



Dear Industry Colleagues,

The year continues with challenges in various areas. Oil prices rose to their highest level since late-2014 in April and the Brent crude oil price is currently around 50% higher than a year ago, driven by tighter market supply and geo-political tensions which could intensify further over the next months. This will certainly impact our members' operating expenses and we need to be even more proactive in our advocacy efforts to avoid any unjust taxes and charges that would further negatively impact our members' bottom line. We need to ensure our industry is treated fairly so that airlines can focus on providing the best possible passenger experience while serving as an engine of economic growth and social development.

One area of opportunity to better serve our customers is the shopping experience. IATA's New Distribution Capability (NDC) will enable the travel industry to transform the way air products are retailed to leisure and business travelers by enabling product differentiation, time-to-market offering, access to full and rich air content and an overall transparent shopping experience. We also continue pushing forward with the transformation of our Agency Program with the implementation of NewGen ISS, already a reality in Canada and targeting Panama, Honduras, Costa Rica, El Salvador and Mexico before the end of the year. This will enable new forms of payment and more robust settlement and improved risk management services for carriers in the Americas. Unfortunately, there continue to be misperceptions about [NDC](#), [NewGen ISS](#) and [Transparency in Payments \(TIP\)](#) across the Americas region, especially within the travel agency community. To clarify and address these concerns, IATA will

continue to work 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.

I am also pleased to share that we are working closely with the Chilean Government on the review of the Santiago Airport Concession contracts. As a follow up to our meeting with President Piñera, he has authorized a review of the concession contract and would like IATA to lead this exercise. We have already met with Minister Hutt on the details and IATA is now working on the proposal.

I look forward to catching up with some of you in person at IATA's upcoming [Annual General Meeting](#) and World Air Transport Summit in Sydney from June 3-5. We have completely revamped our program with a more dynamic mix of interviews, videos, keynote presentations and discussion panels, besides the usual adoption of resolutions and other governance matters. Thank you for making the long trip and representing our region in front of this global audience.

As usual, please find our key activities of April below and please let me know if you have any questions or require further information.

With kind regards,

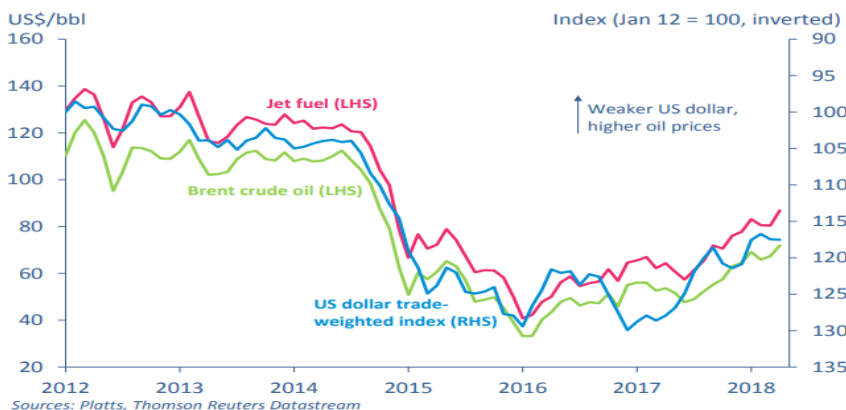


Peter Cerdá, IATA's Regional Vice President, The Americas



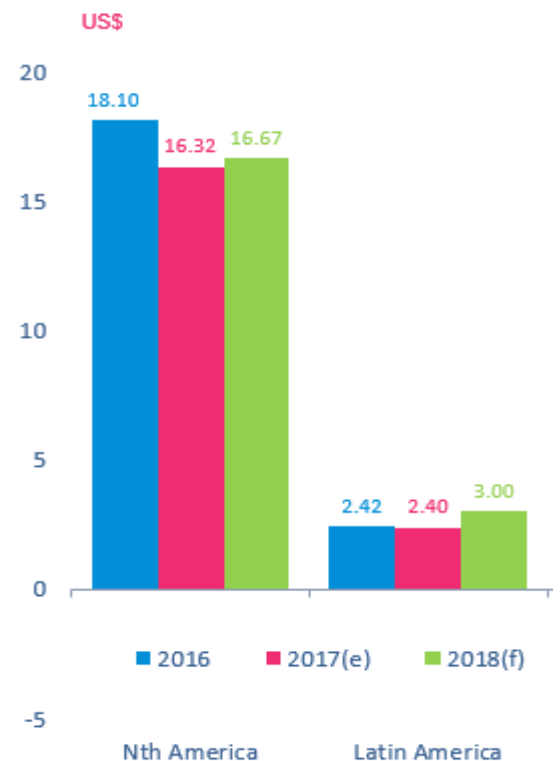
Fuel costs

Oil prices have continued to trend higher, currently around 50% higher than a year ago



