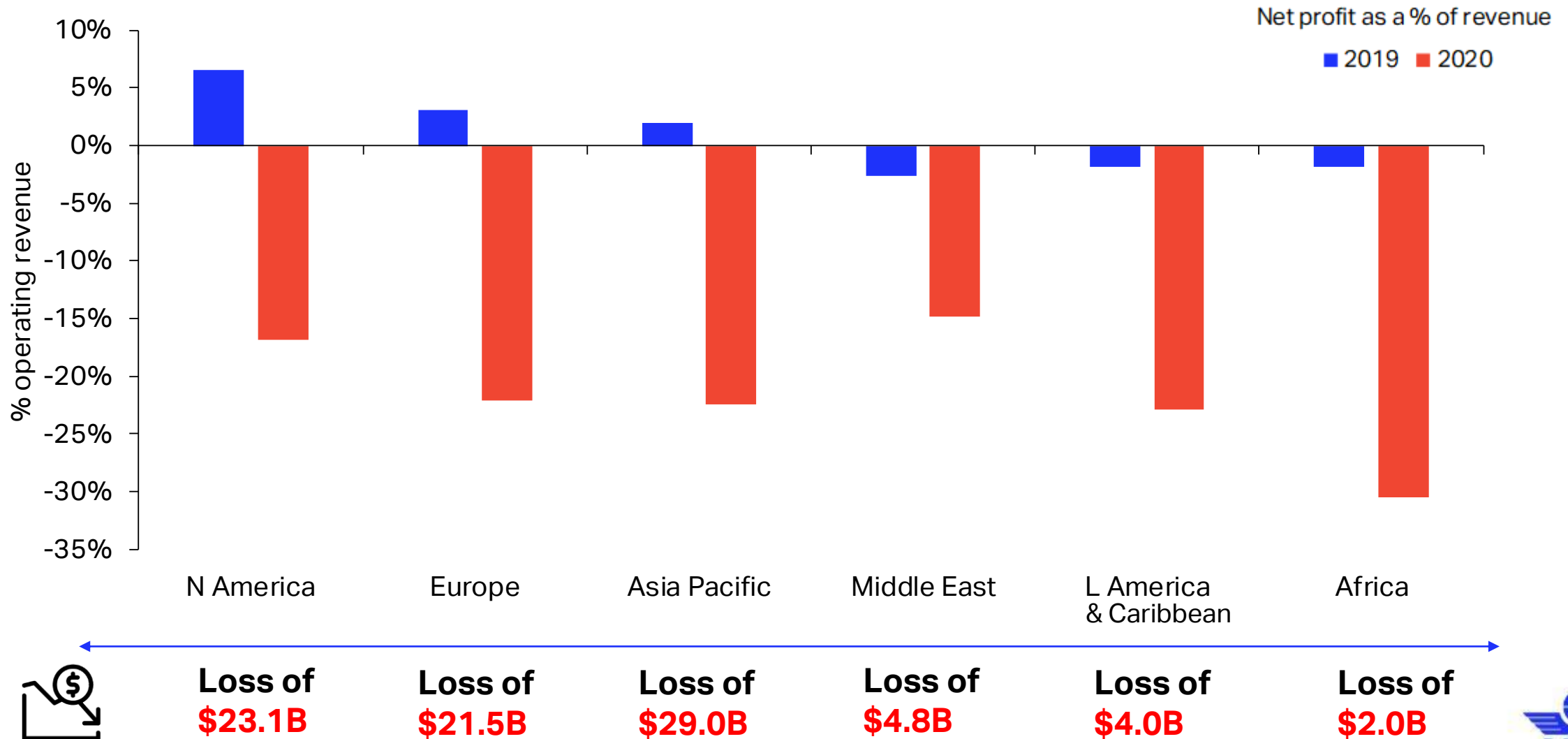


9 July 2020



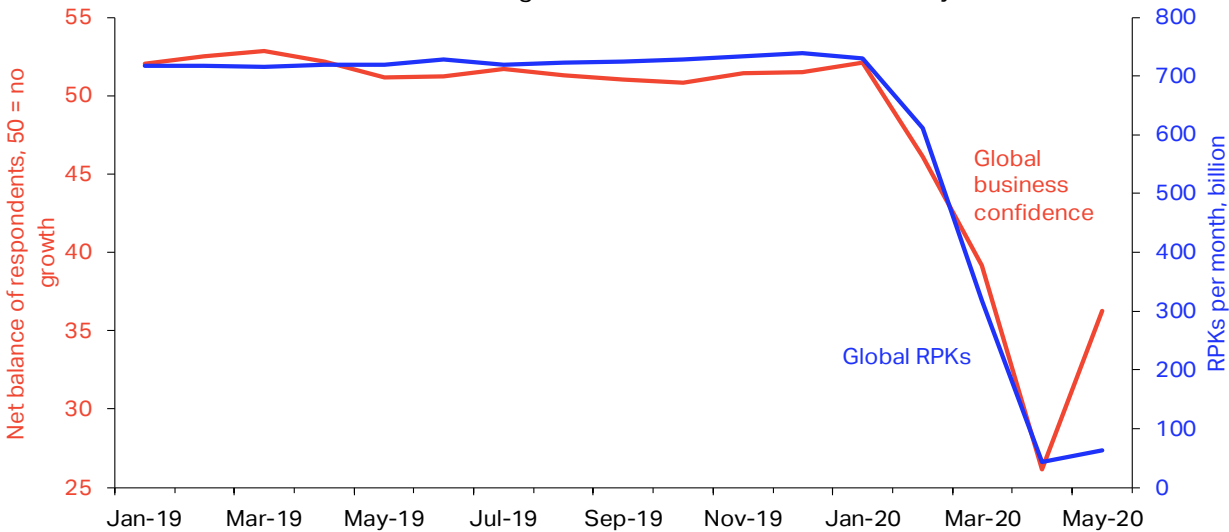
Profit margins devastated in all regions this year

