



FEB 2018

AMERICAS FOCUS

YOUR SOURCE FOR IATA'S LATEST REGIONAL NEWS



Dear Industry Colleagues,

Last month the US Northeast experienced a meteorological event called a "Bomb Cyclone" that resulted in significant delays and more than 140 flight diversions and 1,000 cancellations at New York's JFK Int'l Airport. Unfortunately, the collective response from the industry to the storm fail to meet the expectations of the traveling public. As a result the Governor of New York mandated the Port Authority of New York and New Jersey (PANYNJ) to take action and an independent investigation, led by former US Transportation Secretary Ray LaHood, was launched into the causes and background of JFK's storm-related failures. Last week, IATA met with Mr. LaHood's team to provide the airlines' views of what led to the meltdown. The two hour discussion was productive and we stressed the importance of having sound contingency measures, coordinated actions, accurate and timely operational information and reliable communications amongst all stakeholders. Additionally, we have written to the Department of Transportation, PANYNJ and FAA to document our position on the occurrence. In addition, we are working with the PANYNJ and FAA on the implementation of new operational measures for JFK that will improve coordination amongst all stakeholders when these sort of incidents occur in the future.

Staying in the US, we held our first regional event of 2018 and I would like to thank everyone who participated in a successful [Aviation Day](#)

in New York, jointly hosted with the Wings Club. The event was attended by more than 330 attendees and key government officials such as DoT, FAA, TSA and PANYNJ. We were able to deliver some key messages and have constructive discussions on aviation's biggest opportunities, such as ATC reform, security, regulatory over-reach and airport privatization & infrastructure improvements in the United States.

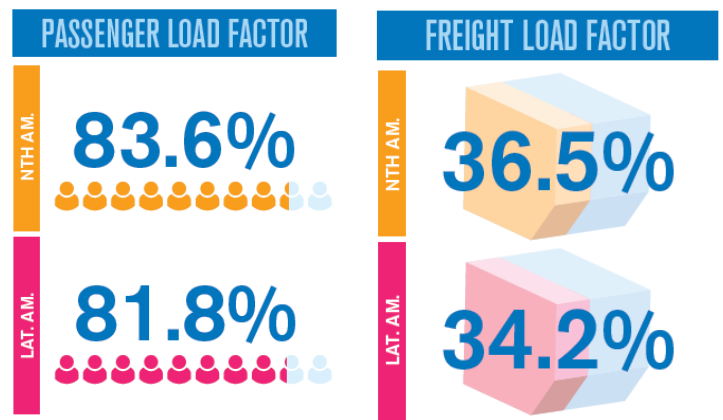
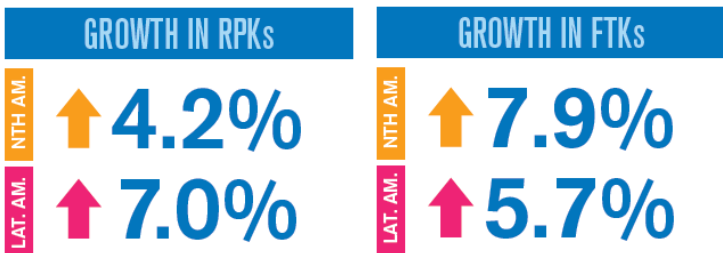
In internal news, I am pleased to share that we have appointed Andres Uribe as IATA's new Country Manager for Colombia and Dany Lima de Oliveira as IATA's new Country Manager for Brazil, both effective March 26th. Andres is a Colombian National and has worked for IATA in various roles since 2007. Prior to that, he was COPA Colombia's Vice President of Distribution. Dany is a Brazilian National and most recently served as the Head of Airline Marketing & Air Service Development at Belo Horizonte Int'l Airport. Before that, Dany was Delta's Manager, Strategy & Alliances based in Sao Paulo. As usual, please find our most recent activities of February below and let me know if you have any questions or require additional details.

