



AMERICAS focus

AUGUST 2017



YOUR SOURCE FOR IATA'S LATEST REGIONAL ACTIVITIES

Dear Industry Colleagues,

While the summer is in its final weeks in the Northern Hemisphere, IATA has been engaged on many initiatives across the Americas region with a special focus on slot management and airport infrastructure projects. In summary, we welcome that Colombia has announced the full adoption of IATA's World Slot Guidelines while we continue to urge COFECE in Mexico to adapt these well proven global standards to manage capacity at the country's airports. We have also expressed our members' concerns regarding the lack of project milestones for the new airport in Mexico City. On the security front, I am pleased to share that we have hired a dedicated security subject matter expert for the Americas' region with [Tony Blackiston](#) joining my team as Head of Aviation Security. Tony brings tremendous expertise having worked for the Australian Government, ICAO and most recently as Head of Security for Cathay Pacific. He will be responsible for developing and implementing a regional strategy aligned with ICAO's Global Aviation

Security Plan to enhance security across the Americas. In other positive news, Luis Felipe de Oliveira has been appointed as ALTA's new Executive Director. Having closely worked with Luis Felipe for many years during his time at IATA, I look forward to a close collaboration and driving our common aviation agenda forward. Lastly, I hope to see some of you at our [Peru Aviation Day](#) in Lima on September 28th to discuss infrastructure opportunities and how to create an aviation friendly regulatory environment. As usual, please find below a summary of our latest activities across the Americas and corresponding contact information for more details. Please let me know if you have any questions and continue to count on our support.

With kind regards,

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



BOLIVIA: ADOPTION OF IATA CARGO XML STANDARDS

Bolivian Customs Director General notified Advanced Cargo Information (ACI) for import shipments will be implemented in Bolivia by mid-2018, adopting the IATA Cargo-XML standards. ACI supports governments to conduct efficient risk assessments on shipments coming into their territories based on information transmitted to them at least 4 hours prior to the flight arrival. IATA strongly supports the ACI concerted implementation as it is a great trade facilitator. Countries that have adopted IATA's recommendations have experienced an average reduction of customs' clearance time of 5 hours which results in the final consumers receiving their orders up to 24 hours earlier. Bolivia joins Paraguay, Argentina, Mexico, Jamaica, Panama and the U.S. in the list of countries that have adopted IATA Cargo-XML standards in their respective ACI programs. For more information, please contact IATA's Regional Cargo Manager for the Americas, [Olivier Secache](#).



COLOMBIA: FULL ADOPTION OF WORLDWIDE SLOT GUIDELINES (WSG)

After several years of IATA working in collaboration with Aerocivil, the Colombian Civil Aviation Authority (CAA) to align their slot regulation to international best practices, the CAA has published its [Slot Regulation](#) for all congested airports in Colombia and it is fully aligned to the WSG. In practical terms this means that all airlines which currently operate in Colombia, or plan to operate, will be able to rely on a single standard process for the allocation of their slots. This standard process reflects the important principles established in the WSG that provide airlines with certainty, transparency and flexibility to run their businesses at congested airports, and on the end of the route, when also slot coordinated. IATA will continue to support the CAA in the implementation of this regulation at Bogota Airport (already declared Level 3), and at the airports of Rio Grande, Cali and Cartagena (to be declared Level 2). The CAA informed all airlines operating to Colombia that the Slot Coordinator will work and advise all airlines in advance on the implementation phase and the transition plan from the former to the new regulation. For more information, please contact IATA's Senior Manager for Worldwide Airport Slots, [Arantza Mendicoo](#).



COSTA RICA: BILL INTRODUCED TO COMPENSATE PAX FOR FLIGHT OVERBOOKINGS

The lower chamber of Congress has received for its review a draft of legislation that would potentially impose limits on ticket over sales. There is a possibility that the Project of Law will not be tabled for review due to forthcoming elections that are expected to take political priority. However, as drafted, the legislation includes limitations applicable to overbooking and compensation requirements in the case of over sales. IATA will continue to monitor the evolution of this initiative, seeking opportunities to engage with members of the legislature to advocate on behalf of the industry. For more information, please contact IATA's Area Manager for Central America [David Hernandez](#).