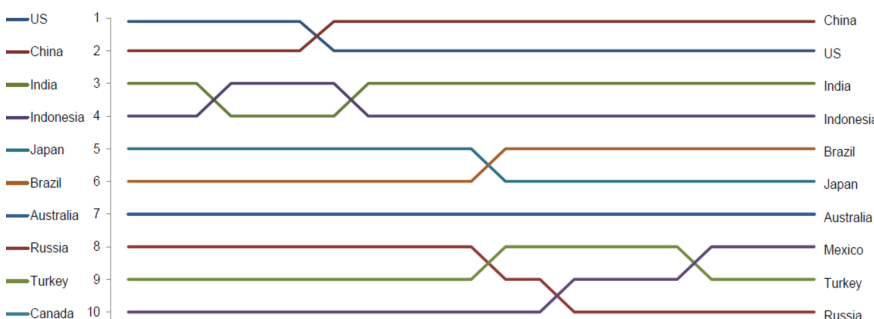
Per Passenger Profit

Shows wide regional variation



Top domestic markets, ranked by passenger numbers, 2017-2037

Brazil & Mexico back in top ten domestic market forecast





ARGENTINA: JUDICIAL DECISION REGARDING COMMISSIONS TO TRAVEL AGENCIES

An Argentinian Court of Law has ruled against a major carrier and required it to pay retroactively commissions to travel agents. In June 2017, several operators eliminated commissions paid to travel agents in Argentina and the local Federation of Travel & Tourism Agencies (FAEVYT) filed suit against one of the carriers. The decision of the National Chamber of Appeals sentenced the carrier based on IATA's Resolution 824. FAEVYT considers this ruling as a precedent that will result in the rest of the airlines having to resume commission payments but the decision can still be appealed by the carrier. IATA will continue to monitor and provide updates on the situation. For more information, please contact IATA's Country Manager for Argentina, [María Jose Taveira](#).



ARUBA: LOWER FEE INCREASES NEGOTIATED FOR 2030 EXPANSION PROJECT

IATA has been actively involved in consultation meetings between Aruba's Airport Authority (AAA) and airlines, with regards to its 2030 expansion project. Parties have extensively discussed and agreed on terms for both development plans and budget. Lower than initially proposed fee increases were negotiated, \$13 vs. \$15 per PAX (effective July 1, 2018). Collaboration is expected to continue throughout 2018 with the following key focus areas: 1) IATA requested that the Prime Minister approve an exemption on import goods for AAA, which would have a positive impact on the project's budget and corresponding charges; 2) IATA and airlines to support on finalizing the development plan, analyzing contractor bids, and optimizing the investment plan; and 3) consultation is expected on 3Q18 to define user charges, based on a finalized and optimal budget. For more information, please contact IATA's Country Manager for the Caribbean, [Annaleen Lord](#).



BRAZIL: UPDATE ON RESOLUTION 400

Controversy regarding Resolution 400 continues to evolve as consumer interests seek to bring the project for further analysis and a possible vote in the Plenary of Brazil's Lower Chamber of Congress. However, the Committee for Transport has not scheduled any further meetings to review the matter. A "Sub-Committee" on Airline/Aviation matters has been announced but has not been established at this time. In the interim, IATA and ABEAR continue to actively participate in meetings with the President of the Transport Committee and various Members of Congress to advocate for retaining the benefits provided by Resolution 400 (Article 13), that deregulates baggage allowances and the flexibility this provides for consumers. To date, the President of the Lower Chamber has positively acknowledged the industry's position against having the project resurface for a vote, and indicated that it might be too soon to assess the full benefits that Resolution 400 may provide and he is not eager to bring it up as an agenda item anytime in the near future. IATA will continue to closely monitor these developments. For more information, please contact IATA's Assistant Director of External Relations in Brazil, [Marcelo Pedrosa](#).



BRAZIL: PUBLIC HEARING ON IMPROVEMENTS TO AIRPORT CONCESSIONS

At the end of 2017, the Brazilian regulator ANAC called for input on possible improvements of the current regulatory framework applicable to airport concessions in Brazil and on the most suitable approach of specific issues regarding this new round of concessions, including possible network concessions. Throughout 2018, IATA has met with ANAC on several occasions and provided input including redefining the objective of concessions, promoting robust regulation, adherence to ICAO principles, improving definition of CAPEX, and promoting service level agreements. Beginning in May, this topic will undergo a public hearing process and IATA will continue to contribute the airline's position during this process. For more information, please contact IATA's Country Manager for Brazil, [Danny Oliveira](#).