With kind regards,

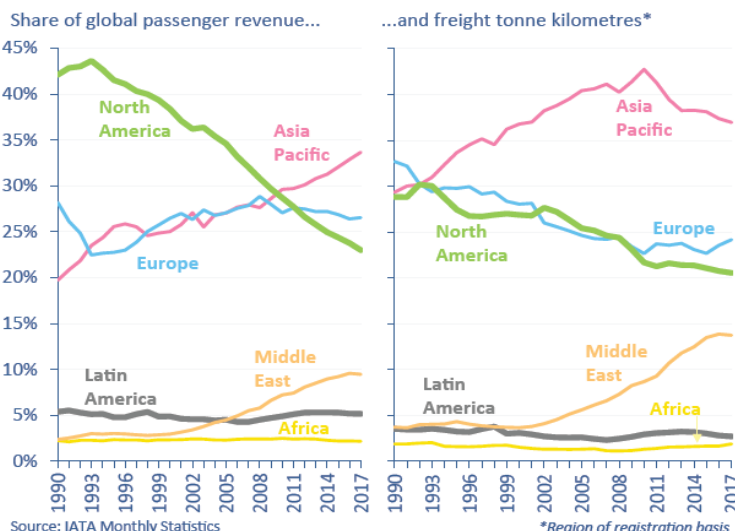
Peter Cerdá, IATA's Regional Vice President, The Americas



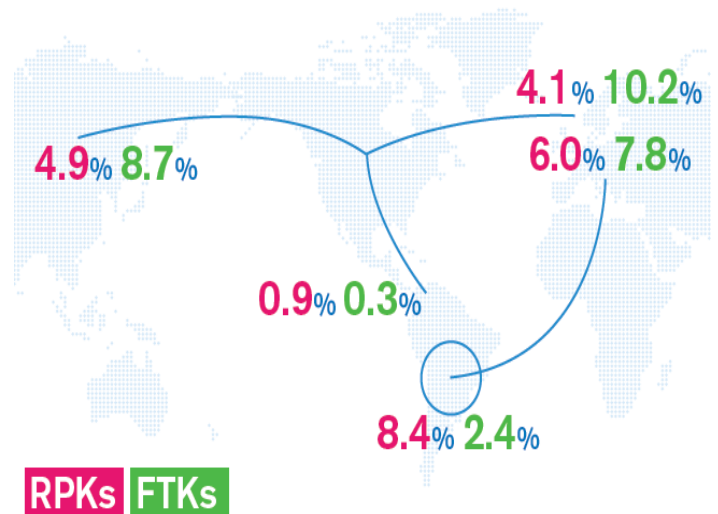
2017 in Review - Air Transport in THE AMERICAS



REGIONAL TRAFFIC SHARES (% OF TOTAL)



DEVELOPMENTS ON KEY ROUTES TO/FROM THE AMERICAS



ARGENTINA: PASSENGER NAME RECORD (PNR) MANDATE DATE SET FOR MAY 1

On February 27, IATA has been notified by Argentina's National Migration Directorate (DNM) of the PNR mandate date, scheduled for May 1 2018. IATA has asked DNM to maintain close communication to not only be informed of the implementation progress, but also to collaborate in the process and to ensure that most of the airlines obtain a successful PNR transmission on the established date. In addition, IATA has reinforced to DNM authorities the importance for Argentina to sign bilateral agreements on confidentiality of information with the European Union (EU). IATA has informed DNM that without these agreements, airlines will be unable to transmit information of EU passengers, or from any other country that imposes similar restrictions. DNM expressed their understanding of the situation and that for those airlines under this condition the PNR transmission will not be mandatory. For more information, please contact IATA's Country Manager for Argentina, [Maria Jose Taveira](#).

BRAZIL: OPEN CONSULTATION TO CHANGE SLOT REGULATION

IATA has been working with the Agência Nacional de Aviação Civil (ANAC) in Brazil to demonstrate the negative consequences of Resolution 338, the current Brazilian Slot Regulation, that directly links historic slots with punctuality through a requirement for a 75% measure of punctuality to airlines operations. After a constructive dialogue where IATA was able to demonstrate an improved alternate international standard for slot performance monitoring, ANAC agreed to open a public consultation on a number of proposed positive changes on Resolution 338, which would better align with IATA's Worldwide Slot Guidelines. For more information, please contact IATA's Worldwide Airport Slot Senior Manager, [Arantz Mendicoa](#).

