



Dear Industry Colleagues,

First of all, I would like to wish you a Happy New Year and all the best for 2019! This edition of the Americas Focus serves as an annual summary of our key activities of 2018 based on our regional [5 year strategy](#).

Please let me know if you have any questions or require further details. You can view all 2018 editions of the newsletter on our [regional site](#).

Please count on our continued support in 2019 to further promote aviation as the business of freedom across the Americas region.

With kind regards,

Peter Cerdá, IATA's Regional Vice President, The Americas



SAFETY: 3 STATES ENDORSED IOSA - LAUNCH OF NEW ISSA PROGRAM

Looking at the global safety performance of available data for 2018, the accident rate has increased in four out of eight IATA regions with a total of 32 accidents worldwide, of which five incurred fatalities. In the Americas, we experienced a fatal accident in Cuba and an incident in Mexico which reminded us to never lose focus on this top priority. Adapting global best practices, such as IATA's Operational Safety Audit (IOSA) which is a requirement for IATA and ALTA membership, has improved the region's track record vastly. Latin America and Caribbean improved from 2.8 accidents per 1 million flights in 2016 to 1.88 in 2017 and North America from 0.95 in 2016 and 0.57 in 2017. In 2018, 3 additional States have endorsed IOSA: The **United States, Canada** and **Argentina**. For carriers not eligible for the IOSA audit, IATA and ALTA reached an agreement in 2018 to promote the IATA Standard Safety Assessment (ISSA). This new program sets a global standard benchmark for airlines that operate aircraft which have a lower maximum take-off weight than the threshold for IOSA; or for operators whose business models do not allow conformity with IOSA's standards. Seven airlines have already committed to undergo ISSA and others are in the pipeline. In other activities, based on analysis of the Pan-American Regional Aviation Safety Group (RASG-PA), ICAO approved changes to Annex 6 for requirements for Flight Operations Quality Assurance (FOQA/FDAP) programs to be lowered for airplanes from 25000kg to 5700kg. RASG-PAs Safety and Cost Analysis proved that the benefits of such programs for small planes, together with diminishing costs to implement this technology, made the 25000kg weight limit set in the late 90s, to be out of date. RASG-PA also completed and implemented 11 safety enhancements (DIPs) to mitigate Control Flight into Terrain (CFIT), Runway Excursions (RE) and Loss of Control in Flight (LOC-I) in the region. A new Collaborative Safety Team was established in **Argentina** and RASG-PA developed guidance material together with COCESNA to help states implement them. In addition, IATA and **COCESNA** signed an agreement to strengthen our cooperation on global safety and airspace management activities, including, Safety Data Collection and Processing (SDCPS) activities under the umbrella of IATA's Safety Information Exchange Program (SIEP). With this agreement, COCESNA will be able to apply a robust data driven approach in their safety management system (SMS) initiatives.

INFRASTRUCTURE - AIRPORT INVESTMENTS TO ACCOMMODATE GROWTH

IATA is projecting a doubling of passengers over the next 20 years and we urged governments throughout 2018 to ensure the right airport infrastructure is in place to maximize the many benefits the industry generates. The decision of **Mexican** President López Obrador to cancel the New Mexico City Airport (NAIM) project posed a big challenge to the industry. As a response, IATA launched an [economic study](#) on the negative repercussions of this decision and organized an [Aviation Summit for Mexico](#) on February 28, 2019 to discuss how the new government can work with the industry in a collaborative manner. **Argentina** continued to improve its aviation environment and we were pleased with Minister of Transport Dietrich's recent policy announcements on continued deregulation of the ground handling market and the extensive infrastructure plans at Aeroparque (AEP), Ezeiza (EZE) and domestic airports across Argentina. At EZE, IATA led a multidisciplinary group that delivered significant design and process improvements to the new departure terminal. In **Peru**, IATA worked with Lima Airport Partners (LAP) to push for stop gap measures and a strategic action plan for Jorge Chávez International Airport (LIM) and were pleased that LAP just signed a formal agreement with the Peruvian Government to receive 100% of the land required to start construction of the new terminal and second runway at LIM. In **Chile**, IATA provided input to deal with the current capacity constraints at Comodoro Arturo Merino Benítez International Airport (SCL) and a future airport concession review. IATA expects to shortly release the document. In **Brazil** and **Colombia**, IATA worked closely with ANAC and AAC/ANI, and is shaping the concession framework for upcoming concessions with the sixth Brazilian round. In the **U.S.**, IATA engaged with the Port Authority of New York & New Jersey to enhance operational efficiencies, resulting in a new policy and IATA being part of JFK's Emergency Operations Center.