CUBA: RATE OF API COMPLIANCE INCREASING

IATA participated in a meeting organized by Cuban Customs and attended by CACSA, ECASA, IACC, immigration and airlines. A presentation on IATA's Security and Facilitation initiatives was delivered, with strong emphasis on passenger data and the need to start re-thinking current processes in place while making use of the data being sent in advance to deal with the increase in traffic numbers and current state of the saturated infrastructure. The main objective of the meeting was to continue the outreach on the API mandate and provide updates of compliance by airlines operating in Cuba. IATA's message and active role throughout the past year has proven successful as the rate of compliance to date of IATA's member airlines has risen considerably to over 90%, compared to 40% a few months ago. The Cuban government has also confirmed the creation of an API Committee and its intention to work towards a single window approach, meaning airlines will very soon be only required to transmit passenger and crew data to customs, yielding cost savings to the industry. PNR implementation is not foreseen in the short term. For more information, please contact IATA's Manager for Security & Facilitation for the Americas, [Alejandro Restrepo](#).



PERU: AIR TRAFFIC MANAGEMENT ACTION PLAN

As part of IATA's Strategic Work Plan for the LIM airport expansion, Peruvian ANSP and CORPAC called the first ATM Group (ATMG) meeting. Airlines, Airport Operators, CAA, and IATA have assigned delegates for this forum that will initially meet once a month. In this first meeting, the ATMG has agreed to commission technical work teams to start reviewing three critical areas: 1) Ground Control/Apron Management, 2) Implementation of CDM/ACDM, and 3) Preparedness for LIM Second Runway as part of the new LIM Airport expansion plan. Among key operational issues to be addressed are inefficiencies in Peru's ATFM program, which is negatively impacting on-time performance in domestic flights, particularly in the LIM-CUZ corridor. For more information, please contact IATA's Country Manager for Peru, [Ramon Jimenez](#).



VENEZUELA: HYPERINFLATION LEADS TO NEW CURRENCY

The Central Bank of Venezuela has announced the replacement of its currency, the Bolívar Fuerte (VEF), for the Bolívar Soberano (VES). The new currency is expected to begin circulating on June 4, at which point three zeroes will be taken off every denomination (1 VES = 1,000 VEF) and all existing currency will lose its value. IATA has been working closely with the local BAR and the authorities in order to ensure that airline systems are in place to adapt to the change in currency. For more information, please contact IATA's Area Manager for Central America & Venezuela, [David Hernandez](#).



IATA: BAGGAGE MISHANDLING REDUCTION RESOLUTION 753 EFFECTIVE IN JUNE

Baggage mishandling costs the industry an estimated US \$2.3B annually. IATA's Resolution 753 aims at significantly reducing this cost and improving the customer experience. Miami International Airport and IATA co-hosted the second Baggage Tracking Workshop to continue supporting the implementation of Resolution 753, where more than 77 attendees including airports and ground service providers exchanged experiences on current implementations and best practices. Further activities such as webinars are scheduled for the coming weeks. Resolution 753 enters into force on June 1, 2018. For more information please contact IATA's Manager, Passenger Experience for the Americas, [Mauricio Estrello](#).





STATE OF THE REGION: THE AMERICAS

APRIL 2018

Economy

GDP growth, selected countries

%change on a yr ago	2016	2017Q2	2017Q3	2017Q4
United States	1.5	2.2	2.3	2.6
Brazil	-3.5	0.4	1.4	2.1
Mexico	2.7	3.1	1.7	1.5
Canada	1.4	3.7	3.0	2.9
Argentina	-1.8	3.0	3.8	3.9
Colombia	2.0	1.7	2.3	1.6
Chile	1.2	0.9	2.9	3.3
Peru	4.0	2.6	2.9	2.2
World*	2.5	2.9	3.2	3.2

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2017	Jan-18	Feb-18	Mar-18
US\$ broad index	120.0	117.2	117.6	118.1
Brazilian real (BRL)	3.31	3.18	3.24	3.31
Mexican peso (MXN)	19.66	18.62	18.82	18.23
Argentine peso (ARS)	18.62	19.64	20.12	20.14
Colombian peso (COP)	2985	2831	2864	2794
Chilean peso (CLP)	615	601	594	605

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel (period ave.)	2017	Jan-18	Feb-18	Mar-18
Crude oil (Brent)	54.2	69.1	65.3	66.0
Jet fuel	65.6	82.0	77.7	78.0