BRAZIL: INTRODUCTION OF E-VISA

Brazil's e-Visa scheme was successfully implemented and is now fully operational for the four countries it was initially envisaged for: Australian, Canadian, Japanese and U.S. citizens now have the option to apply electronically for a tourist visa to travel to Brazil. This is part of a joint effort by the Brazilian government to increase the number of travelers to the country. IATA acted as an adviser to the local authorities, guaranteeing that industry standards were taken in consideration, as well as helping disseminate the novelty with the airlines headquarters. Up to the third week of February a total of 20,182 e-Visas were issued, with increases of up to 80% when compared to the same period in 2017. On a daily basis some 1,000 e-Visas are issued. For more information, please contact IATA's Director of Airport, Passenger, Cargo & Security for the Americas, [Filipe Reis](#).

ST. LUCIA: OPPOSING PROPOSED CHARGE INCREASES

St. Lucia government announced towards the end of last year increases on their charges, specifically the departure tax that went from \$25 to \$53 (initially proposed at \$63) for those traveling outside the French Caribbean and CARICOM region; as well as the re-introduction of the Airport Development Charge (ADC) from \$0 to \$35 per passenger. This decision increased the cost of flying to St. Lucia by \$63 per passenger. IATA opposed these increases by engaging the local airport CEO and sending a formal note to the Prime Minister expressing our concerns. Moreover, the Prime Minister publicly announced that the ADC will be used towards constructing a cruise ship terminal and to repair roads. IATA has requested a meeting with the Prime Minister which will take place in mid-March to further discuss the negative impact this measure can have, not only to St. Lucia, but to the entire Caribbean region. For more information, please contact IATA's Area Manager for the Caribbean, [Annaleen Lord](#).

ICAO: CORSIA WORKSHOPS ACROSS AMERICAS REGION

IATA, in partnership with ALTA, continues to hold educational sessions on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) aimed at airlines and States in the LATAM Region. The objective is to stress the roles and responsibilities that carriers and regulators will have in ensuring the LATAM region's readiness for the Monitoring, Reporting and Verification (MRV) requirements that go into effect on 01 January, 2019. IATA and ALTA have held educational sessions in Miami, Argentina, Colombia, El Salvador and Ecuador. A similar session is scheduled to take place in Guatemala in late June 2018. Also, on March 5, IATA submitted comments to ICAO on its proposed draft for Standards and Recommended Practices (SARPs) that ICAO is expected to adopt in its upcoming June session. For more details, please contact IATA's Senior Manager, Aviation Environment, [Michel Adam](#).

IATA: 2017 SAFETY REPORT SHOWS LATAM/CAR IMPROVEMENTS

IATA has released its data for the [2017 safety performance](#) of the airline industry showing continued strong improvements in safety. The global accident rate (measured in accidents per 1 million flights) was 1.08, an improvement over the all accident rate of 1.68 in 2016 and the average rate of 2.01 for the previous 5-year period (2012-2016). During 2017, there was a total of 45 accidents worldwide, of which six incurred fatalities. In the LATAM/CAR Region, IATA member airlines did not suffer any accidents during 2017. The six accidents that occurred in our region were with non-IATA and non-IOSA airlines. The region achieved a rate of zero fatalities in comparison to the 0.09 worldwide rate. However, the overall accident rate for LATAM CAR was 1.88 (2.80 in 2016) compared to the 1.08 global industry rate. While the safety performance in our region is improving, IATA continues to prioritize and push the safety agenda with regulators, airports, air navigation providers and airlines. Our goal is to improve the safety numbers in LATAM/CAR by 50% (compared to 2010) by 2020. For more details, please contact IATA's Director for Safety & Flight Operations for the Americas, [Carlos Cirilo](#).

