



AMERICAS focus

Q1 2015



YOUR SOURCE FOR IATA'S LATEST REGIONAL NEWS

Dear Industry Colleagues,

Thank you for your positive feedback on the first edition of Americas Focus. Looking back at the first quarter of 2015, Tony Tyler and I met with Heads of States in Mexico, Panama and Colombia, discussing infrastructure, passenger rights, charges and slots. In Mexico, IATA was asked to continue to support the development of the new MEX City Airport and in Colombia, the ATM Project for Bogota's El Dorado International Airport in partnership with Colombia's Civil Aviation Authority has now been signed, aiming to deliver USD \$97 million in potential savings. Panama's Government continues to be a role model for the region of how a country can create a positive business environment for our industry. Perception of our industry is a key topic IATA will focus on in 2015 to ensure we effectively communicate the benefits of air transport, driving economic growth and cultural development, to the general public. And in less than 2 months, we look forward to welcome all of our members to IATA's Annual General Meeting in Miami in and to catch up with you in person. As a special feature of this quarter's Americas Focus, please find attached the State of the Region Brief with detailed economic facts and statistics for the Americas that may be useful for your own advocacy efforts.

Saludos cordiales,



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



PNR DATA PROVISION REQUIREMENTS

IATA has been actively engaged over the last months in lobbying authorities in Argentina and Mexico in regards to existing requirements for provision of PNR data. Other authorities in the Americas, such as Brazil and more recently Colombia, have enabled or are in process of proposing similar legislation. As per EU legislation, carrier transporting passengers from Europe face legal limitations imposed by the EU for the transmission of PNR data to third countries. Clearance for transmission of PNR data depends on the establishment of an agreement between the requesting country and the EU. In Mexico, Servicio de Administracion Tributaria (SAT) threatened to impose fines due to airlines' non-compliance with Mexican law. IATA facilitated meetings with SAT and the EU, including letters from IATA's CEO to the respective authorities, aiming at having the parties work towards the bilateral agreement. Latest reactions to our efforts indicate that SAT is willing to halt fines given the imminent proposal by the EU of a concrete working plan towards the establishment of the bilateral agreement. In Argentina, IATA received confirmation that API/PNR requirements have been postponed by six months given the need to finalize system setup. For more information, please contact IATA's Regional Head of Airport, Passenger, Cargo & Security for the Americas [Filipe Reis](#).



MEXICO CITY AIRPORT SLOT COORDINATION

The Summer 2015 slot process was initiated on January 16th by AICM Mexico City Airport, which leaves the carriers operating at MEX with a short time frame to agree on historic, request changes and confirm final allocations in time for the summer season. Concern has been expressed by IATA and the local Board of Airline Representatives (BAR), Canaero, about the late process, the means by which the slots are communicated and the impact on the carriers' intentions for operating during the summer season. The timeframe in which the WSG process will be adopted for future seasons is wholly uncertain at this point. In relation to the slots process, the airport has continued development of an in-house system (called PLANSA) designed to compare airport slots with filed flight plans. IATA has submitted a letter directly to the Director General of the DGAC, AICM and Seneam (the ANSP) requesting postponement of PLANSA whilst the procedures and requirements are clarified. IATA also met with Mexico's Federal Competition Commission (COFECE) and offered its expertise in regards to World Slot Guidelines, which was positively received. For more information, please contact IATA's Country Manager for Mexico [Antonio Martinez Salinas](#).



FIGHTING CREDIT CARD FRAUD

Law enforcement agencies from all over the world, in cooperation with the airline, travel and credit card industries, joined forces in a major concerted action to combat credit card fraud, leading to the arrest of 118 individuals. Over 60 airlines and 45 countries were involved in the activity, which took place at over 80 airports across the world. Our industry alone faces losses of USD 1 billion caused by fraudulent online ticket booking. IATA played a key role in this initiative by providing important fraud intelligence from our Perseus database and through our Fraud Prevention Working Group (FPWG). For more information, please contact [Christophe Kato](#), IATA's Head Industry Card Services.



