



Opening/welcome

- Ladies and Gentlemen. Welcome.
- It gives me great pleasure to welcome you here in person to our regional update for the Americas region
- I know many of you followed our virtual sessions over the past 18 months and for those joining us remotely today, a special welcome.
- While the Americas is a very diverse continent from North to South, COVID-19 has left a trail of human and economic devastation from Alaska to Tierra del Fuego.
- This is especially the case for Latin America - one of the last areas of the globe to have been hit by pandemic

Where do we stand today?



Taking stock

- So where do we stand today, some one and a half years after air traffic across the globe essentially ground to a halt.
- We are seeing the progressive lifting of travel restrictions across the continent – more recently countries with some of the toughest border measures like Argentina, Canada and Chile – have either reopened their borders to international visitors or have put forward plans to do so.
- Also, the US has announced the opening of its borders to all vaccinated foreigners as of November, eliminating the current 212f restriction.
- Yes, we are on a good path forward and expect the entire continent to be open for business as of November. Nevertheless, the road to full recovery is still a long one and we will no doubt be faced with many unexpected hurdles on our way.

Losses Reduced but Challenges Continue

NET PROFITS / LOSSES (\$ BILLIONS)

	2021		2022
North America	-\$5.5 billion	➔	\$9.9 billion
Latin America	-\$5.6 billion	➔	-\$3.7 billion

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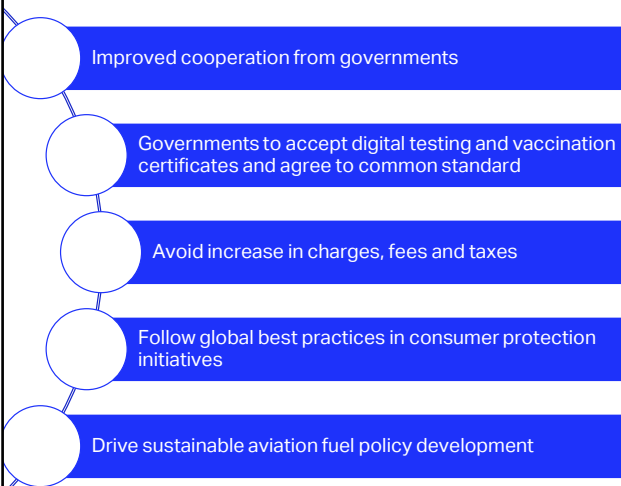
5 October 2021



Figures

- North American carriers are expected to outperform other regions on the back of fast recovery of the US domestic market.
- The US industry started to turn cash-positive in the second quarter of 2021 and will be the only region in positive financial territory in 2022 with an expected \$9.9 billion profit.
- Latin American carriers will see losses cut from \$5.6 billion this year to \$3.7 billion in 2022.
- The strength of the US-Latin American market will be a major contributing factor to improvement.
- Significant restructuring costs as the regions carriers adjust to the new business realities will weigh on financial performance, keeping the region in a collective loss.


Critical issues to address



- Improved cooperation from governments
- Governments to accept digital testing and vaccination certificates and agree to common standard
- Avoid increase in charges, fees and taxes
- Follow global best practices in consumer protection initiatives
- Drive sustainable aviation fuel policy development

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5 October 2021



IATA

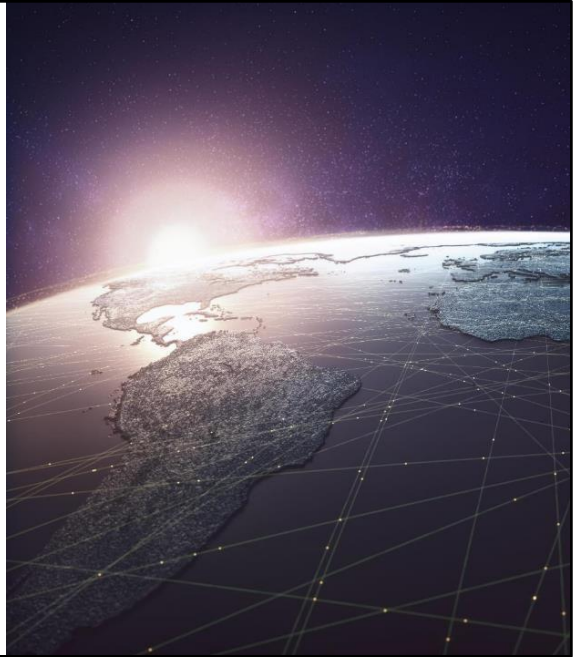
Slide 4: Next steps...