CHARGES, TAXES & FEES: COST AVOIDANCE OF OVER USD\$4 BILLION TO THE INDUSTRY

IATA worked diligently with the industry, governments and authorities to reduce taxes and charges in the areas of ATC, airport and fuel across the region, achieving approximately USD\$4.3 Billion in savings to the industry through 2022. The following breaks down the cost savings by country, accomplished by working closely with key local stakeholders. **Argentina**: Secured a 2% reduction to navigation fee; Achieved 3% reduction to Ground Handling; Achieved elimination of a 10% canon imposed on airport service providers; Design Engagement on EZE - improved design and processes. **Aruba**: Tied to the airport's expansion, we were able to negotiate lower fees; Gateway 2030 engagement - ensured optimal expansion. **Brazil**: Influenced the concession contract for the next round of concessions; Avoided paying a 30% tax on fuel in the state of Bahia; Fixed a distance calculation issue tied to navigation charges. **Canada**: Heavily lobbied the government to remove the proposed privatization of its main airports from the agenda; Secured a 0.4% reduction to navigation fees. **Chile**: Achieved a multi-year reduction of airport fees. **Colombia**: Redesigned Bogota's airspace. **Ecuador**: Delayed the construction of a new airport in Guayaquil. **Mexico**: Avoided creation of transfer fee in MEX; Changed fuel specifications from Jet A-1 to Jet A to allow increased competition at all airports. **Panama**: Entry of 2 new fuel suppliers in Tocumen International Airport (PTY). **Peru**: Achieved a beneficial X factor in the charges calculation formula, leading to the first ever reduction of charges in the country. **USA**: Avoided an increase to the PFC; Blocked the "Isakson Bill".

REFORMS & CONSUMER REGULATIONS: ADVOCATING FOR GLOBAL BEST PRACTICES

IATA seeks to promote partnerships with governments that result in regulation that delivers clearly defined, measurable policy objectives in the least burdensome way. Throughout 2018, IATA worked with governments and policy makers, following are some highlights. **Brazil**: Retained rights to impose fees for checked bags and for the pre-assignment of seats. **Colombia** and **Mexico**: Continued to influence efforts on passenger rights reforms. **Panama**: Participated in legal action to ensure its adherence to liability limits of the Montreal Convention. **Peru**: Sought to bring closer alignment with Consumer Agency/INDECOPI. **Guatemala**: Pressed for closer adherence to international tax standards. Slots: Pressed for closer adherence with WSG on slot-related developments in **Mexico** and WSG implementation in **Colombia**. **Brazil**: Amendment in regulation (338) to eliminate on time performance criteria for determination of slots; On Environment, supported States throughout the Latin Region in their adoption of ICAO Annex 16 dealing with the monitoring, reporting and verification (MRV) of CO2 emissions, among other aspects. Taxation: Positively influenced tax-related reforms in **Costa Rica** and **Colombia**.