MEXICO: IATA URGES COFECE TO EMBRACE GLOBAL STANDARDS FOR SLOT MANAGEMENT

On 24 July, IATA called on Mexico to fully apply World Slot Guidelines (WSG) to manage capacity at the country's airports, particularly its Mexico City hub. WSG ensures airlines can operate their schedules under the same set of rules on all routes in their network. Mexico's Federal Economic Competition Commission (COFECE) has recently proposed a slot system that deviates significantly from global standards. The system includes the following proposals: 1) To auction slots off to the highest bidder which would limit competition, preventing less well-established airlines from entering or expanding in the marketplace, reducing choice for passengers, and potentially increasing air fares; 2) To confiscate 10% of existing slots from airlines at congested airports which would weaken route networks and reduce traveler options in terms of frequency and destinations, financially damaging airlines; 3) To withdraw slots based on punctuality criteria which would undermine the ability of airlines to make long-term commitments and ignores the competitive and financial incentives airlines have to maintain on-time operations; 4) To impose a "use it or lose it" threshold of 85% which is inconsistent with the global standard of 80%. The press release is available in [English](#) and [Spanish](#) for your reference. For more information, please contact IATA's Senior Manager for Worldwide Airport Slots, [Arantza Mendicoo](#).

Comisión Federal de Competencia Económica





MEXICO: UPDATE ON PASSENGER RIGHTS REGULATION

On 26 June, Mexico's Passenger Rights Legislation was published in the Official Gazette after being signed into law by President Enrique Peña Nieto. There has been a misunderstanding between the Dirección General de Aeronáutica Civil (DGAC) and the Mexican Consumer Protection Agency (PROFECO) on the applicability and intended implementation dates for requirements under the new law. DGAC has acknowledged that the law, as drafted, may be in breach of some of Mexico's air service agreements (ASA), and has informed IATA and local stakeholders that it intends to issue an advisory in the coming days in its attempt to clarify concerns pertaining to the applicability of the law for international services. IATA continues to urge that airlines raise this issue with their home governments and press for a government-to-government communication if applicable, similar to a diplomatic communication delivered by the U.S. Government to Mexico raising a possible breach under the USA/Mexico ASA. IATA continues to closely monitor the situation and is working with the DGAC to bring a remedy to the situation. For more information, please contact IATA's Regional Head Member & External Relations for Latin America & Caribbean [Oracio Márquez](#).

SCT

SECRETARÍA DE COMUNICACIONES Y TRANSPORTES



MEXICO: SUMMARY OF NEW MEX ACC MEETING

The fifth Airport Consultative Committee (ACC) meeting for the new Mexico City airport was held in June. The attendees continued to express serious concerns about the lack of project milestones. The aviation community has been asking for a comprehensive project schedule since the initiation of the engagement with GACM and Parsons (Project Managers) so to allow for a meaningful collaborative and timely input. Attendees expressed the importance of having regular updates and timelines about the progress of NAICM. The forecast review presented by Landrum & Brown revealed higher passenger and aircraft growth than originally expected and some recommendations were presented for airfield improvements to accommodate this. The presentation by SCT on airport access and road infrastructure led the attendees to believe that a holistic approach towards the connectivity between the new airport and the city and its vicinities fell short. While "connecting the dots" on the road infrastructure, mass transportation modal was felt not to be adequately explored. IATA will send a letter to SCT voicing the above concerns. The consolidated meeting notes are available [here](#). The next ACC will be held in November 2017. A full copy of the consolidated meeting notes is available. For more information, please contact IATA's Assistant Director of Airport Development for the Americas, [Mark Rodrigues](#).

PARSONS



PERU: UPDATE ON LIM AIRPORT EXPANSION

Peruvian Government and Lima Airport Partners signed 7th addenda to the concession contract, allowing much-needed expansion works to begin in January 2018. Construction of the second runway and new terminal will happen in parallel and are expected to be completed by 2022 and 2024 respectively. The concession contract will now be extended for ten years through 2041. IATA will now focus on working with the Peruvian Authorities, Lima Airport Partners, and airlines, to engage in meaningful consultation on other key issues, such as the conceptual design of the new terminal, minimum connecting times and cost of operating efficiencies. Additional efforts will also focus on temporary stop-gap measures to allow for growth in the short and medium term while the expansion works are completed. For more information, please contact IATA's Assistant Director of Airport Development for the Americas, [Mark Rodrigues](#).