- While common threads across the region are maybe not that obvious, there are some issues which hold true from North to South as we see traffic picking up once again.
- First, we need improved cooperation from governments, especially related to managing border controls.
 - We understand that governments' primary focus is dealing with this public health crisis.
 - Nevertheless, we have now lived through 18 months of constantly changing restrictions, often imposed at short notice and with no consultation.
 - And in most cases, it is then left to the airlines to ensure that passengers comply with often complex rules and regulations.
 - We are no longer in 2020 and with vaccination levels on the rise, governments should be in a position to provide timely and clear guidance – based on scientific evidence
 - But this is unfortunately still not always the case.
 - A case in point is the recent announcement by the US government that as of sometime in November only vaccinated international travelers would be allowed to enter the country. While this is the right way forward in replacing the current 212f restrictions, the lack of further details is hampering operational planning for the airlines and

passenger confidence.

- And further South, while having one of the most successful vaccination campaigns in the region, Chile continues to mandate quarantine on top of vaccination and a negative PCR test to enter the country which simply kills demand and will not stimulate the restart of international travel to the country.
- Second, we need governments to accept digital testing and vaccination certificates and agree to a common standard as border restrictions are being lifted.
 - If both airline customer service agents and immigration officers need to be manually checking and validating paper documents, this will massively increase passenger processing times.
 - We welcome the move by Panama to base their digital COVID certificate system on the EU standard, ensuring interoperability on an international level.
- Third, is the issue of increases in charges, fees and taxes imposed by the various players along the value chain – such as airports, air navigation service providers or indeed governments.
 - Now is not the time to unilaterally begin to try and claw back financial losses brought about by the pandemic – we need a joint effort to rebuild the value chain and airlines cannot shoulder this burden on their own.
- Forth, new consumer protection initiatives are also a development which we are watching with some concern. We are not against consumer protection per se, but we need to respect global best practices and standards. Some of the proposed legislations especially in Latin America will ultimately lead to higher fares and less choice.
- Fifth, sustainability is a key element of building back the industry from the pandemic. While the industry has already made great progress on this front, governments and other players in the value chain need to start playing their part, creating a framework in which for example the production and distribution of sustainable aviation fuels can be supported.
- Before taking your questions, please allow me to give you some snapshots of the current situation in the various markets, going from North to South.

Country Updates



Before taking your questions, please allow me to give you some snapshots of the current situation in the various markets, going from North to South.



Canada

- Canada had some of the toughest border restrictions during the pandemic.
- Since September the country has been welcoming vaccinated international visitors once again.
- Acceptance of vaccines yet to be approved by Health Canada.



Canada:

- Canada had some of the toughest border restrictions during the pandemic –international travel was essentially halted from March 2020 – August 2021
- Since September the country has been welcoming vaccinated international visitors once again.
- While we applaud this move, a solution leading to the acceptance of more than just those vaccines approved by Health Canada must be found along with an option for those who cannot get vaccinated – like for medical reasons or children.
- On the charges side the proposed increases by air navigation service provider NAVCAN will adversely affect the industry just at a time where traffic is recovering.



United States

- The US market has recovered well on the domestic front.
- Vaccinated US citizens drive international recovery.
- Government's decision to re-open country to vaccinated foreigners. Airlines urgently require implementation details.
- Push NextGen forward.



USA

- The US market has recovered well on the domestic front and with US citizens being welcomed back in many parts of the world, international traffic has also regained momentum.
- The planned lifting of restrictions from the so called 212f countries will certainly increase demand.
- However, the government needs to urgently provide details on how the vaccine mandate for entering the country is intended to work and above all, which vaccines will be accepted.
- Airlines need to know so they can plan their schedules and implement any operations changes required and passengers want to know so they can book.
- Due to the formula used to calculate charges for foreign airlines operating at US airports, airlines are facing increases despite the reduction flights. Boston, Los Angeles and San Francisco are cases in point.
- While progress has been made on airspace modernization, we need to continue to push forward with NextGen



Mexico

- Never closed its borders during the pandemic.
- Domestic travel has already recovered.
- Critical that the government continues to engage with the industry on planned 3-airports system for Mexico City



Mexico

- Mexico is one of the few markets in the region that never closed during the entire pandemic.
- Domestic travel has already recovered to pre-COVID-19 levels and international traffic is also showing a positive trend.
- On the infrastructure side the conversion of the former St. Lucia airbase into the 3rd civilian airport for the Mexico City metropolitan area is progressing.
- While this will bring badly needed extra capacity, we need to ensure that airlines are free to decide which of the 3 airports they want to serve, solely based on their commercial and operational requirements.
- IATA is also supporting the efforts by the Mexican regulator AFAC to regain FAA category 1, which would aid in expanding international traffic between the US and Mexico.