INFRASTRUCTURE - AIR TRAFFIC MANAGEMENT IMPROVEMENTS & AIRSPACE OPTIMIZATION

Improving air traffic management performance at key airspaces across the region will be needed to accommodate the anticipated passenger growth of the future. **Colombia's** Civil Aviation Authority and IATA finalized the redesign of the Bogotá airspace in 2018. The project focused on improving air traffic management and performance for arrivals and departures at Bogotá's El Dorado International Airport (BOG), which suffered from less than optimal terminal control area management, as well as runway constraints, enabling the following benefits: Annual cost savings of over US\$4.7 million from the reduction in ground and air delays; increase in capacity from 68 to 92 movements per hour due to improved routing; airspace complexity reduction by simplifying the procedures applied by controllers and crews; 3,000 tonnes in fuel savings and 9,00 tonnes reduced CO2 emissions; travel time savings for passengers; improved safety due to optimized workload; and increased value of aviation measured by jobs & GDP. In addition, after a year of successful operations with User Preferred Routes (UPR) in Colombia, savings in terms of fuel (estimated at 288 tons) and CO2 (876 tons) emissions demonstrated the benefits to those airlines that were sent flight plans with random tracks out of airways that allowed to fly direct between waypoints in the Colombian airspace at 25,000 feet or above. The **Dominican Republic** and **COCESNA** (Central American Airspace) have also started trials by encouraging airlines with advanced flight planning systems to take advantage of the benefits. In **Brazil**, IATA in collaboration with the Brazilian ANSP DECEA implemented simultaneous segregated operations under visual meteorological conditions (VMC) at São Paulo-Guarulhos International Airport (GRU), resulting in the separation minima on final approach to be reduced from 6 NM to 3 NM between arrivals. Another expected outcome is the reduction of holdings and radar vectors when the airports is operating under VMC which accounts to close to 80% of GRU operating time. It is expected that this new procedure will increase runway arrival capacity from about 28 ACFT/hour to 38 ACFT/hour. With the introduction of this new procedure there will be no dependency from arrival and departure traffic which will allow departures every 1.5 minutes, unlocking the possibility to increase departure capacity from 27ACFT/hour to 40 ACFT/hour. In **Argentina**, ANSP EANA created 28 new airways and redesigned 12 as part of their operational implementation plan, validated by the IATA LATAM Regional Coordinating Group (RCG). Considering a 13% increase in passengers in 2018, these developments will save the industry 3,263,707 tonnes of CO2. In the **U.S.**, tactical intervention of IATA's Liaison Desk at the FAA Command Center resulted in the prevention of 38 international flight cancellations and 37 diversions. The team also intervened to prevent 11 potential DOT Long Onboard Violations.



DISTRIBUTION & FRAUD PREVENTION INITIATIVES; GREEN LIGHT FOR BSP CUBA

The airline distribution and payment space is undergoing rapid transformation. A number of IATA projects and initiatives support airlines in addressing their distribution and payment challenges and gained acceptance in the Americas region throughout 2018. The New Generation of IATA Settlement Systems ([NewGen ISS](#)) was successfully implemented in **Panama, Honduras, Mexico** and **El Salvador** as the first countries in Latin America. Unfortunately, there continued to be misperceptions about NewGen ISS, [NDC](#) and [Transparency in Payments \(TIP\)](#) across the Americas region, especially within the travel agency community. To clarify and address these concerns, IATA worked closely with local travel agent associations and other partners to show the true benefits that these initiatives will bring not just to the travel industry supply chain, but more importantly to the consumer. **Cuban** Authorities have agreed to implement a Billing & Settlement Plan ([BSP](#)) in Cuba. This comes after four years of negotiations with the authorities and the next phase is to begin the technical work needed to start a BSP. Fraud prevention was another big focus of 2018 and IATA held various workshops together with ALTA, airlines, travel agents, suppliers, banks and local law enforcement agencies. More specifically, IATA actively worked with airlines to create awareness for loyalty fraud trends and how to secure their sites with the "Miles are Money" campaign. The 5th Frequent Flyer Program Fraud Prevention workshop took place in **Chicago** and more than 80 participants gained insights on vulnerability, social engineering, artificial intelligence and how effective collaboration is the key to reduce loyalty fraud. In June, 226 airports of 61 countries, 69 airlines, and 6 online travel agencies were involved in the 11th edition of the Global Days of Action, targeting criminals traveling with airline tickets bought using stolen or fake credit cards. The Americas region participated with **10 countries**, and a record of 45 airports and 17 airlines. A total of 334 alerts were received globally and 141 individuals were arrested.