PERU: OPTIMIZATION OF CUZ AIRPORT

Collaborative efforts between IATA and the Peruvian Government to address stop-gap issues at CUZ Airport is yielding significant improvements, helping to increase capacity from 10 to 11 flights per hour. Through this continuous effort, in constant consultation with airline operators, corrective actions taken so far include better usage of the check-in area, departure lounge, and removal of inoperative aircraft from the main apron. The CUZ Airport optimization initiative seeks to optimize existing infrastructure of the current airport, while the new airport in Chinchero gets built. For more information, please contact IATA's Assistant Director of Airport Development for the Americas, [Mark Rodrigues](#).



URUGUAY: CREATION OF PASSENGER SECURITY FEE

The Ministry of Defense of Uruguay issued Resolution 625/17 creating a Passenger Security Fee of USD 5.75 scalable in a 6-year term to finance implementation of API in the country. A Cargo Security Fee was created as well. The law was passed unexpectedly and despite IATA's constant efforts to educate Uruguay's authorities of ICAO's API/PNR international standards and best practices during the last years. The resolution grants a 10-day period for airlines to act against it. IATA is leading a communication campaign with all stakeholders and authorities involved as well as the media to deter imposition of this fee and to achieve participation of the industry in the API project before its implementation. For more information, please contact IATA's Area Manager for Argentina, Paraguay and Uruguay [Maria Jose Taveira](#)



USA: FAA REAUTHORIZATION UPDATE

The House Transportation and Infrastructure Committee and the Senate Commerce Committee considered and approved competing measures to reauthorize the funding and programs of the Federal Aviation Administration (FAA). The bills will now proceed to the full House and Senate, respectively, for further consideration. The House legislation would create an independent, non-profit corporation to provide air traffic control services with the FAA continuing to serve as safety regulator. The Senate bill does not contain a similar proposal. Given the differences between the two pieces of legislation, it is extremely likely that the Congress will need to pass a short-term FAA extension before the current authorization expires on 30 September 2017. For more information please contact IATA's Vice President of Member & External Relations for North America, [Doug Lavin](#).



IATA & ALTA REGIONAL FRAUD PREVENTION EFFORTS

IATA and ALTA have been collaborating to create local fraud prevention groups in key markets of Latin America. During the first half of 2017, IATA and ALTA have pushed forward and groups have been formed in Colombia, Mexico and Canada with representatives of airlines, credit card processors, local and regional police forces, and GDSs. The kick-off meetings prompted discussions on main system vulnerabilities and fraudulent acts. Participants shared best practices, knowledge and organized sub-working groups tasked with specific market initiatives. For more details, please contact IATA's Regional Director of Financial & Distribution Services for the Americas, [Alicia Lines](#).

CONTACT US



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UPCOMING EVENTS



Save the Date: Invitation to [IATA Workshop for Aviation Communicators](#)

Date & Location: October 19 & 20, 2017 – Miami. Complimentary to airlines

Our mission is to represent, lead and serve the airline industry.



STATE OF THE REGION: THE AMERICAS

JULY 2017

Economy

GDP growth, selected countries

%change on a yr ago	2016	2016Q3	2016Q4	2017Q1
United States	1.6	1.7	2.0	2.1
Brazil	-3.6	-2.9	-2.5	-0.4
Mexico	2.0	2.0	2.3	2.6
Canada	1.5	1.5	2.0	2.3
Argentina	-2.2	-3.7	-1.9	0.3
Colombia	2.0	1.1	1.6	1.1
Chile	1.5	1.7	0.8	0.3
Peru	3.9	4.5	3.0	2.1
World*	2.3	2.3	2.6	2.6

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2016	Apr-17	May-17	Jun-17
US\$ broad index	127.7	124.3	123.8	122.3
Brazilian real (BRL)	3.26	3.19	3.24	3.31
Mexican peso (MXN)	20.63	18.94	18.69	18.07
Argentine peso (ARS)	15.73	15.43	16.10	16.63
Colombian peso (COP)	2997	2951	2916	3046
Chilean peso (CLP)	668	666	673	664

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel	2016	Apr-17	May-17	Jun-17
Crude oil (Brent)	52.4	52.3	50.3	46.4
Jet fuel	64.0	63.4	59.3	54.4