IATA: PCI DSS COMPLIANCE REQUIREMENT FOR ACCREDITED TRAVEL AGENTS

Payment Card Industry Data Security Standards (PCI DSS) is a global data security standard to protect confidential payment card information against theft. Airlines have demanded that IATA support their own internal compliance project by making the BSP card sales channel PCI DSS compliant. Therefore, IATA Accredited Travel Agents now need to become PCI DSS compliant. The effectiveness of the new requirement is now in place and IATA has been working with travel agents and agency associations over the past 12 months. Until the end of June, IATA will collect compliance documentation from IATA Accredited Agents and will inform the airlines of those agents that do not comply with the new requirement. For more information, please contact IATA's Director, Financial & Distribution Services for the Americas, [Alicia Lines](#).

SUMMARY OF IATA AND ALTA FRAUD PREVENTION GROUP MEETING

The Annual IATA & ALTA Regional Fraud Prevention Group Meeting took place on January 31 and February 1 with 12 airlines in attendance as well as Visa and Master Card. The interactive discussions focused on improving alignment between HQ and local reps on risk management coordination, the development of local fraud prevention guidelines, organizing educational workshops, increasing sales monitoring to more markets and including both cash/credit card sales. The group agreed to develop a Regional Delivery Plan to further fight fraud across the Americas by engaging banks and local police authorities across the region. For more information, please contact IATA's Director, Financial & Distribution Services for the Americas, [Alicia Lines](#).



STATE OF THE REGION: THE AMERICAS

FEBRUARY 2018

Economy

GDP growth, selected countries

%change on a yr ago	2016	2017Q2	2017Q3	2017Q4
United States	1.5	2.2	2.3	2.5
Brazil	-3.5	0.4	1.4	--
Mexico	2.7	3.1	1.6	--
Canada	1.4	3.6	3.0	--
Argentina	-2.2	2.9	4.2	--
Colombia	2.0	1.7	2.3	1.6
Chile	1.5	1.4	2.2	--
Peru	4.0	2.4	2.5	--
World*	2.4	2.9	3.2	3.2

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2017	Nov-17	Dec-17	Jan-18
US\$ broad index	120.0	120.3	120.0	117.2
Brazilian real (BRL)	3.31	3.27	3.31	3.18
Mexican peso (MXN)	19.66	18.61	19.66	18.62
Argentine peso (ARS)	18.62	17.31	18.62	19.64
Colombian peso (COP)	2985	3016	2985	2831
Chilean peso (CLP)	615	649	615	601

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel (period ave.)	2017	Nov-17	Dec-17	Jan-18
Crude oil (Brent)	54.2	62.7	64.4	69.1
Jet fuel	65.6	73.9	76.3	82.0

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

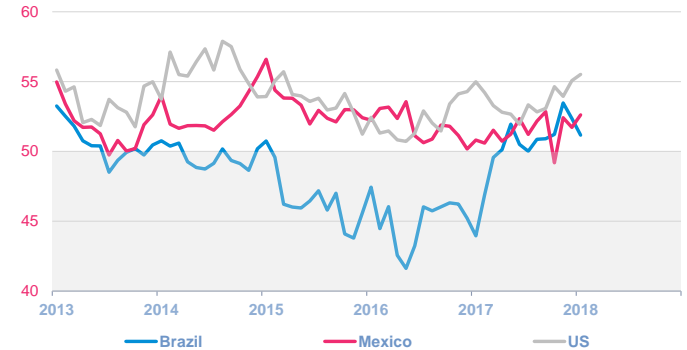
%change on a yr ago	2017	Oct-17	Nov-17	Dec-17
Region (registration basis)				
N America	4.2	4.7	5.5	4.0
Latin America	7.0	5.4	5.7	5.4
World	7.6	7.2	8.2	6.2
Routes (segment basis)				
US domestic	3.8	5.2	4.9	3.9
Brazil domestic	3.5	8.0	5.8	5.4
Nth America-Europe	4.1	1.9	2.7	0.4
Nth America-Asia	4.9	4.2	5.4	3.3
Nth-Sth America	0.9	0.6	2.8	1.6
Sth America-Europe	6.0	3.4	8.3	8.8
Within Sth America	8.4	3.5	4.7	6.5