ADVOCACY: AVIATION AS BUSINESS OF FREEDOM & SUMMARY OF REGIONAL EVENTS

Throughout 2018, IATA hosted the following key events across the Americas to bring together key decision makers and develop action plans for a specific country/region to drive the industry agenda forward, maximizing aviation's economic and social benefits, highlighting the importance of aviation as the business of freedom. Events were based on industry needs with airline CEO endorsement and presence, as well as senior government engagement, resulting in vast media coverage, including social media. We would like to thank all of the speakers, panelists and sponsors who made these events possible. The direct/indirect outcomes of each conference are listed below. [Aviation Day USA](#): PANYNJ Engagement for JFK contingencies; IATA selected as reference authority for LaHood Investigation; IATA now part of JFK Emergency Operations Center. [Wings of Change Chile](#): Departure Tax Reduction; Concession Analysis SCL; Integrated Border Control with Argentina. [Aviation Day Caribbean](#): Agreement to create regional aviation agenda; First ever Caribbean Summit to be held between governments and the industry to define a regional strategy; Met with stakeholders to outline one border concept for Caribbean region. [Aviation Day Central America](#): Launch of first ever economic studies for each CENAM country; Creation of working groups to execute actions on infrastructure, charges & regulation. [Aviation Day Colombia](#): Develop airport and airspace infrastructure; Reduce taxes and charges that raise cost of travel; Embrace smarter regulation principles. In addition, IATA continued its [Magic of Aviation Campaign](#) across the Americas in 2018 by updating eight economic [benefits of aviation studies](#), creating videos, factsheets and newspaper ads. Many airports across **Latin America** and the **Caribbean** displayed the [video](#) on their terminal screens and many airlines included the materials in their inflight entertainment systems and magazines.



CARGO: ENABLING GLOBAL TRADE FROM THE AMERICAS

The systematic approach of IATA with governments of the Americas region has generated positive results with the implementation of the Advance Cargo Information, as recommended by the World Customs Organization (WCO). IATA managed to successfully lobby for the XML messaging standards and positioned the Americas region as the best prepared in the world in terms of facilitation of foreign trade. This will enable airlines to receive more data directly from the sender, providing easier access by the control authorities with higher data quality and with the potential to reduce process costs, having direct positive effects on the facilitation of foreign trade and meeting security requirements. Countries particularly concerned with security aspects are implementing the Pre-Loading ACI (PLACI). IATA also supported an extensive information campaign on ACAS, in collaboration with the TSA and CBP, providing airlines operating flights to the **U.S.** with access to information and facilitating its implementation by mid-2019. In **Canada**, IATA worked with CBSA and Transport Canada so that the future PACT is efficient for all stakeholders. Lastly, to provide concrete answers to the challenges of our members in the region, the Americas Air Cargo Focus Group was established in 2018, with a specific action plan to be finalized by 1Q19.



SECURITY & FACILITATION: DRIVING IMPLEMENTATION OF REGIONAL STRATEGY

Governments and industry must continue to work together to replace inconsistent security measures with harmonized and responsive security systems based on data, risk management, and efficient technology. As requested by our members, IATA continued the implementation of the [regional security strategy](#) for the Americas in 2018. IATA held two focus group meetings and participated at ICAO Security and Facilitation meetings throughout the year. IATA obtained ICAO's endorsement to its strategy and outlined the need for States to adopt minimum Annex 17 security standards to allow for operational efficiencies under a Recognition of Equivalence (ROE) scheme. Furthermore, IATA played a leading role in the delivery of the first Security Management System (SeMS) workshop in Bogotá, emphasizing the importance of a proper security culture when working towards the improvement of aviation security. IATA presented its regional security strategy during the TSA Regional Outreach, with focus on insider threats and the use of biometrics to improve security aspects. IATA continued to lobby ICAO, States and airports in the region for a "SeMS-type" framework to manage security risks. IATA also focused on assisting States in their process of meeting the requirements set forth under the ICAO Regional Roadmap in relation to the implementation of the ICAO Global Aviation Security Plan (GASep), as well as representing the industry at ICAO and State regulatory meetings.