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

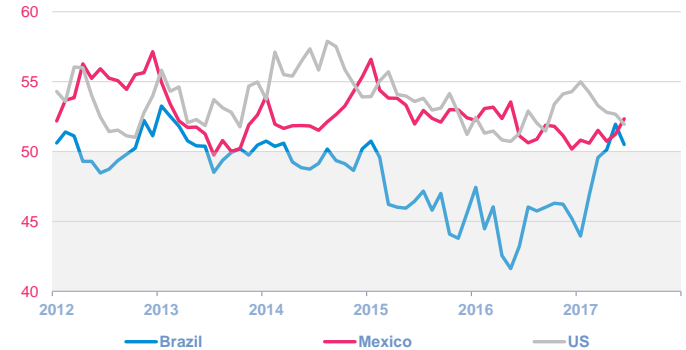
%change on a yr ago	2016	Mar-17	Apr-17	May-17
Region (registration basis)				
N America	3.4	3.6	7.0	3.9
Latin America	3.9	7.7	11.5	7.3
World	6.4	6.7	10.9	7.7
Routes (segment basis)				
US domestic	3.4	3.9	5.1	3.4
Brazil domestic	-5.5	6.0	3.3	2.6
Nth America-Europe	2.5	-0.7	12.3	4.8
Nth America-Asia	6.4	5.3	8.6	5.8
Nth-Sth America	-0.5	1.3	4.6	1.2
Sth America-Europe	3.5	8.9	11.7	7.5
Within Sth America	8.0	14.9	16.2	11.1

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

- After reaching a six-year high of 10.9% in April, growth in global RPKs slowed to (a still robust) 7.7%yoy pace in May. A similar pattern is evident in the regional data, where growth moderated to 3.9% for the NthAm carriers & 7.3% for the Lat.Am airlines.
- US domestic RPKs settled back to a moderate 3.4% pace in May, after an upwards revision to the April data (now 5.1%yoy).

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



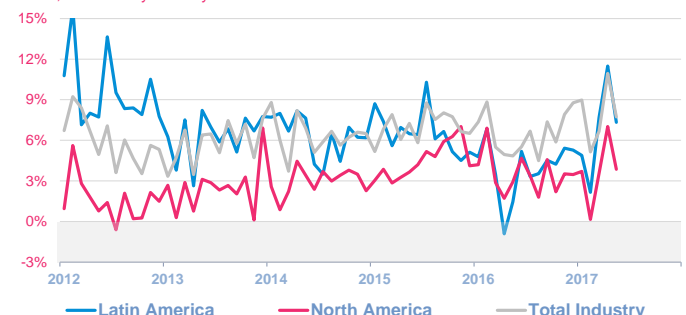
Source: Markit

- Business confidence data in the US & Mexico continue their divergent trends; down in the former, up in the latter. Sentiment in Brazil unwound some of its recent strong gains this month on renewed political concerns.
- On a trade-weighted basis, the US\$ slipped further in June, ending the month 1.3% lower. The MXN was the strongest performer in June, gaining 3.3% against the US\$. The ARS fell by a similar amount & the COP was down a sizable 4.4% in the month.
- Brent crude oil & jet fuel prices fell by 4-5% in June, with the former returning to below US\$50/bbl. Once again this month, supply-side considerations were the primary price drivers.

- Growth in the Brazil domestic market eased a little further in May, to 2.6%yoy. The fragile economic & political backdrop continues to present a challenging operating environment for air transport.
- Amongst the key international markets for the region's carriers, the (smaller) Within SthAm market recorded another month of double-digit RPK growth, at 11.1%yoy. Of the larger markets, traffic between NthAm & both Asia & Europe is growing solidly, with RPKs up 5.8% & 4.8%yoy, respectively.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2016	Mar-17	Apr-17	May-17
Region (registration basis)				
Nth America	2.2	9.6	6.8	13.9
Latin America	-4.1	-3.6	-0.6	6.7
World	3.9	13.8	8.7	12.7
Routes (segment basis)				
Nth America-Asia	-1.2	12.9	9.3	13.1
Nth America-Europe	2.5	12.4	8.7	12.8
Nth-Sth America	-5.1	-1.0	2.7	11.8
Sth America-Europe	1.2	8.2	6.7	3.7
Within Sth America	-18.6	-9.7	-0.5	10.0

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

→ Global FTKs bounced-back in May, returning to a brisk double-digit pace of growth, at 12.7%yoy; more than three times the 5-year average growth rate.