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

- Industry-wide RPKs grew by 7.6% in 2017; another year of above-trend passenger growth, well ahead of the 10yr average pace of 5.5%. Growth was supported by a broad-based lift in global economic conditions as well as stimulus from lower airfares (mainly earlier in the year).
- At the regional level, RPKs increased by 7.0% for Latin American carriers, broadly in line with the industry figure, but a more modest 4.2% for the North American carriers.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



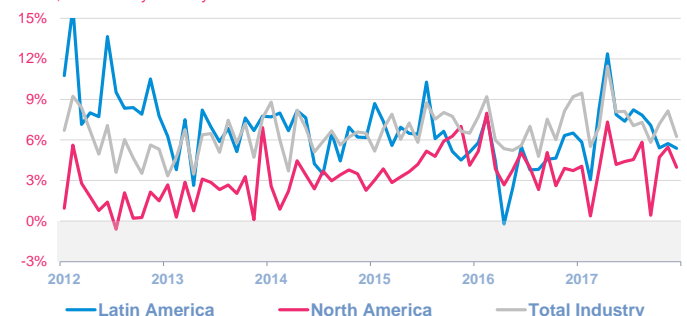
Source: Markit

- Business confidence moved higher this month in both the US & Mexico, but dipped again in Brazil where output slowed & new export orders contracted for the first time in 3mths.
- On a trade-weighted basis, the US\$ eased again in Jan, down 2.3% in the month. The MXN & COP both gained ~5% vs the US\$, with the BRL up 4%. The ARS, however, fell by ~5.5% in Jan following the central bank interest rate cut.
- Brent crude oil prices reached a 3yr high in Jan, supported by OPEC-led production cuts and a weaker US dollar. Oil & jet fuel prices both rose by ~7.5% in the month, to around US\$70 & US\$80 respectively.

- Having fallen by 5.5% in 2016, domestic Brazil RPKs returned to growth last year, up 3.5%, in line with the economic recovery & despite a 4.5% reduction in the number of airport pairs. The key US domestic market posted growth of 3.8% in 2017, down from 4.6% in 2016.
- Of the key international markets for the region, RPKs for NthAm-Asia increased by ~5%, with NthAm-Europe up a solid ~4% for the year as a whole. The smaller Within Sth America market was the overall strongest performer with pax volumes up 8.4% in 2017.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2017	Oct-17	Nov-17	Dec-17
Region (registration basis)				
Nth America	7.9	7.0	8.8	5.4
Latin America	5.7	4.8	6.4	4.9
World	9.0	5.4	8.2	5.7
Routes (segment basis)				
Nth America-Asia	8.7	3.5	8.0	6.0
Nth America-Europe	10.2	7.5	9.4	3.2
Nth-Sth America	0.3	0.7	0.7	4.2
Sth America-Europe	7.8	7.1	11.6	13.3
Within Sth America	2.4	-2.9	-4.8	-6.8

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

→ Industry-wide FTKs grew by 9.0% in 2017, up from 3.6% in 2016 & the strongest annual result since 2010. Air freight outperformed global goods trade by the widest margin since 2010, driven by the inventory restocking cycle & buoyant demand for manufactured exports.

→ At the regional level, FTKs grew more slowly than the global aggregate, at 7.9% for the Nth American airlines & 5.7% for the Lat.Am carriers.

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: %of ASK/AFTK		2017	Oct-17	Nov-17	Dec-17
Passenger					
Nth America	ASK	4.1	5.1	4.7	4.2
	PLF	83.6	83.4	83.5	82.7
Latin America	ASK	5.5	3.4	4.6	5.0
	PLF	81.8	82.7	82.3	81.5
World	ASK	6.3	6.0	6.3	5.8
	PLF	81.4	80.9	80.3	80.7
Freight					
Nth America	AFTK	1.6	3.5	3.7	2.2
	FLF	36.5	38.1	40.1	37.1
Latin America	AFTK	3.1	0.2	4.6	11.6
	FLF	34.2	38.2	37.8	34.8
World	AFTK	3.0	2.7	4.2	3.3
	FLF	45.5	47.1	48.7	46.8

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

→ The industry-wide pax load factor increased by 0.9% in 2017, taking it to a record calendar-year high of 81.4%. Even so, the PLF for both NthAm & Lat.Am carriers was higher, at 83.6% & 81.8%, respectively.