Net losses of 15-30% of revenues as some costs unavoidable

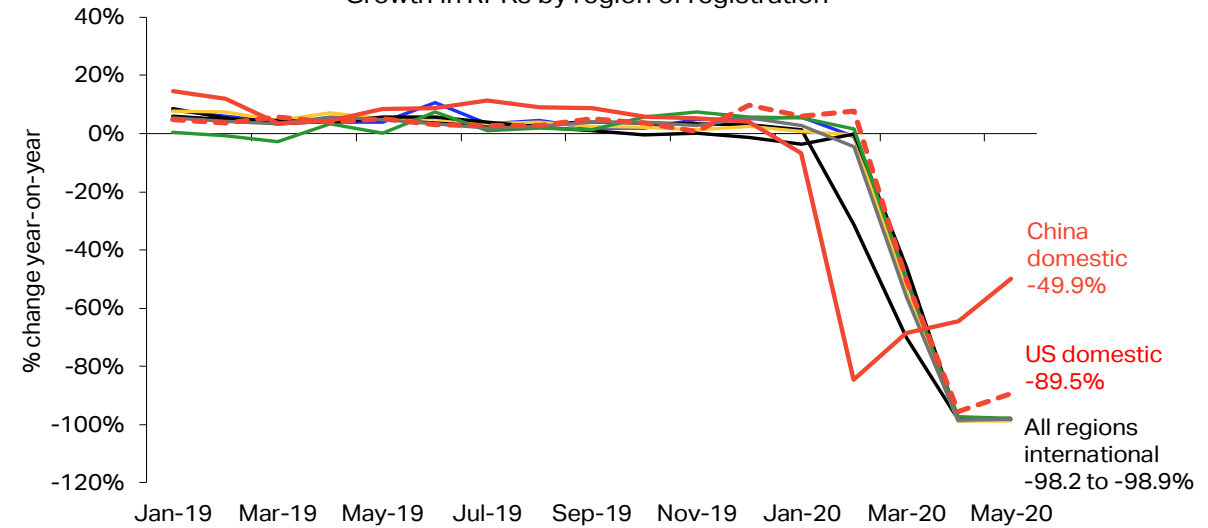


Slight recovery of Passenger Traffic in May

Global RPKs and global business confidence, monthly



Growth in RPKs by region of registration



MAY 2020 (% YEAR-ON-YEAR)	WORLD SHARE ¹	RPK	ASK	PLF (%-PT) ²	PLF (LEVEL) ³
Total Market	100.0%	-91.3%	-86.0%	-31.0%	50.7%
Africa	2.1%	-97.9%	-79.9%	-60.6%	7.1%
Asia Pacific	34.6%	-82.7%	-77.6%	-18.4%	62.0%
Europe	26.8%	-97.7%	-95.5%	-41.0%	42.7%
Latin America	5.1%	-95.4%	-93.8%	-21.0%	62.3%