STATE OF THE REGION: THE AMERICAS

DECEMBER 2018

Economy

GDP growth, selected countries

%change on a yr ago	2017	2018Q1	2018Q2	2018Q3
United States	2.2	2.6	2.9	3.0
Brazil	1.1	1.2	0.9	1.3
Mexico	2.3	2.1	1.6	2.6
Canada	3.0	2.3	1.9	2.1
Argentina	2.9	3.9	-4.2	--
Colombia	1.8	2.6	2.5	2.6
Chile	1.6	5.2	5.1	2.8
Peru	2.5	3.2	5.5	2.3
World*	3.1	3.2	3.2	3.0

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2017	Sep-18	Oct-18	Nov-18
US\$ broad index	120.0	126.0	126.9	128.3
Brazilian real (BRL)	3.31	4.02	3.72	3.86
Mexican peso (MXN)	19.66	18.73	20.28	20.35
Argentine peso (ARS)	18.62	40.85	36.17	37.70
Colombian peso (COP)	2985	2967	3225	3235
Chilean peso (CLP)	615	659	700	671

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel (period ave.)	2017	Sep-18	Oct-18	Nov-18
Crude oil (Brent)	54.2	78.9	81.0	64.8
Jet fuel	65.6	91.9	94.4	81.7

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

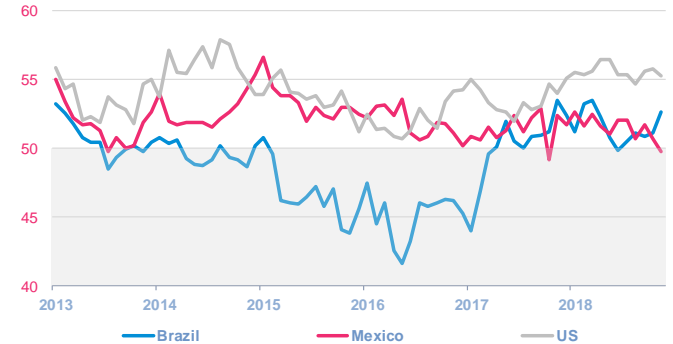
%change on a yr ago	2017	Aug-18	Sep-18	Oct-18
Region (registration basis)				
N America	4.0	4.7	5.6	4.6
Latin America	7.3	4.4	5.8	6.5
World	8.0	6.3	5.5	6.3
Routes (segment basis)				
US domestic	3.7	5.5	6.3	4.3
Brazil domestic	2.3	4.4	3.1	3.4
Nth America-Europe	7.1	3.9	4.5	8.1
Nth America-Asia	7.2	2.5	2.0	1.7
Nth-Sth America	0.8	3.1	5.9	0.6
Sth America-Europe	7.0	10.4	7.6	6.9
Within Sth America	13.2	-2.6	-2.3	-1.5

Source: IATA Statistics Note: historical data may be subject to revision

- Annual growth in industry-wide RPKs recovered to 6.3% in Oct, up from an eight-month low of 5.5% in Sep. That said, the upward passenger demand trend has softened a little over the past six months.
- At the regional level, annual RPK growth ticked down for NthAm carries, to 4.6%yoy. By contrast, Lat.Am airlines recorded robust year-on-year RPK growth of 6.5%, moving broadly in line with the overall industry pace.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