IMPROVING PASSENGER EXPERIENCE AT AIRPORTS ACROSS THE AMERICAS

IATA's Passenger Facilitation Program focuses on the crucial areas of security, border protection, immigration and customs with the aim to provide an end-to-end passenger experience that is secure, seamless and efficient. More specifically, through the Security Access & Egress (SAE) Program, IATA has conducted 26 SAE diagnostic visits at airports across the Americas in 2014 and will visit 30 additional airports by the end of 2015 to observe current processes and provide recommendations for improvement. Airports who have implemented the recommended best practices have seen a reduction of queue times, improved distribution of passengers and clearer signage for passengers across the airport. For additional information, please contact IATA's Manager, Passenger Facilitation for the Americas, [Leticia Montegudo](#).



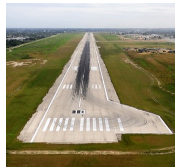
VENEZUELA CRISIS CONTINUES TO WORSEN

Blocked funds remain at \$3.69 billion, affecting 24 international carriers. The situation continues to deteriorate rapidly and there is no recovery of the oil price in sight. Scarcity continues to be critical. Inflation figures for January and February have not been published. Three official exchange rates remain for the USD - VEF 6.30 for government imports of food and medicine, SICAD 1 at VEF12, for air transportation and some imports, and SIMADI (Sistema Marginal de Divisas) is at VEF 191 (March 27). The very limited transactions approved at SIMADI rate has made the black market parallel dollar jump to VEF 256 in the last few days. As a result, the Venezuelan government is desperately looking for hard currency, requesting airport and overflight charges to be paid in USD immediately and implementing a 1% tax code on all tickets with origin and destination of Venezuela. IATA immediately asked to meet with the ministry to address these outrageous demands. In addition, the Venezuelan government issued a law whereby all US citizens entering Venezuelan territory must hold a visa. Such decision was informed to all member airlines operating in Venezuela and a constant support from our local office is being provided. IATA also sent a letter to the authorities expressing our concerns on such short notice for implementation of the measures. For more details, please contact IATA's Venezuela Country Manager [Marisela Loaiza](#).



LAX NIGHT RESTRICTIONS DENIED

In 2013, Los Angeles World Airports submitted a request for approval for new restrictions on easterly departures between midnight and 6:30 am. There is currently a voluntary agreement to limit easterly nighttime departures, but occasionally pilots request to depart to the east for operational reasons. The restriction would have prohibited these occasional departures. As a consequence, airlines would have had no other choice than to offload passengers and/or cargo to allow the aircraft to take-off safely using a westerly departure. In July 2014, IATA expressed its objections against the proposal in comments submitted to the FAA and in November 2014, the FAA issued a decision denying the application, concluding that the airport had failed to demonstrate the reasonableness of the restrictions and that it had understated the costs to operators. This is an important success for the airline community as it was the first time a major international airport in the U.S. filed an application for such noise restrictions. For details, please contact IATA's Director for Safety & Flight Operations for the Americas, [Carlos Cirilo](#).



REBUILDING HAITI'S AVIATION SECTOR

IATA led the Haiti Airspace Improvement Project. The design review process was the last step in the development and implementation of PBN procedures for Port au Prince and Cap Haitien airports. This initiative was developed in response to the devastating earthquake which occurred in January 2010 and caused catastrophic damage to Haiti's aviation sector. IATA and Airbus/Prosky partnered to provide needed PBN procedures for Port au Prince, RWY 10/28. The procedure went into effect on April 1, 2015. For details, please contact IATA's Assistant Director for Safety & Flight Operations for the Americas, [Jeff Miller](#).



IATA'S FIRST AMERICAS AEROPOLITICAL AFFAIRS FORUM

IATA brought together airline and association representatives for the first ever Americas Aero-Political Affairs Forum in Miami. IATA shared a global assessment of aero-political developments and how they apply to the Latin American and Caribbean Region. The attendees had interactive discussions of key regulatory, tax and currency concerns in the Americas and how IATA should prioritize its efforts around these concerns for the 2015 Regional Agenda. Among the identified issues were burdensome regulation, cost of non-standardized regulation, interference in the commercial freedoms of airlines, customs inefficiencies, taxation, user charges, currency issues, slot allocation regimes, lack of infrastructure, ATM efficiency, dispersed authority among too many government entities and lack of harmonization. The group also agreed on some overarching goals including the necessity for regular communication between all stakeholders and establishing coalitions to promote a positive message regarding the value proposition of airlines to generate economic growth. A follow-up meeting has been scheduled for September 2-4 in Cancun during ALTA's Aviation Law Americas conference. For more information, please contact IATA's Head of Member & External Relations for the Americas [Oracio Marquez](#).



