



Dear Industry Colleagues,

Latin America and the Caribbean remain an expensive and challenging region to do business. Unfortunately, many governments continue to view aviation as an industry of the rich and impose heavy taxes and overly restrictive regulations which result in inefficiencies and high costs, as reflected in the below comparison of the Americas to the rest of the world.

For example, in El Salvador, a bill is under discussion to allow the Civil Aviation Authority to increase its aeronautical rates to the tune of 768%. IATA, in close coordination with airlines, was granted an audience with the Transport Commission of the National Assembly to alert legislators of the impact of said increase and legislators have agreed to oppose the current bill. IATA, together with the ASLA (local association), also engaged with the [media](#) and the Government Elect to obtain support against the increase and to include aviation as part of the new government's agenda.

On a positive note, the Argentine Government, led by Minister of Transport Dietrich, continues its dialogue with the industry to create an environment where aviation can grow and contribute positively to the overall economy. The government launched an [aviation newsletter](#) to communicate directly with stakeholders interested in Argentina's aviation market.

Another good example of fruitful collaboration has been the engagement between the FAA, the Port Authority of New York & New Jersey (PANYNJ), the airline community and IATA regarding the 13L/31R runway and taxiway construction project at JFK International airport. The first 30 days of the project have passed and the FAA has been issuing daily JFK operational

summary reports that include airport throughput, holding, diversions and go-arounds. The PANYNJ is hosting weekly calls with all stakeholders to review the project's status and address any operational challenges. This effective collaboration has allowed all stakeholders to incorporate lessons learned from each disruption into the plan going forward. The project itself is currently on schedule, if not slightly ahead, and all stakeholders need to ensure that the current level of focus is maintained as convective weather impacts will increase in frequency and duration with the summer months around the corner. For more details, the [latest meeting report](#) has been uploaded to IATA's regional Americas page.

Last week, IATA's Director General and CEO traveled to Brazil where we met with various Ministers of the Bolsonaro government to address our members' most urgent concerns, including constraints of the Sao Paulo airspace, overprotective regulations and policies that significantly increase airlines' operating costs in Brazil and the high cost of fuel in the country. I will provide the full meeting summary in the next Americas Focus.

Please find IATA's most recent key activities across the region below and please let me know if you have any questions or require further details.