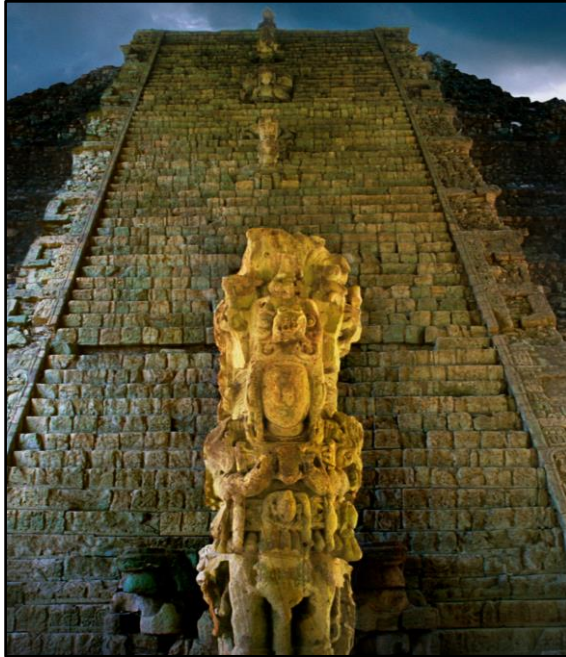
Caribbean

- One of the first regions to reopen in the second half of 2020.
- Taxes and charges: Industry is once again used by governments as a "cash-cow".
- Unnecessary infrastructure projects need to be avoided.



Caribbean

- The Caribbean was one of the first regions to reopen in the second half of 2020, although some countries just recently lifted entry restrictions.
- This allowed for tourism to slowly return while observing the various COVID-19 protocols.
- While overall this region is a good path forward, increases in charges, taxes and fees need to be avoided as to not dampen demand.
- Just a few examples from the region:
 - In the Dominican Republic there are plans to increase airport services fee 6.3%
 - In Suriname the government recently announced an increase in sales tax from 8 to 12% and a further increase of the current \$35 airport facility fee also seems to be on the card.
- Also, unnecessary infrastructure projects – like the proposed airport in Bavaro in the Dominican Republic – need to be avoided
- Yes, we need new infrastructure where it makes sense, but in this case the new airport would only cannibalize traffic from the already existing Punta Cuna airport.



Central America

- Markets relying heavily on tourism first to reopen their borders through testing.
- New Palmerola Airport serving Tegucigalpa in Honduras is set to open later this year.
- IATA Aviation Day Honduras:
October 14, 2021

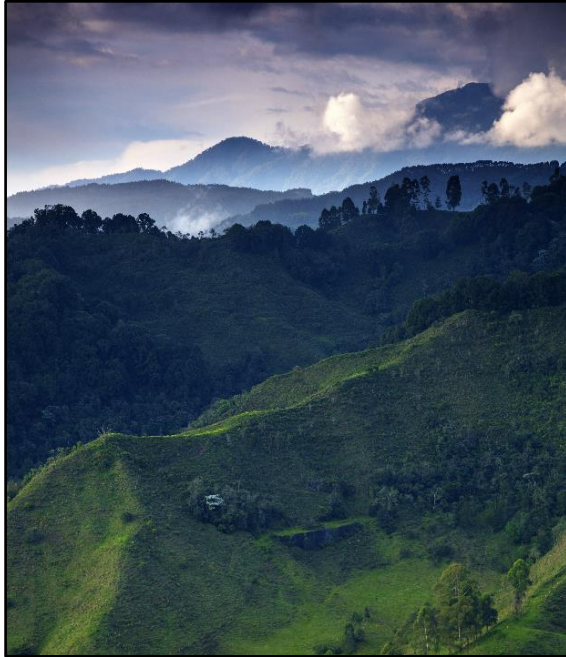


Central America

- In a similar development to the Caribbean, we saw that those markets relying heavily on tourism being first to reopen their borders and use testing as a means of controlling the pandemic.

While traffic has shown good signs of recovery, planned increases in fees and charges – like in Costa Rica or El Salvador, will again be counterproductive.

- On the infrastructure side the new Palmerola Airport serving Tegucigalpa in Honduras is set to open later this year. This will provide the opportunity for airlines to increase service to the country.



Colombia

- Underwent a gradual reopening after passing through the peak of the pandemic.
- Operational delays at Bogota's El Dorado Airport must be resolved to offer reliable service to passengers.
- Congress needs to be a strategic partner of the industry.