PREPARATION FOR SUBMISSION FOR THE US NPRM AT NY AIRPORTS

In partnership with A4A, IATA is well advanced in preparing a response to the FAA's Notice of Proposed Rulemaking (NPRM) into slot allocation rules at the NY area airports. IATA is very pleased to recognize some significant proposals that would more closely align the U.S. rules with the World Slot Guidelines while we will also point to other proposals that either do not go far enough in that direction or indeed are contrary to the WSG. In a positive move the FAA granted an extension to the submission deadline from April 7 to May 8, 2015. For more information, please contact IATA's Head of Worldwide Airport Slots [Peter Stanton](#).



U.S. - CUBA TRAVEL RESTRICTIONS AMENDED

On January 16th, the Obama Administration announced amended rules on U.S. travel and trade with Cuba that will make it easier for U.S. citizens to travel to Cuba. Negotiation of an air services agreement with Cuba and meeting FAA safety requirements are pre-requisites to the establishment of direct U.S. scheduled air service to Cuba. IATA will be joining with A4A and other industry partners to facilitate the steps needed to open the market to U.S. commercial air travel. For additional information, please contact IATA's Head of Member & External Relations for the Americas, [Oracio Marquez](#).



IATA ANNUAL GENERAL MEETING IN MIAMI: JUNE 7-9, 2015

The IATA [AGM](#) and World Air Transport Summit is a unique opportunity to hear first-hand the views of the industry's top chief executives and leaders in Miami from June 7-9, 2015. If you need additional assistance, please contact IATA's Manager, Regional Vice President Office for the Americas, [Lars Pottgiesser](#).

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STATE OF THE REGION: THE AMERICAS

MARCH 2015

Economy

GDP growth, selected countries

%change on a yr ago	2014	2014Q2	2014Q3	2014Q4
United States	2.4	2.6	2.7	2.4
Brazil	0.3 [†]	-0.9	-0.2	--
Mexico	2.1	2.8	2.2	2.6
Argentina	-1.7 [†]	0.0	-0.8	--
Colombia	4.8 [†]	4.3	4.2	--
Chile	2.0 [†]	2.1	0.8	--
Peru	2.4	1.8	1.8	1.0
Latin America	1.3 [†]	--	--	--
World*	2.5	2.6	2.5	2.5

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period	2014	Dec	Jan	Feb
US\$ broad index	111.3	111.3	114.7	114.7
Brazil real/US\$	2.66	2.66	2.69	2.86
Mexico peso/US\$	14.75	14.75	15.01	14.94
Argentina peso/US\$	8.46	8.46	8.64	8.73
Colombia peso/US\$	2387	2387	2446	2502
Chile peso/US\$	607	607	634	618

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel	2014	Dec	Jan	Feb
Crude oil (Brent)	99.0	62.3	47.8	58.1
Jet fuel	113.3	75.6	62.8	73.7

Source: Platts, EIA

Market

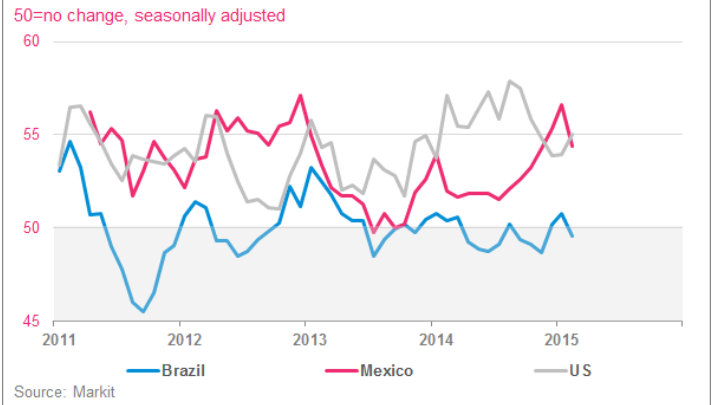
Revenue passenger kilometers (RPKs)