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

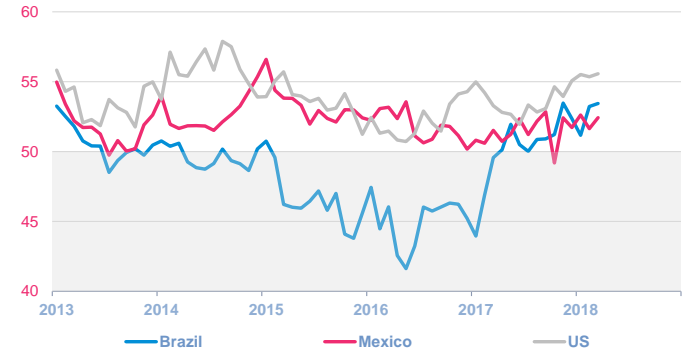
%change on a yr ago	2017	Dec-17	Jan-18	Feb-18
Region (registration basis)				
N America	4.1	3.9	3.4	6.5
Latin America	7.1	5.6	5.5	7.2
World	7.6	6.5	4.5	7.6
Routes (segment basis)				
US domestic	3.8	3.9	3.4	6.2
Brazil domestic	3.5	5.7	2.9	4.5
Nth America-Europe	4.1	0.4	0.1	1.4
Nth America-Asia	4.9	3.3	0.3	7.9
Nth-Sth America	0.9	1.7	5.1	8.8
Sth America-Europe	6.1	8.7	9.3	9.8
Within Sth America	10.5	8.8	8.1	6.3

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

- As expected, industry-wide RPKs rebounded strongly this month, following the Lunar New Year (LNY) disruption last month. Global RPKs are up 7.6%yoy in Feb, a full 3pp higher than the Jan outcome.
- A similar pattern was observed at the regional level, with RPK growth bouncing back this month, for both the North & Latin American carriers, to a robust 6.5% & 7.2%yoy respectively.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



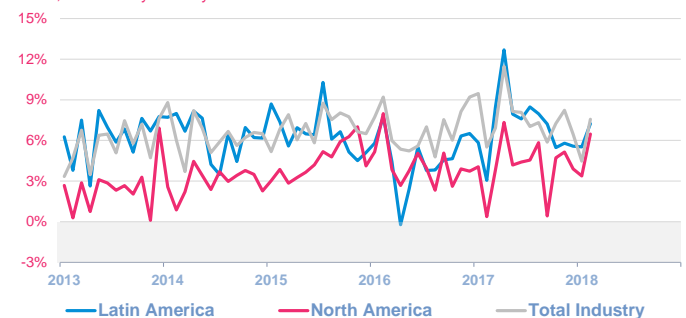
Source: Markit

- Business confidence lifted in each of our 3 key countries this month. In both Brazil & Mexico, robust demand conditions supported stronger jobs & output growth, while in the US the index rose to a 3yr high, on ongoing growth momentum & domestic policy announcements.
- On a trade-weighted basis, the US\$ rose slightly again in Mar, up 0.4%. Amongst key regional currencies, the MXN & COP both gained solidly against the US\$, up 2.5-3%mom, while the BRL & CLP both fell by ~2%.
- Brent crude oil & jet fuel prices moved modestly higher in Mar, up around 1% & 0.5%mom, respectively. Prices stepped up in the latter part of the month & into April on OPEC production cuts & renewed geopolitical concerns.

- Growth also recovered in the region's two main domestic markets – Brazil & the US – to 4.5% in the former & 6.2% in the latter. For US domestic, the current pace of growth is the highest in two years.
- With the exception of NthAm-Europe which is showing signs of recovery but is still lackluster, pax volumes on key international routes are growing strongly. SthAm-Europe is the current standout with RPK growth of 9.8%. Within SthAm growth went against the general trend this month, easing by ~2pp to a still healthy 6.3%yoy.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2017	Dec-17	Jan-18	Feb-18
Region (registration basis)				
Nth America	8.1	6.5	7.5	7.3
Latin America	5.6	4.9	8.1	8.7
World	9.0	6.2	8.5	6.8
Routes (segment basis)				
Nth America-Asia	8.7	6.2	7.8	7.8
Nth America-Europe	9.9	2.8	6.2	6.8
Nth-Sth America	0.6	2.3	9.8	14.6
Sth America-Europe	6.9	11.7	16.5	16.1
Within Sth America	3.2	-1.1	17.3	4.0

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

→ Following a bring-forward in activity in Jan ahead of LNY, industry-wide FTK growth eased somewhat in Feb, to 6.8%yoy, from 8.5%. Taking Jan & Feb together, freight volumes are up 7.7%yoy, the fastest start to a year since 2015.