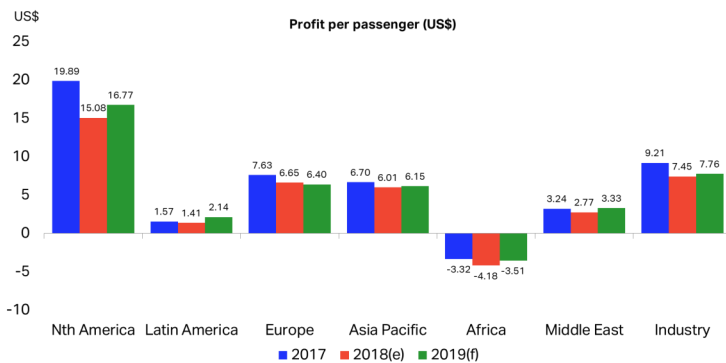
With kind regards,

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

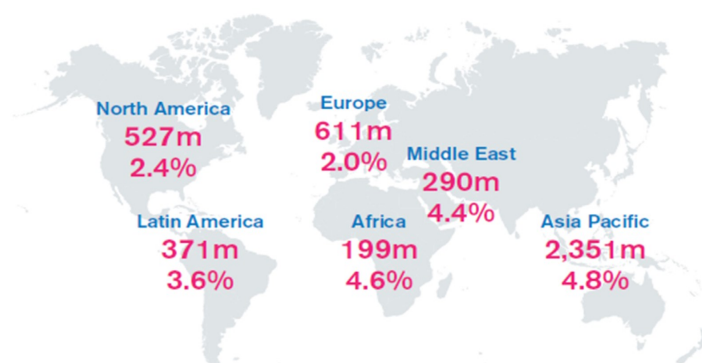


## AVIATION IN THE AMERICAS IN COMPARISON TO THE REST OF THE WORLD

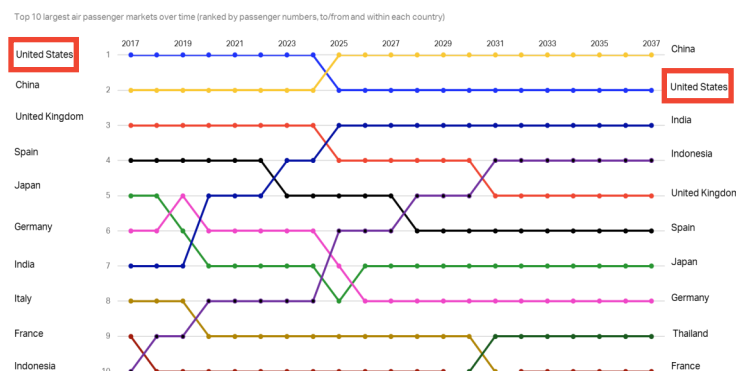
### PER PASSENGER NET PROFIT SHOWS WIDE REGIONAL VARIATION



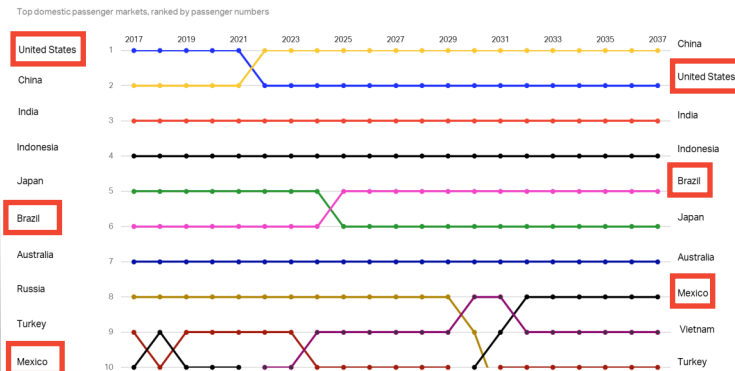
### 20 YEAR PASSENGER GROWTH OUTLOOK (2017—2037)



### TOP 10 AIR PASSENGER MARKETS 2017—2037



### TOP 10 DOMESTIC AIR PASSENGER MARKETS 2017—2037





## BRAZIL: SAO PAULO GUARULHOS AIRPORT EXPANSION PROPOSALS

Sao Paulo Guarulhos Airport (GRU) has been undergoing an expansion analysis to provide additional terminal and apron capacity. A total of 7 scenarios have been developed and evaluated. Now the shortlist containing Scenario 6, 7 and a Hybrid Scenario 6 remain for final consideration. The process leading to this final stage included consultation with the two largest airlines operating at the airport and GRU is now open to feedback from the entire airline community to review the final options. GRU is under time pressure to deliver their preferred option to the board for deliberation, with construction anticipated to start by 2020. ANAC, Brazil's Civil Aviation Authority, is also required to formally approve the plans proposed by GRU. IATA is currently engaging with both GRU and ANAC to consider all feedback received to determine the best possible decision. To support such process, IATA will conduct an airport infrastructure workshop in May with ANAC and other regulatory bodies in Brazil to highlight the benefits of a consultative approach to infrastructure development. For details, please contact IATA's Assistant Director for Airport Development [Mark Rodrigues](#).



## BRAZIL: UPDATES ON RESOLUTIONS 400 AND 280

IATA met with the Airlines Regulatory Committee and Brazil's National Civil Aviation Agency, ANAC, to discuss several initiatives on the agenda of the Government and Congress, specifically related to Resolution 400 (General Conditions of Carriage) and Resolution 280 (Passengers with Reduced Mobility). Regarding Res. 280, ANAC informed IATA about discussions within the Government to possibly modify its content and incorporate industry feedback which may occur in the next biennial. In addition, IATA, ABEAR and the Airlines Regulatory Committee proposed comments to ANAC to improve some articles of Res. 400 regarding extraterritoriality, assistance in airports in cases of flight delays and cancellations, and no-show policies. While receptive, ANAC made clear that there is no short-term intention to make any changes to Res. 400. IATA will monitor the advancements of these two initiatives in the coming months. For more details, please contact IATA's Assistant Director for External Relations, [Marcelo Pedroso](#).