→ With air freight demand growing 3x faster than capacity in 2017, the freight load factor for the industry increased by a sizeable 2.5pp in 2017. The FLF performance of the region's carriers underperformed the industry by ~10pp.

Airline operating (EBIT) margins*

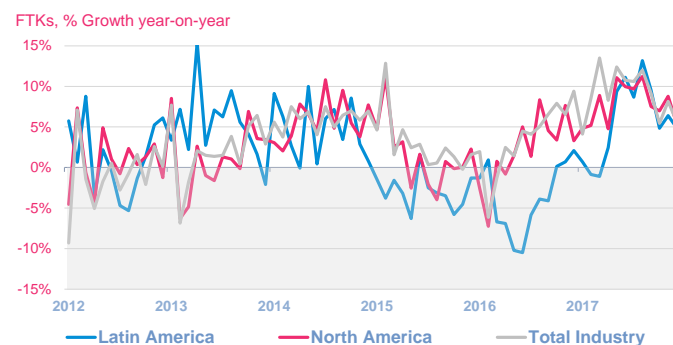
%revenues	2015	2016	2016Q4	2017Q4
Nth America	14.8	13.2	11.1	10.6
Latin America	1.5	4.2	--	--
Industry	8.5	8.8	10.9	10.7

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

→ That said, the performance of the Lat.Am carriers in 2017 represents a turnaround in fortunes after two consecutive years of decline in international FTKs.

→ Europe was a key market for both Nth & Lat.Am carriers last year, with FTKs growing by 10.2% & 7.8%, respectively. In contrast, the Nth-Sth America and Within Sth America markets showed more modest growth, of 0.3% & 2.4%, respectively.

Growth in air freight volumes



Source: IATA Statistics

→ The initial financial data for Q4 show a slight moderation in the EBIT margin outcome for the NthAm airlines vs a year ago; down 0.5pp to 10.6% & in line with the industry average. No data were available for the Lat.Am airlines at the time of writing.

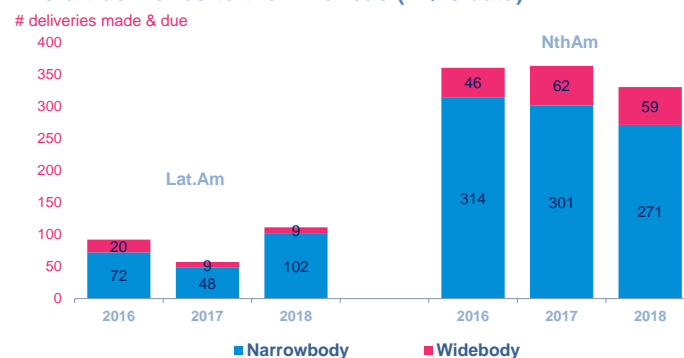
→ Industry-wide passenger yields remain broadly unchanged compared with a year ago. For the region's key markets, most yields have risen over the past year, notably SthAm-Europe (up ~15%yoy). The main exception is the NthAm-Asia market where yields are still down 3.6% vs a year ago.

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

%change on a yr ago	2016	Oct-17	Nov-17	Dec-17
Nth America-Europe	-8.5	6.3	5.6	6.2
Nth America-Asia	-7.3	-3.4	-2.9	-3.6
Nth-Sth America	-17.5	10.4	12.2	9.3
Sth America-Europe	-17.2	16.3	14.0	14.8
Sth America-Asia	-9.2	-0.3	-4.0	3.7
Within Sth America	-13.4	1.2	2.7	3.4

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

Aircraft deliveries to the Americas (1Q18 data)



Source: Ascend