Middle East	9.1%	-97.9%	-93.9%	-47.6%	25.5%
North America	22.3%	-92.5%	-83.1%	-48.0%	38.1%

2020

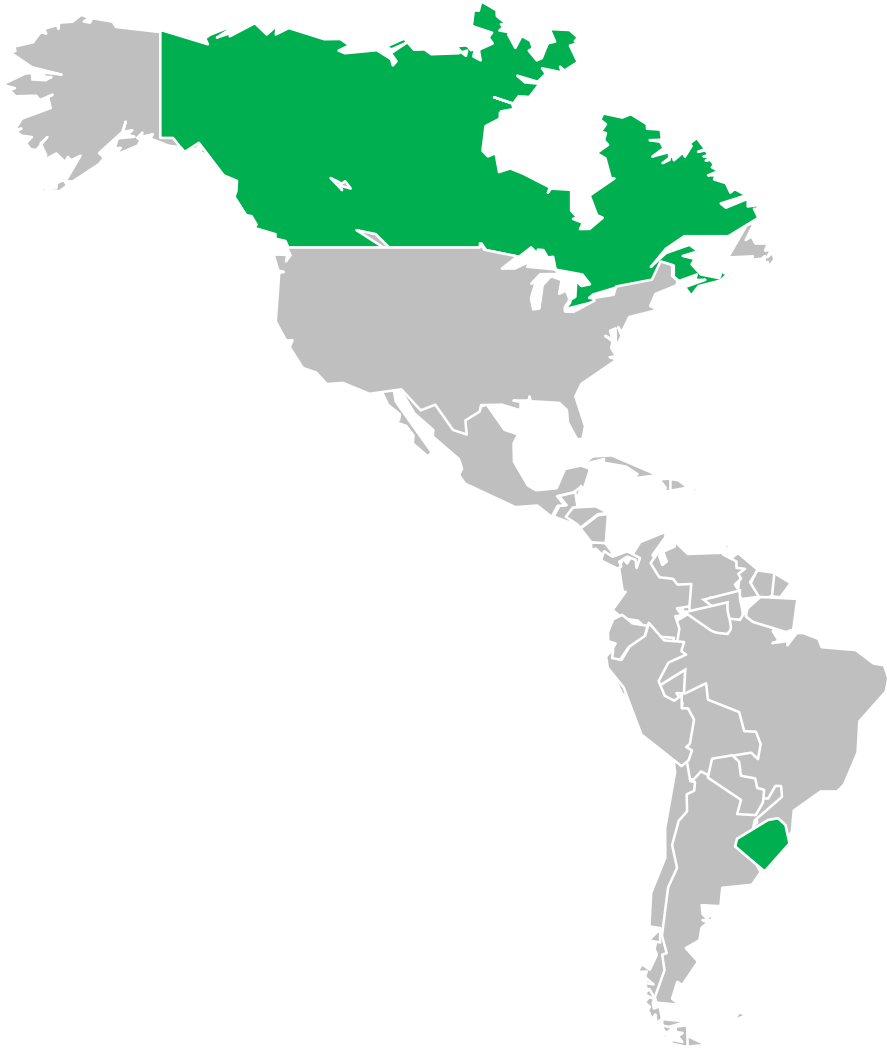
US\$
4 billion
net loss



For airlines in Latin America and the Caribbean in 2020.



Impact of European Union Restrictions on Latin America and the Caribbean



**US\$ 300
million per
month**

Each month of the EU remaining closed to arrivals from Latin America and the Caribbean translates into a loss of about US\$ 300 million of airline ticket revenues generated by Latin America and the Caribbean markets.