## CHILE: IMPROVING OPERATIONAL EFFICIENCIES AT SCL

Recognizing the challenges at Santiago International Airport (SCL), the Chilean Ministry of Public Works (MOP) appointed a delegate to facilitate the coordination of the airport operations until the opening of Terminal 2, anticipated for late 2020. IATA was invited to be part of the stakeholder group and is working closely with the MOP delegate in reviewing critical aspects of the operation, including customs, security checkpoints, immigration and agricultural service. The aim is to decongest the current passenger flows and help maintain operational reliability during the peak hours. IATA anticipates that the implementation of a passenger data regime (API) coupled with higher adoption of technology and redesign of certain processes can alleviate current bottlenecks. Results could be expected between late 2019 and mid-2020 pending on progress by the Chilean authorities. For more information, please contact IATA's Country Manager for Chile, [Gabriela Peralta](#).



## COLOMBIA: UPDATE ON REGULATORY DEVELOPMENTS NEGATIVELY IMPACTING AVIATION

The Colombian Congress approved the "Plan Nacional de Desarrollo", containing several articles detrimental to the airline industry, such as splitting the oversight authority of air transport over multiple agencies and proposing to increase existing taxes and charges, among other items. IATA expressed its concerns to the Government, and will keep pushing for a more aligned agenda between the Government and the air transport industry. In other regulatory news, [IATA filed comments](#) as an interested party in the legal action initiated by Avianca urging for the revocation of Resolution 890 which requires airlines to grant full content access of their fare options to all indirect sales channels. A decision is expected in July. Another project of law on passenger rights is being discussed in the Congress that would increase compensation requirements for passengers and fines to airlines in case of delays and cancellations of flights, possible price controls on fares, amongst others. Although the scope of the project of law only applies to domestic flights, IATA will participate in roundtables with the Congress to discuss the articles of the proposed text and corresponding negative impact on the Colombian aviation industry. For more information, please contact IATA's Country Manager for Colombia, [Andres Uribe](#).



## GUYANA: IATA REQUESTED TO DELAY CHARGE INCREASES

At the beginning of the year, airlines operating out of Cheddi Jagan International Airport (CJIA) were informed by the Airport Authority of an increase to the Airport Security Fee from US\$12.65 to US\$20 and the Passenger Service Charge from US\$5 to US\$15 as a result of the airport expansion which cost US\$150 million. IATA contacted the authority to seek clarification on the cost-relatedness of the increases as well as information needed to file the requested increases on airline tickets but CJIA continues to refuse to collaborate with IATA in this regard, creating a situation where airlines are forced to collect the differences in fees from passengers upon check-in thereby causing operational delays. Carriers who have chosen not to collect the fee upon check-in will be invoiced for the charge increases regardless of whether or not they collected from passengers. IATA has written to the Minister of Public Transport requesting for the charge to be delayed and for airlines not to be held responsible for the difference in charges. IATA also issued a [press statement](#) calling for industry collaboration from CJIA and we are awaiting a response from the government of Guyana and will continue to monitor the situation. For more information, please contact IATA's Area Manager for the Caribbean, [Annaleen Lord](#).



## ECUADOR: ADVOCACY EFFORTS YIELD GOVERNMENT OPENNESS TO WORK WITH INDUSTRY

Following years of reluctance to work with the industry, the Ecuadorian government has expressed openness to address the main obstacles to promote air connectivity in the country. IATA will focus its efforts on the following areas: Elimination of the 5% currency remittance tax; elimination of the 5% tax on jet-fuel; adoption of international standards for advance passenger information transmission; analysis of the airport cost structure in UIO and GYE in conjunction with operators. As a result of this alignment, IATA is continuously participating in a public-private roundtable chaired by the Minister of Tourism. IATA has also published interviews in major newspapers in [Quito](#) and [Guayaquil](#) underscoring these priorities for the airline industry. For more information, please contact IATA's Area Manager for Central America, [David Hernandez](#).



## PERU: UPDATE ON FUTURE LIM AIRPORT OPERATIONS

IATA held meetings with Lima Airport Partners (LAP), Corpac (Air Navigation Service Provider) and Peru's Civil Aviation Authority to ensure a smooth transition from the current Jorge Chávez International Airport (LIM) infrastructure to the new airport complex, including the new terminal, tower and runway systems. Meetings have been held consistently and openly with the industry and discussions included the approach to be used for the main domestic route from Lima to Cusco, as well as the concerns shared by the ANSP on the perceived low capacity of the future taxiway infrastructure suggested by LAP, which might impact the overall airport throughput capacity. Progress is very slow but IATA continues to put pressure on the authorities and will continue to participate in the meetings to ensure global best practices are followed to accommodate future growth. For more information, please contact IATA's Country Manager for Peru, [Adriana de Carbonel](#).