Colombia

- Colombia underwent a gradual reopening after passing through the peak of the pandemic.
- Domestic traffic has rebounded to just under pre-pandemic levels and international traffic is showing very promising signs of recovery.
- Operationally we are facing issues at Bogota airport due to the implementation of ground delay programs nearly on daily basis and ATC inefficiencies. While the reasons for these are manifold, the responsible authorities need to start implementing measures to alleviate this.
- As an industry we have made a variety of short- and medium-term proposals to improve the current situation, however we are still awaiting implementation.
- Solutions must urgently be implemented as the delays are preventing airlines from offering a reliable service to customers and damaging Bogota's position as a regional hub airport
- Legislative initiatives on various consumer protection bills continue to be discussed in congress. Proposed penalties for flight delays would in most cases force airlines to compensate passengers for delays which were outside of their control – like the current operational issues at Bogota airport.
- Congress needs to be a strategic partner of the industry to ensure that aviation can provide its economic contribution to rebuilding the country, rather than treat us as an adversary.



Ecuador

- One of the first countries to reopen its borders to international traffic.
- Recent changes to the foreign exchange tax regime will stimulate international connectivity.



Ecuador

- Ecuador was one of the first countries to reopen its borders to international traffic which help an early recovery of traffic to the country.
- Recent changes to the foreign exchange tax regime should also be providing a stimulus for international traffic to/from the country.
- Ecuador has a golden opportunity to promote tourism and business by reducing taxation.



Peru

- Progressively re-opened.
- Increase of 5 flights per hour at Lima airport for the upcoming northern hemisphere season.
- Lima airport expansion must be carried out to accommodate future traffic growth.



Peru

- Peru closed its borders to international traffic for nearly all of 2020 but has progressively re-opened.
- For a long time, sanitary protocols which went over and above international standards – such as face shields or travel documentation which needed to be approved by Peruvian diplomatic missions, hampered the recovery of international traffic.
- Lima Airport is currently experiencing capacity issues related to COVID-19 protocols, which are causing delays and operational restrictions.
- Hence, we welcome the decision by the authorities to grant an increase of 5 flights per hour for the upcoming northern hemisphere season.
- In the longer term, the already delayed expansion of Lima airport must be carried out, as otherwise future additional traffic cannot be accommodated. This needs to be one of the top priorities of the new government.



Brazil

- Accept antigen tests as alternative to PCR.
- Reduce taxation.
- Revise jet fuel pricing policy.
- Open consultation for airport concession contracts.



Brazil

- Similar to Mexico, Brazil never fully closed its borders, and its large domestic market was one the first to rebound.
- At present however, arrivals from India, South Africa and UK are still prohibited.
- Also, all passengers entering or even transiting through Brazil must have a negative PCR test.
- In line with its global advocacy efforts, IATA is asking for the acceptance of antigen tests an alternative to PCR.
- During the crisis, the Government did not provide any direct financial relief and airlines continue to face heavy taxes in the country, such as a 15% withholding tax on aircraft leases which is simply unacceptable as the industry tries to recover and regrow its connectivity.
- The Government and industry suppliers must see airlines as key partners and reduce costs where possible.
- The country's current jet fuel pricing policy adds \$255 million cost per year for airlines and must be revised to Jet A Fuel. And the adoption of an open and fair access to fuel infrastructure could result in further cost savings and efficiencies.
- Lastly, we advocate for open consultation on airport concession contracts which will be key for our member airlines to grow sustainably to bring more connectivity to Brazil and its vast population.



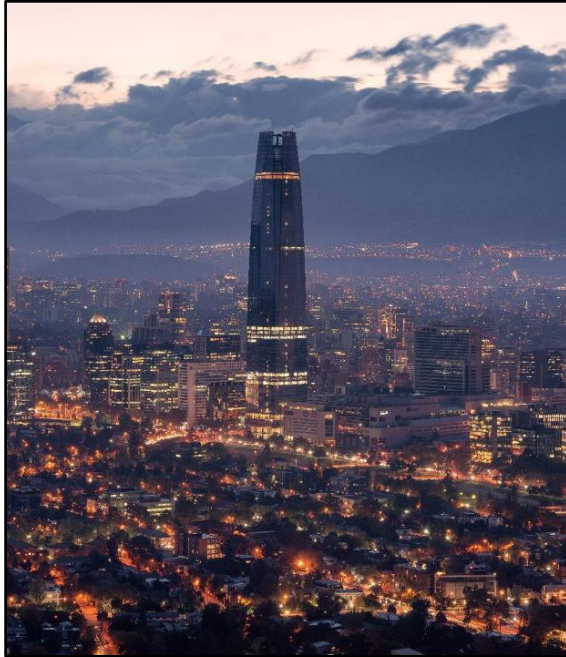
Argentina

- Argentina had some of the strictest and longest border restrictions in the region.
- Government announced gradually lifting of daily cap on international arrivals
- Full border opening for fully vaccinated foreigners as November.