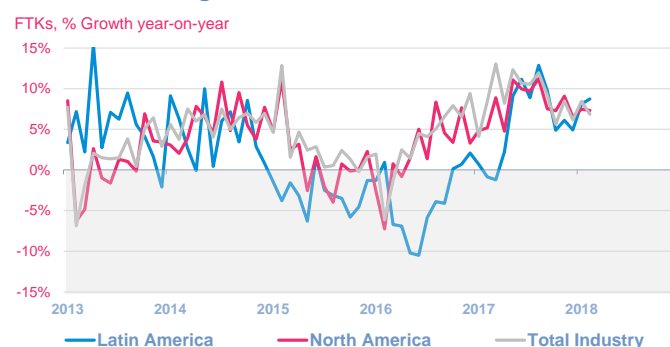
→ At the regional level, FTK growth in Feb was broadly unchanged in Nth America, at 7.3%yoy, & lifted moderately for the Lat.Am carriers, to 8.7%; both are

now growing faster than the overall industry pace.

→ Of the main international markets for the region, FTKs for both SthAm-Europe & Nth-Sth America are growing at a brisk, double-digit pace of 16.1% & 14.6%yoy respectively.

→ As noted previously, the sharp unwind in the FTK growth rate for the Within Sth America market primarily reflects volatility in the data from a year ago.

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	Dec-17	Jan-18	Feb-18
Passenger					
Nth America	ASK	4.0	4.0	4.0	5.0
	PLF	83.7	82.9	79.3	80.6
Latin America	ASK	5.7	5.2	5.1	6.1
	PLF	81.7	81.5	83.5	81.4
World	ASK	6.3	5.8	5.2	6.3
	PLF	81.5	80.9	79.6	80.4
Freight					
Nth America	AFTK	1.7	3.3	4.4	4.1
	FLF	36.5	37.0	36.2	36.7
Latin America	AFTK	3.2	11.7	5.9	6.9
	FLF	34.2	34.7	30.4	33.9
World	AFTK	3.0	4.1	4.4	5.6
	FLF	45.4	46.6	43.4	44.4

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

→ Over the past year, growth in industry-wide pax & freight capacity has lagged that of demand, with ASKs up 6.3% & AFTKs up 5.6%. The industry PLF moved back above 80% in Feb to 80.4% while the FLF also lifted, to 44.4%.

→ For both the North & Latin American carriers, the PLF is currently a little above the industry result, while the converse holds on the freight side, by a sizeable margin.

Airline operating (EBIT) margins*

%revenues	2015	2016	2016Q4	2017Q4
Nth America	14.8	13.2	10.7	10.3
Latin America	1.5	4.2	6.9	8.8
Industry	8.5	8.8	8.8	8.7

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

→ The final data for Q4 point to an industry-wide financial performance broadly on par with a year ago, with an EBIT margin of 8.6% currently. The margin for Lat.Am airlines has lifted vs last year & is now in line with the industry outcome. Despite a slight moderation for NthAm carriers since Q4 2016, the double-digit margin highlights an ongoing robust financial performance.

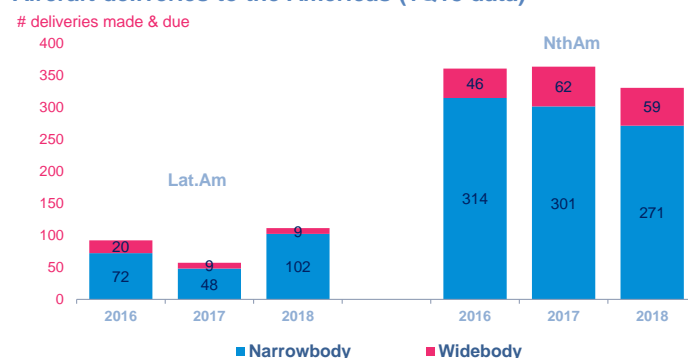
→ Passenger yields amongst the region's key markets are mixed. The Europe market is performing strongly, with double-digit yield increase over the past year. In contrast, yields are lower between NthAm & Asia.

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

%change on a yr ago	2016	Dec-17	Jan-18	Feb-18
Nth America-Europe	-8.5	6.2	8.2	12.1
Nth America-Asia	-7.3	-3.6	0.7	-1.2
Nth-Sth America	-17.5	9.3	8.3	7.5
Sth America-Europe	-17.2	14.8	15.6	12.5
Sth America-Asia	-9.2	3.7	2.8	0.9
Within Sth America	-13.4	3.4	2.1	3.1

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

Aircraft deliveries to the Americas (1Q18 data)



Source: Ascend