## IATA: COMMERCIAL AVIATION SAFETY TEAM (CAST) AND IATA'S TURBULENCE AWARE PROGRAM

The Commercial Aviation Safety Team (CAST) was adopted in 1997 to form an unprecedented industry-government partnership that achieved a reduction of the U.S. commercial aviation fatal accident rate by 83% by 2007 and is now focused to further reduce the fatality risk by at least 50% from 2010 to 2025. Due to recent weather-related events leading to unexpected turbulences, resulting in injuries to passengers and damage to planes, the CAST has launched a study led by the NTSB and with participation from IATA, A4A and Aircraft Manufacturers to review these events and compile recommended best practices. IATA's new [Turbulence Aware Program](#) could play an important role in the recommendation process to help airlines and pilots manage turbulence related events more effectively. To learn more about the program, please contact IATA's Assistant Director of Safety & Flight Operations for the Americas, [Gabriel Acosta](#).

# State of the region: The Americas

April 2019

## Economy

### GDP growth, selected countries

% change on a yr ago	2017	Q2 2018	Q3 2018	Q4 2018
United States	2.2	2.9	3.0	3.0
Brazil	1.1	0.9	1.3	1.1
Mexico	2.3	1.5	2.5	1.7
Canada	3.0	1.7	1.9	1.6
Argentina	2.7	-3.8	-3.7	-6.2
Colombia	1.4	2.6	2.9	2.9
Chile	1.5	5.0	2.8	3.3
Peru	2.5	5.5	2.4	4.8
<b>World*</b>	<b>3.2</b>	<b>3.4</b>	<b>3.1</b>	<b>2.9</b>

Source: Datastream \* Market exchange rate basis † Estimate

### Exchange rates

end of period, # per US\$	2018	Jan-19	Feb-19	Mar-19
US\$ broad index	128.5	126.7	126.8	127.2
Brazilian real (BRL)	3.88	3.64	3.75	3.89
Mexican peso (MXN)	19.69	19.03	19.27	19.40
Argentine peso (ARS)	37.66	37.02	39.02	43.41
Colombian peso (COP)	3248	3106	3079	3185
Chilean peso (CLP)	694	653	655	680

Source: Datastream

### World oil and jet fuel price

US\$/barrel (period ave.)	2018	Jan-19	Feb-19	Mar-19
Crude oil (Brent)	71.7	59.9	64.4	66.9
Jet fuel	86.4	75.7	80.1	81.1

Source: Platts, Datastream (monthly average data)

## Market

### Revenue passenger kilometers (RPKs)

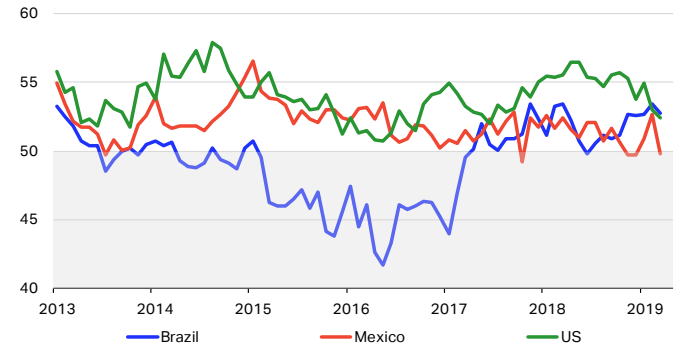
% change on a yr ago	2018	Dec-18	Jan-19	Feb-19
<b>Region (registration basis)</b>				
N America	5.0	3.9	5.5	4.2
Latin America	6.2	5.9	5.2	5.0
World	6.6	5.5	6.5	5.3
<b>Routes (segment basis)</b>				
US domestic	5.1	4.2	5.9	4.5
Brazil domestic	4.8	3.4	2.6	5.8
Nth America-Europe	4.4	5.9	6.0	9.4
Nth America-Asia	3.9	1.4	6.3	-0.5
Nth-Sth America	4.6	2.2	-0.4	-0.6
Sth America-Europe	9.3	11.0	6.9	5.2
Within Sth America	0.6	-1.6	0.8	2.5

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

- Following a short-lived uptick to 6.5% last month, annual growth in industry-wide revenue passenger kilometres (RPKs) eased to 5.3% in February, recording the slowest year-on-year growth rate in passenger volumes in more than a year.
- At the regional level, RPK growth moved broadly in line with the industry-wide average for Lat.Am airlines, at 5.0%yoy. By contrast, NthAm carriers saw RPK growth slowing to 4.2%yoy, from 5.5% in the previous month.

### Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



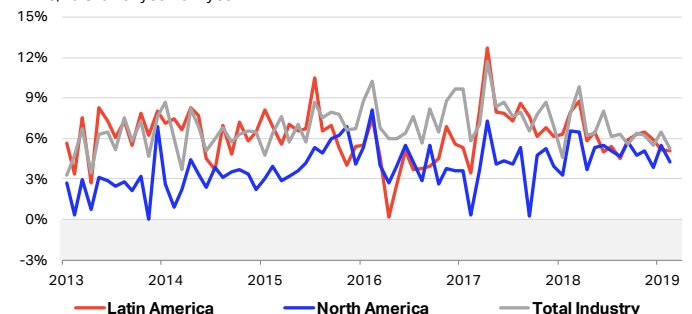
Source: Markit

- Business confidence ticked down in both Brazil and the US, with the latter driven by slower growth in new orders and output. After a short-lived improvement in February, sentiment also fell in Mexico, reflecting falling production and employment.
- On a trade-weighted basis, the US\$ rose by 0.3% in March, marking a second consecutive month of modest growth. All of the main regional currencies ended the month lower, with the ARS falling furthest, down 11.2% against the US\$.
- OPEC supply cuts along with US sanctions imposed on Venezuela and Iran pushed oil and jet fuel prices higher for a third consecutive month.

- In the US, the larger of the region's two main domestic markets, annual RPK growth eased back to its two-year average (4.5%) after a temporary improvement in Jan. By contrast, passenger growth in domestic Brazil more than doubled compared to last month, recording the fastest pace in seven months at 5.8%.
- Of the key international markets in the region, the larger NthAm-Europe market became the key performer this month with volumes up by 9.4% vs a year ago, the fastest pace of growth in about two years.
- That said, the two other larger markets, NthAm to both Asia & SthAm, saw yoy declines in passenger volumes, in the former case for the first time since April 2011.

### Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

## Freight tonne kilometers (FTKs)

% change on a yr ago	2018	Dec-18	Jan-19	Feb-19
<b>Region (registration basis)</b>				
Nth America	6.4	1.7	3.4	-0.7
Latin America	5.9	1.5	0.2	2.8
World	3.5	-0.5	-1.6	-4.7
<b>Routes (segment basis)</b>				
Nth America-Asia	3.7	-1.1	-3.7	-7.8
Nth America-Europe	3.2	5.3	1.2	-0.1
Nth-Sth America	8.7	1.0	-1.4	-5.3
Sth America-Europe	7.7	1.3	-2.3	-0.2
Within Sth America	17.2	3.7	-4.0	10.4

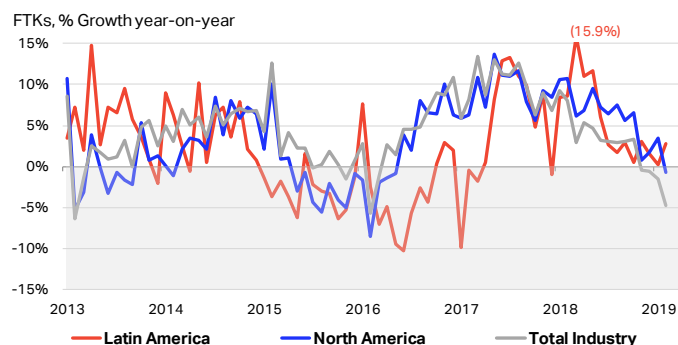
Source: IATA Statistics Note: historical data may be subject to revision

- Industry-wide freight tonne kilometres (FTKs) for February were 4.7% below their level of a year ago, reflecting the weakness observed in world trade, and an easing in some global economic indicators and key air freight demand drivers.
- At the regional level, FTK growth fell into negative territory for the NthAm carriers for the first time since May 2016, an outcome which is at odds with more

the upbeat export orders data. The story is more positive for airlines in Latin America, the only region that recorded positive yoy growth this month (2.8%).