%change on a yr ago	2014	Nov	Dec	Jan
Region (registration basis)				
N America	2.7	2.9	1.8	2.6
Latin America	6.3	6.2	5.9	5.6
World	5.8	5.9	5.9	4.6
Routes (segment basis)				
US domestic	2.4	3.2	1.7	2.7
Brazil domestic	6.9	7.9	7.7	5.6
Nth America-Europe	2.6	2.1	0.2	1.2
Nth America-Far East	4.8	3.2	4.7	1.3
Nth-Sth America	5.8	2.6	1.2	4.4
Sth America-Europe	3.0	5.7	5.5	8.2
Within Sth America	3.4	1.9	5.2	9.2

Source: IATA

- Nth American RPKs increased by a moderate 2.6%yoy to Jan, less than half the robust Latin American growth rate (5.6%yoy) & well below the global average of 4.6%.
- By segment, US & Brazil domestic RPKs are both growing in line with their respective regional averages. The latter, despite modest easing in recent months, has proven resilient to the gathering political, social & economic stormclouds, but does not appear sustainable.

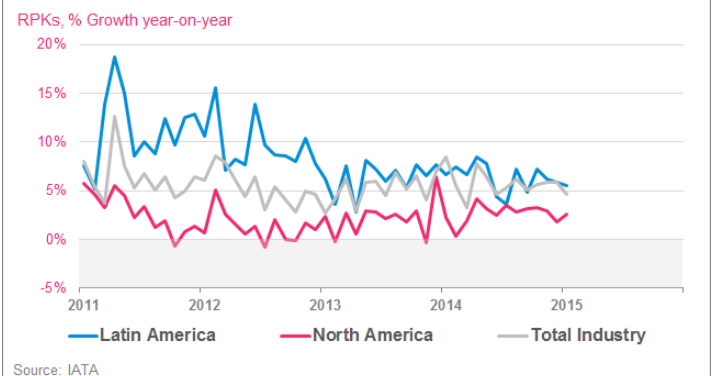
Business confidence - manufacturing PMIs



- In Brazil, confidence indicators turned back down in Feb, consistent with recent survey expectations of a contraction in GDP in 2015. Confidence regarding the outlook remains upbeat in both Mexico & the US.
- Exchange rates were generally more stable in Feb, with the USD trade-weighted index unchanged in the month (at its highest level since 2009, & following more than 6mths of steady appreciation) & little movement on most of the USD bilateral rates.
- Oil & jet fuel prices rebounded in Feb, rising ~US\$10 to US\$58 & US\$74 respectively. However, given market fundamentals, it is unclear if this rise can be sustained.

- RPK growth on Nth America-Far East routes fell to just 1.3%yoy in Jan. However, these data are impacted by the timing of the Lunar New Year celebrations in Asia & we would resist suggestions of a fundamental softening given the solid economic backdrop in both regions.
- Sth American carriers, overall, are showing robust RPK growth, especially within the region (9.2%yoy) & with Europe (8.2%yoy), however this is at the expense of significant yield deterioration (see over).

Growth in air passenger volumes



Freight tonne kilometers (FTKs)