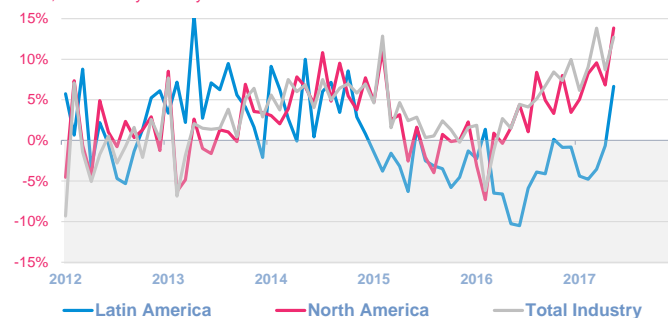
→ Again, developments in the global aggregate were mirrored in the regional results; the growth rate doubled for NthAm carriers, to a very strong 13.9%yoy pace & returned to positive territory for the Lat.Am airlines, at a

healthy 6.7%yoy.

- For the key international markets, SthAm-Europe is the only one not currently registering double-digit growth; indeed growth moderated further in May, to 3.7%yoy.
- As was the case for the pax segment, routes between NthAm & both Europe & Asia are performing strongly, with growth of ~13%yoy at present.

Growth in air freight volumes

FTKs, % Growth year-on-year



Source: IATA Statistics

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: %of ASK/AFTK		2016	Mar-17	Apr-17	May-17
Passenger					
Nth America	ASK	3.9	3.7	4.6	3.6
	PLF	83.5	83.5	84.2	84.0
Latin America	ASK	2.2	5.0	6.1	5.5
	PLF	80.8	80.3	81.8	80.5
World	ASK	6.4	6.3	7.2	6.1
	PLF	80.5	80.2	82.1	80.1
Freight					
Nth America	AFTK	3.5	1.7	1.9	4.1
	FLF	34.4	37.3	36.0	36.4
Latin America	AFTK	-1.8	-3.1	0.4	7.1
	FLF	33.3	32.6	33.5	33.7
World	AFTK	5.4	3.9	4.0	5.2
	FLF	43.0	47.4	45.1	45.2

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

→ At the industry level, robust demand conditions combined with moderate capacity increases have resulted in a strong performance for both pax & freight load factors over the course of the year so far.

→ The region's airlines continue to increase pax capacity more slowly than the overall industry, contributing to the current outperformance on the load factor metric. For freight, the FLF for both Nth & Lat.Am is ~10pp below the industry figure, with a mixed performance in terms of

Airline operating (EBIT) margins*

%revenues	2015	2016	2016Q1	2017Q1
Nth America	14.8	13.2	14.0	7.9
Latin America	1.5	4.2	9.7	6.3
Industry	8.5	8.8	8.7	4.5

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

yoy capacity growth vs the industry figure.

- The latest Q1 data confirm softer EBIT margin outcomes, with both the NthAm & Lat.Am carriers currently outperforming the industry average (at 7.9% & 6.3%, respectively vs 4.5%).
- Global pax yields are ~4.5% lower than a year ago, but are showing signs of having possibly bottomed. At the regional level, yoy yields have shown a general narrowing & have now risen for the US domestic, Europe-SthAm & Within SthAm markets.

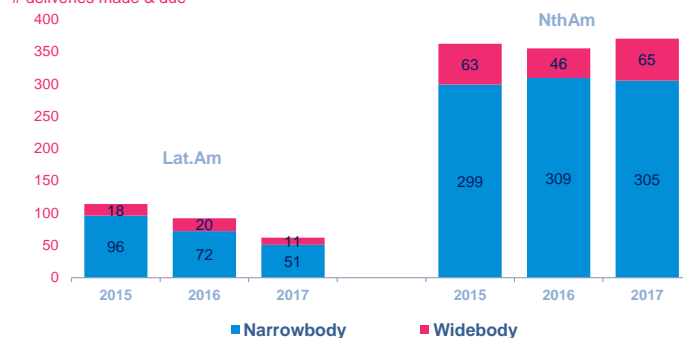
Passenger yields, excl. surcharges & ancillaries

%change on a yr ago	2016	Mar-17	Apr-17	May-17
US domestic	-6.1	-0.2	-1.1	2.6
Nth America-Europe	-8.3	-0.5	-14.0	-2.7
Nth America-Asia	-7.2	-0.6	-2.2	-2.7
Nth-Sth America	-17.4	-9.7	-13.1	-1.3
Sth America-Europe	-17.3	-1.4	-0.4	5.2
Sth America-Asia	-9.1	-5.9	-1.8	-1.6
Within Sth America	-13.8	-1.8	2.3	6.1

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

Aircraft deliveries to the Americas (latest data)

deliveries made & due



Source: Ascend