GDP and Jobs at Risk across the Region

▶▶ North America



-US\$406 billion

GDP at risk.
Supported by air transport sector



-3.3 Million

Jobs at risk.
Supported by air transport sector.

▶▶ Latin America & Caribbean



-US\$98 billion

GDP at risk.
Supported by air transport sector



-4.1 Million

Jobs at risk.
Supported by air transport sector



Urgent Financial Support Needed by Governments to Ensure Future of Air Transport Industry



The importance of a harmonized restart process by implementing ICAO's CART Guidelines



ICAO



Country Developments

Colombia



- Industry meeting with President Duque and Minister of Transport Orozco.
- Asked for specific restart dates for domestic operations for airlines to have planning certainty.
 - Only allowing test flights is not sufficient.
 - Bus system allowed to sell tickets and operate between Colombian cities.
 - Engaging Mayors and Municipalities to allow flights in to connect key airports in the country.
- Urged Government to maintain international restart date for Sep 1.
- Situation critical for airlines to survive.

Peru



- Announced restart of domestic flights for July 15 and in the process of formalizing health protocols which airlines need to prepare adequately.

Ecuador



- Country has shown leadership to restart operations but quarantine measures will significantly impact demand.

Argentina



- Domestic restart dates still uncertain amidst growing number of cases in the Buenos Aires area.
- On-going dialogue with the Government and financial relief still under consideration.

Country Developments

Caribbean



- Existence of regional carrier LIAT under evaluation by CARICOM countries that depend on inter-island connectivity.
- Caribbean carries faced with high taxes.
- Ticket taxes represent up to 39% add-on on air fares and reduce passenger demand by at least a similar percentage.
- More islands in the Caribbean are welcoming back visitors and allowing international flights, for example:
 - Dominican Republic
 - Haiti
 - Jamaica
 - Bahamas

Mexico



- Government confirmed the review of potential relief measures for the industry.
- First country to grant a full slot waiver for the upcoming Northern Winter 2020 season.

Brazil



- Lower House approved Provisional Measure 925:
 - Granting the 12-month extension for the issuance of refunds.
 - Change to the Brazilian Air Code that qualifies the COVID-19 crisis as a *force majeure* circumstance under certain conditions.
 - Terminates the USD 18 international boarding fee.
- Measure now advances to the Senate for its review and possible approval.

Impact on Travel and Tourism Industry in Latin America & Caribbean

9 July 2020



World Travel & Tourism Council

Maribel Rodriguez
Senior Vice President
Membership & Commercial

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Global Performance

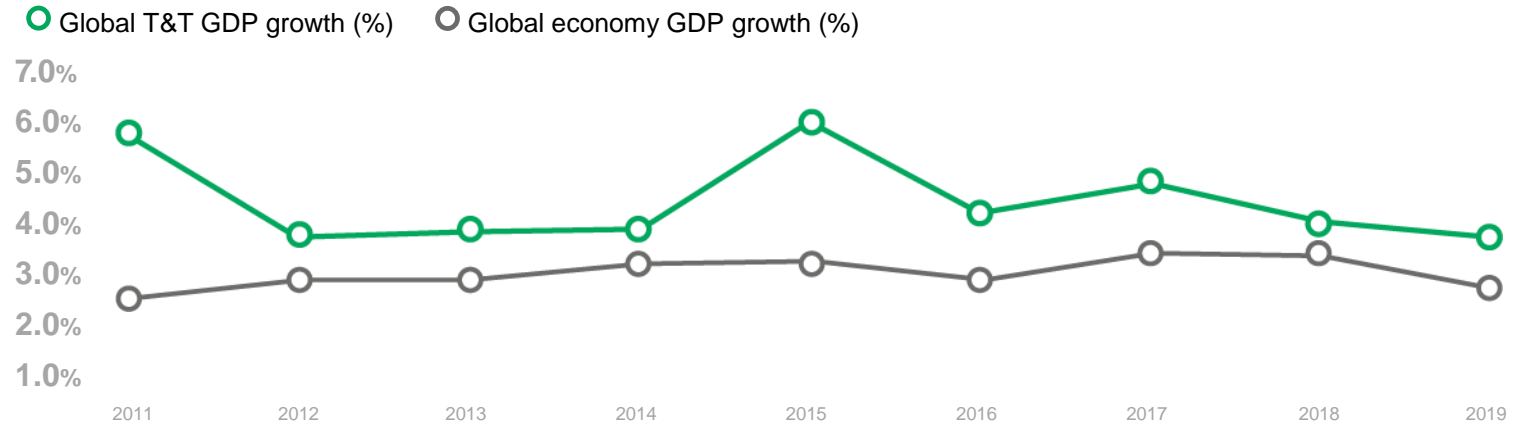
Travel & Tourism Economic Impact 2020 (2019 Figures)