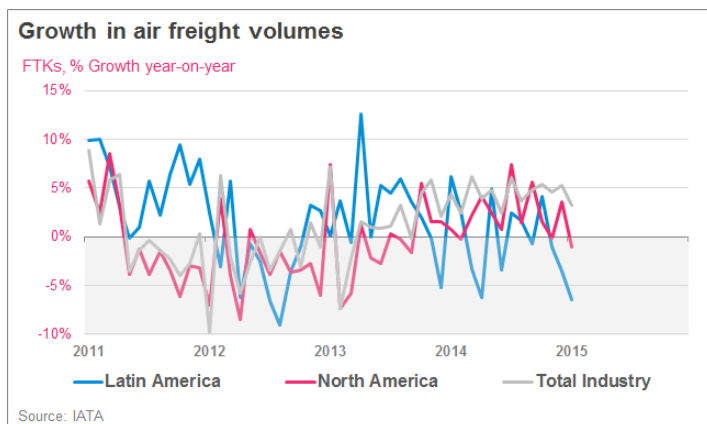
%change on a yr ago	2014	Nov	Dec	Jan
Region (registration basis)				
Nth America	2.5	-0.1	3.6	-1.0
Latin America	0.2	-1.0	-3.5	-6.4
World	4.5	4.6	5.2	3.2
Routes (segment basis)				
US domestic	1.7	-1.0	4.3	-3.5
Brazil domestic	-5.8	-0.1	3.4	-8.3
Nth America-Far East	6.1	7.1	13.0	11.3
Nth America-Europe	2.5	-0.1	2.4	-0.2
Nth-Sth America	1.4	-6.1	-1.1	-9.6
Sth America-Europe	0.6	20.2	4.6	4.0
Within Sth America	5.0	2.1	-11.7	4.3

Source: IATA

- FTKs have now fallen in yoy terms in both Nth & Latin America, down 1.0% & 6.4%yoy respectively. Over the same period, the industry has increased FTKs by 3.2%.
- On a segment basis, both US and Brazil domestic FTKs have also fallen, although the factors driving these outcome are quite different.
- The 1% FTK fall in Nth America reflects a particularly

strong January 2014, along with some recent softness in retail sales despite more general trade & economic data continuing to show robust growth.

- For Brazil, the decline in FTKs is not only more significant (-8.3%yoy), but more reflective of the (deteriorating) economic backdrop & consequently also more likely to be prolonged.
- The Nth America-Far East routes remains the stand-out, with double-digit FTK growth of 11%yoy, supported by the favorable economic fundamentals in both regions.



Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: %of ASK/AFTK	2014	Nov	Dec	Jan
Passenger				
Nth America ASK	2.4	2.3	4.0	4.4
Nth America PLF	83.4	79.9	82.7	79.4
Latin America ASK	4.0	5.5	5.6	4.0
Latin America PLF	79.8	79.7	79.9	81.9
World ASK	5.6	5.3	6.0	5.2
World PLF	79.6	76.7	78.7	77.7
Freight				
Nth America AFTK	-0.4	-1.9	-0.4	-2.8
Nth America FLF	35.3	38.1	36.4	35.0
Latin America AFTK	0.3	0.0	-1.9	-2.0
Latin America FLF	41.9	45.9	42.1	36.5
World AFTK	3.7	3.7	4.4	4.1
World FLF	45.7	49.6	46.6	42.8

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

- Latin American PLFs increased by 2pp in Jan, to ~82%, continuing the uptrend of recent months. Nth American airlines eased back to 79.4%, but both regions are outperforming the global industry average of 77.7%.
- Despite falling AFTKs, FLFs eased further in both Nth & Lat America in Jan, to 35% & 36.5%, respectively; both

Airline EBIT margins*

%revenues	2014	2013Q4	2014Q4
Nth America	4.2	6.4	8.9
Latin America	5.0	9.1	10.5
Industry	2.8	4.0	6.6

Source: IATA, Airline Analyst * constant sample basis, subject to revision

solidly below the industry average FLF of 42.8%.

- Key passenger yields have all fallen over the year to Dec, ranging from -1.2% & -1.7% for US domestic & Nth America-Europe to -13.6% for Sth America-Asia & -16.2% Within Sth America.
- However, even with the yield decline, the EBIT margin for Nth & Latin American airlines (8.9% & 10.5%, respectively) is up on a year ago & well above the current industry average of 6.6%.

Passenger yields, excl. surcharges & ancillaries

%change on a yr ago	2014	Oct	Nov	Dec
US domestic	4.0	2.5	5.9	-1.2
Nth America-Europe	-2.8	-1.1	-2.6	-1.7
Nth America-Asia	-10.0	-7.2	-8.3	-10.4
Sth America-Europe	-1.9	-5.1	-9.5	-8.5
Sth America-Asia	-7.2	-10.3	-14.4	-13.6
Within Sth America	-7.0	-13.9	-15.5	-16.2

Source: PaxIS, A4A