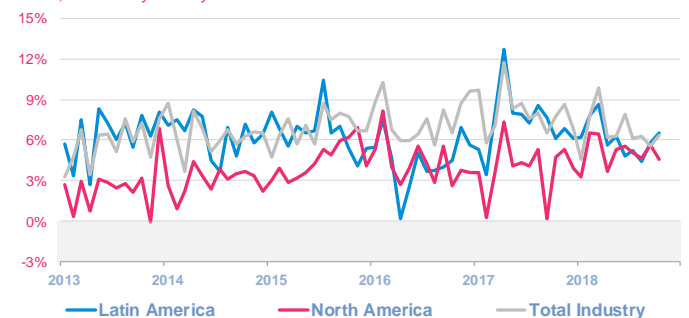
Source: Markit

- Mexico's business confidence eased this month due to ongoing uncertainty about the economic outlook. Sentiment also ticked down in the US, although it stayed well above its long-term average. In Brazil, confidence increased this month, supported by rising demand.
- On a trade-weighted basis, the US\$ rose by 1.1% in Nov, & is up 9% since Jan. Of the main regional currencies, the ARS & BRL were the notable underperformers, both falling by ~4% in the month vs the US\$. By contrast, the CLP ended the month up 4.0% against the US\$.
- Brent crude oil & jet fuel prices both fell sharply in November, by ~20% and 13.5%, respectively, following increased concerns of oversupply.

- In the US, the larger of the region's two main domestic markets, annual RPK growth eased to 4.3%, the lowest rate since Jan 2018. Passenger demand growth in Brazil ticked slightly higher vs last month to 3.4%yoy.
- Across the key international markets, NthAm-Europe became the strongest performer this month, almost doubling its growth rate to 8.1%yoy, followed by SthAm-Europe at 6.9%yoy. One of the weaker performers in the region was Nth-SthAm where RPK growth slowed close to zero (0.6%), down from a solid 5.9%yoy in Sep.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2017	Aug-18	Sep-18	Oct-18
Region (registration basis)				
Nth America	9.1	7.4	4.7	6.6
Latin America	4.5	1.7	2.9	0.3
World	9.7	2.8	2.5	3.1
Routes (segment basis)				
Nth America-Asia	10.1	3.2	3.2	4.8
Nth America-Europe	10.4	1.7	4.5	1.7
Nth-Sth America	2.6	7.1	4.0	1.3
Sth America-Europe	7.3	12.1	0.3	-1.0
Within Sth America	-5.9	16.1	21.9	17.4

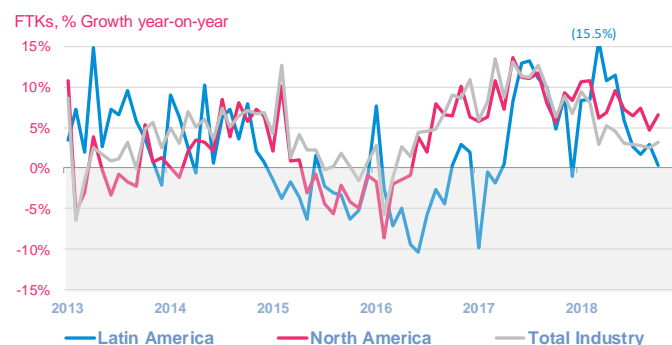
Source: IATA Statistics Note: historical data may be subject to revision

- Annual industry-wide growth in FTKs recovered to 3.1% in Oct, reflecting traditionally stronger demand for air freight in Q4. That said, the growth rate remains markedly slower vs last year, which is consistent with the typical pattern seen after inventory restocking cycles.
- At the regional level, FTK growth slowed to just 0.3%yoy for Latin America carriers this month. In contrast, NthAm

became the fastest growing region for FTKs, with 6.6%yoy growth in Oct.

- Growth in freight volumes softened across the key international markets, with the exception of the NthAm-Asia which increased to a solid 4.8%yoy pace.
- The smaller Within SthAm market remains the fastest growing market with a strong 17.4%yoy growth in Oct.