Argentina

- Argentina had some of the strictest and longest border restrictions in the region. Not only were foreigners barred from entering the country, the number of daily international arrivals has also been capped.
- However, there is now light at the end of this very long tunnel.
- During the month of October will gradually increase to 4,000 daily arriving passengers – up from the current 2,300.
- Once the country reaches the 50% vaccination threshold, the daily cap will be removed along with the antigen test on arrival.
- Progressively the border will be reopened beginning with arrivals from neighboring countries followed by all other countries.
- We would like to thank the government for finally taking steps that will help the industry to recover, being able to take advantage of the upcoming southern hemisphere summer season.
- One item that will however hamper the recovery is the continued high taxation in the country.
- Since 2020, tickets issued in Argentinian Pesos carry the heavy burden of 2 taxes (30% + 35%).
- Since February 2021, the Airport Passenger international fee was increased from \$ 51 to \$ 57.



Chile

- Critical to lift mandatory quarantine requirements which hampers international travel.
- We urge the Government to:
 - Lift mandatory quarantine to enter the country.
 - Provide alternatives for unvaccinated travelers, including minors.
 - Eliminate the PCR test requirement for vaccinated travelers.
 - Allow connections from international to domestic flights; and
 - Streamline and expedite the validation process of international vaccination certificates.



Chile

- Chile has also had very strict border restrictions in place which only allow citizens and residents to enter the country, coupled with strict quarantine rules, even for vaccinated travelers.
- Even though vaccinated foreigners have been able to enter the country since 1 October, the 5-day quarantine rule will do little to stimulate traffic.
- It is essential that the government review the quarantine rules for vaccinated travelers.
- On the regulatory front, several initiatives are currently being debated in congress pertaining to consumer protection. These would drive up costs and not necessarily provide improved consumer protection.

Urgent need to make air transport more competitive in the Americas



Conditions of 2019 are unacceptable

INFRASTRUCTURE



- Capacity Constraints
- Airspace Optimization
- Slots
- **Invest in Aging Infrastructure**

COMPETITIVENESS



- Cash Cow Industry
- Taxes & Charges
- Lack of Transparency
- **Need to Decrease Taxes**

REGULATORY FRAMEWORK



- Politically Motivated
- Passenger Rights
- Harmonized Policies
- **Follow Global Best Practices**

ENVIRONMENTAL SUSTAINABILITY



- Lead Policy Development for Sustainable Aviation Fuels (SAFs) and fuel R&D
- **Invest in new technologies**



Summary

- Overall, we can conclude that across the Americas we have seen the worst of this crisis.
- However, we are not out of the woods yet and we must avoid the return to draconian travel restrictions as and when COVID-19 cases flare up again.
- Governments now have the tools at their disposal to control the spread of the virus – the best one being vaccinations.
- Aviation will be critical to restoring livelihoods across the region.
- After all, before COVID-19 aviation contributed US\$ 1.287 trillion (1.1 trillion North America and .187 trillion Latin America) to the continent's GDP and supported 16.4 million jobs (8.8 North America + 7.6 Latin America).
- To achieve this, we cannot go back to a pre-2019 environment when the industry was faced with high operating costs, infrastructure constraints and a regulatory framework often not in line with international best practices.

IATA
ANNUAL
GENERAL
MEETING



77th AGM and World Air Transport Summit
Boston USA 3–5 October 2021

Questions?

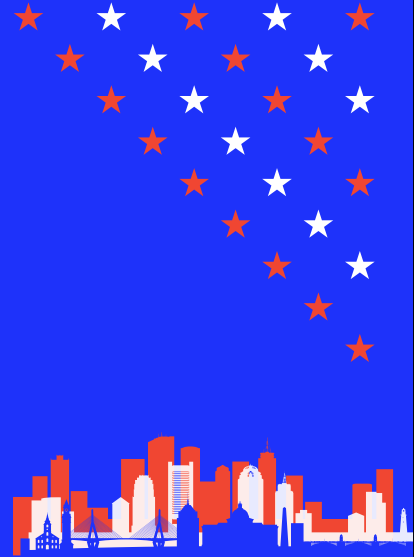
Peter Cerdá

Regional Vice President, The Americas



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Q&A

- With that, I will now gladly take your questions.