2.5%
Global GDP growth

3.5%
Travel & Tourism GDP growth

10.3%
Travel & Tourism total contribution to global GDP

World's Travel & Tourism GDP growth vs. economy GDP growth, 2011-19



Real Economy DGP Growth [IMF]	Travel & Tourism GDP Growth	Contribution of Travel & Tourism to GDP	Contribution of Travel & Tourism to Employment
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Latin America

0.4%	1.6%	8.1% \$298.9 bn USD	7.9% 16.9 mn Jobs
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Caribbean

3.4%	1.9%	13.9% \$58.9 bn USD	15.2% 2.8 million Jobs
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Travel & Tourism jobs 2019:

330 MILLION

= **1 in 10** jobs

1 in 4 of all net new jobs were created by Travel & Tourism over the last five years



Travel & Tourism GDP 2019:

10.3% of global economy

= **\$8.9 trillion**

3.5% Travel & Tourism GDP growth vs. 2.5% real economy GDP growth

UNPRECEDENTED PROJECTED LOSSES FOR 2020

Travel & Tourism jobs:



**100.8
MILLION**
job losses

↓ **31%**

Travel & Tourism GDP:



**2.7
TRILLION**
USD

↓ **30%**



Travel & Tourism global economic impact of COVID-19:

5x

the impact of the

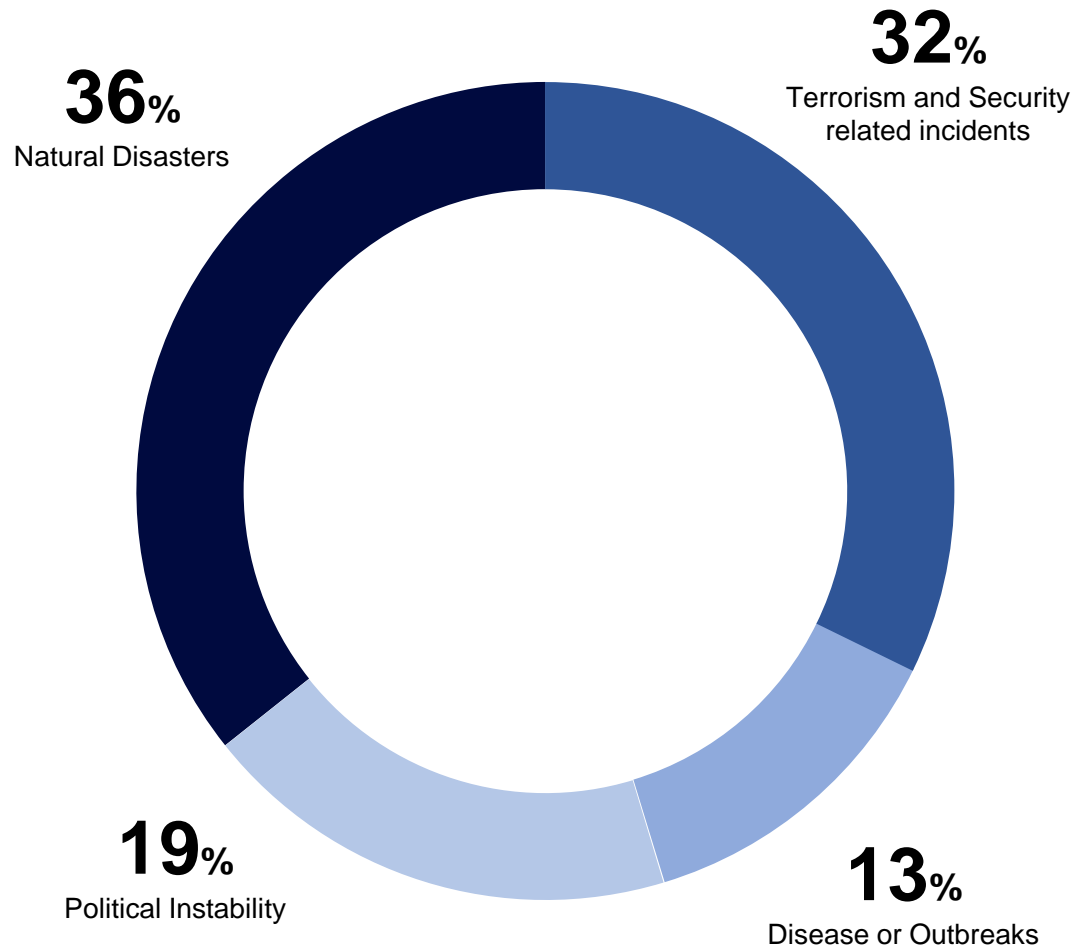
**2008 Global
Financial Crisis**

↑ **2.9** percentage point

Global unemployment rate directly from Travel & Tourism job losses.

90 Crises

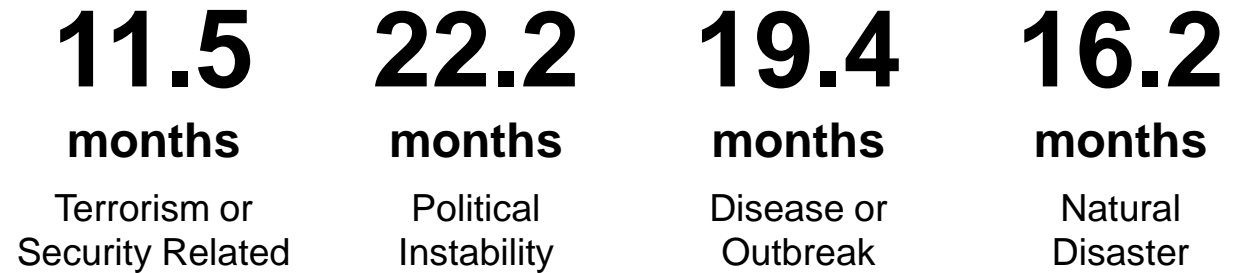
(2001-2018)



Key Findings

- Crises are more frequent but diminishingly disruptive
- Recovery duration has decreased significantly from 26 months in 2001 to 10 months in 2018

Average Recovery Times



Minimum Recovery Times

Four Principles for Recovery

- 1. A coordinated public-private approach to re-establish effective operations at time of reopening:**
 - **Reopen Borders** – Immediate removal and replacement of any quarantine measures, with ‘air corridors’ to countries with similar circumstances (**Medical, Tourism, Political**) international coordination is key
 - **Remove Barriers** – Eliminate travel advisories and bans on non-essential international travel, which prevent insurance protection cover for travellers
- 2. Enhance existing Safe & Seamless Traveller journey experience** by adding health components and combining the latest technology with protections and protocols
 - **Before the Vaccine:** integrate testing and contact tracing throughout the traveller journey (international travel)
 - **After the Vaccine:** integrate a possible digital health stamp to the traveller information before the trip begins
- 3. Adoption of global health and safety protocols** defined by travel & tourism private sector, health experts and public sector to rebuild travellers confidence and a consistent experience
- 4. Continued government support for the sector** in terms of fiscal incentives, liquidity, extend protection to workers, invest in tourism projects and assign new budgets for promotion

Call to Action to Governments across the Region



1

Provide financial support to the industry **now**.

2

Follow ICAO CART Takeoff Guidelines to **implement safe** restart protocol.

3

Cooperate with industry to determine specific dates for restart of operations.

Questions?



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