- Cargo volumes were lower compared to a year ago on the majority of the key routes with the exception of the smaller Within SthAm market, which recorded robust double-digit growth this month (10.4%yoy).

### Growth in air freight volumes



Source: IATA Statistics

## Industry

### Capacity growth and load factors

ASK/AFTK: %ch on a yr ago		2018	Dec-18	Jan-19	Feb-19
LF: % of ASK/AFTK					
<b>Passenger</b>					
Nth America	ASK	4.7	4.1	5.0	3.9
	PLF	83.8	82.5	79.5	80.8
Latin America	ASK	6.6	5.4	6.0	5.5
	PLF	81.5	81.8	82.4	81.3
World	ASK	6.1	6.4	6.4	5.4
	PLF	81.9	80.3	79.6	80.6
<b>Freight</b>					
Nth America	AFTK	6.8	4.7	8.4	7.1
	FLF	41.0	40.8	38.8	37.9
Latin America	AFTK	3.7	8.9	1.9	14.1
	FLF	33.9	28.8	29.2	29.7
World	AFTK	5.2	3.8	4.7	2.7
	FLF	49.1	48.8	44.9	44.7

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

- The industry-wide passenger load factor (PLF) ticked-up to 80.6% in Feb, up from 79.6% in Jan. In contrast, the freight load factor (FLF) eased modestly by 0.2ppt to 44.7%, the lowest level in about 3.5 years.
- Both NthAm and Lat.Am carriers recorded a PLF above the industry-wide outcome, although only just for the former, at 80.8% & 81.3%, respectively. However, the region's FLF continues to lag behind the industry outcome, especially in the Lat.Am case.
- The latest airline financial data from the final quarter of 2018 indicate a decline in industry and regional

### Airline operating (EBIT) margins\*

% revenues	2016	2017	2017Q4	2018Q4
Nth America	13.7	11.0	9.7	9.2
Latin America	5.6	6.9	6.7	4.9
Industry	8.5	7.7	7.2	4.7

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

performance vs a year ago. The industry-wide EBIT margin slipped to 4.7% from 7.2% while the regional outcome is 9.2% of revenues for North America and 4.9% for Latin America in Q4 2018.

- Growth in passenger yields remained negative on the major routes in the region except for the NthAm-Asia market, where year-on-year growth recovered from the -1.0% observed in Jan, to a modest 1.7%. The smaller Within SthAm market remains the key underperformer this month with yields down almost 30% vs a year ago. Note that the data are not adjusted for exchange rate fluctuations.

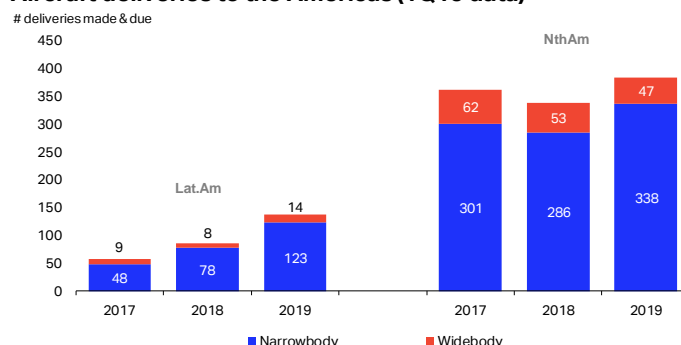
### Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2018	Dec-18	Jan-19	Feb-19
Nth America-Europe	4.5	-1.2	-4.0	-5.1
Nth America-Asia	-0.3	3.6	-1.0	1.7
Nth-Sth America	-38.8	-6.7	-15.1	-15.1
Sth America-Europe	-1.2	-12.1	-11.7	-17.6
Sth America-Asia	-0.3	-7.2	-6.3	-5.0
Within Sth America	-26.9	-28.6	-30.8	-28.1

Source: IATA Travel Intelligence Note: historical data may be subject to revision

- The latest data indicate a rise in jet aircraft deliveries for both the Lat.Am and NthAm carriers in 2019 vs 2018.

### Aircraft deliveries to the Americas (1Q19 data)



Source: Ascend