Growth in air freight volumes



Source: IATA Statistics

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: %of ASK/AFTK		2017	Aug-18	Sep-18	Oct-18
Passenger					
Nth America	ASK	3.9	4.1	7.2	4.8
	PLF	83.5	86.6	80.7	83.2
Latin America	ASK	5.4	5.8	8.3	9.1
	PLF	81.8	81.2	80.2	80.9
World	ASK	6.6	5.4	5.9	6.3
	PLF	81.5	85.3	81.4	81.1
Freight					
Nth America	AFTK	3.1	6.6	8.0	8.2
	FLF	41.1	39.5	40.8	42.0
Latin America	AFTK	5.9	6.9	4.2	3.3
	FLF	33.1	32.3	34.6	35.7
World	AFTK	5.0	5.4	4.1	5.4
	FLF	49.9	46.9	49.5	50.4

Source: IATA Statistics. Note: LF=seasonally adjusted load factor. ASK=available seat kilometers. AFTK=available freight tonne kilometers

- The industry-wide PLF eased to 81.1% in Oct, the lowest level since May 2018. In contrast, the FLF rose for the second month in a row to 50.4%, up from 49.5% in Sep.
- The PLF in both NthAm and Lat.Am increased vs last month, to 83.2% & 80.9%, respectively. Similarly, the FLF also lifted modestly in both regions to 42% for NthAm and 35.7% for Lat.Am although both remain well below the industry-wide outcome.

Airline operating (EBIT) margins*

%revenues	2016	2017	2017Q3	2018Q3
Nth America	13.7	11.1	14.7	11.6
Latin America	5.6	6.9	9.8	1.4
Industry	8.5	7.5	16.5	13.5

Source: Airline Analyst * constant sample basis, not seasonally adjusted

- The latest Q3 financial data confirm a decline in both industry & regional performance vs a year ago. The industry-wide EBIT margin dropped to 13.5% in Q3 from 16.5% last year while at the regional level the margin was 11.6% for NthAm (from 14.7% in 2017Q3) and just 1.4% for Lat.Am (from a solid 9.8%).

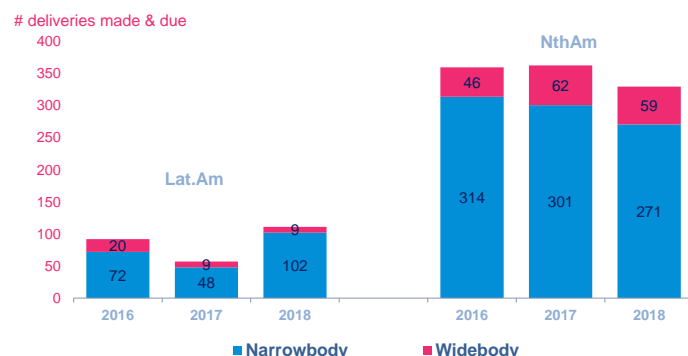
- With the exception of the two largest international markets (NthAm to Europe & Asia), passenger yields remained lower vs last year. Nth-SthAm became the key underperformer with yields down by ~11%. The only market, where annual growth increased this month was NthAm-Asia, up 0.3pp to 4.4%.

Passenger yields (US\$, excl. surcharges & ancillaries)

%change on a yr ago	2017	Aug-18	Sep-18	Oct-18
Nth America-Europe	-1.8	9.4	5.6	3.9
Nth America-Asia	-3.2	3.9	4.1	4.4
Nth-Sth America	0.2	-6.4	-6.7	-10.7
Sth America-Europe	7.9	-2.2	-6.7	-8.7
Sth America-Asia	-4.2	-0.6	-3.0	-3.0
Within Sth America	1.8	-7.6	-8.0	-6.1

Source: IATA PaxIS Note: historical data may be subject to revision

Aircraft deliveries to the Americas



Source: Ascend