



Dear Industry Colleagues,

First and foremost, I would like to wish you a Happy New Year and all the best for 2018. Please count on IATA's full support to make it a successful year for you and the entire industry. As you will see from the below [economic forecast](#), 2018 promises to be a good year for Latin America where we can expect further recovery and turnaround while airlines in North America are expected to deliver the best financial performance once again.

Moving forward, I am pleased to share that we will issue the Americas Focus on a monthly basis so we can quickly inform you on our latest activities and provide you with an opportunity for immediate feedback from your side. We will also provide you with some key statistics and cost savings in a dashboard format on page one for your easy reference. We hope you will like these new features and they will give you and your teams a quick recap and summary of the key initiatives we engage in on your behalf.

Industry engagement with governments on the value of aviation will continue to be a high priority for us throughout 2018. One vehicle to do this will be our Aviation Days and our first event will take place on February 22nd with the [Aviation Day USA](#) in New York City together with the Wings Club. Also in the first quarter will be the 10th edition of our [Wings of Change](#) Conference in Chile in partnership with ALTA at the Sheraton Santiago on April 4th and 5th. Later in the year, we will also hold Aviation Days in Colombia, Mexico, Caribbean (in Barbados) and Central America (in Costa Rica). We hope you can join us.

Please let me know if you have any questions on our below activities and continue to count on our support in these areas.

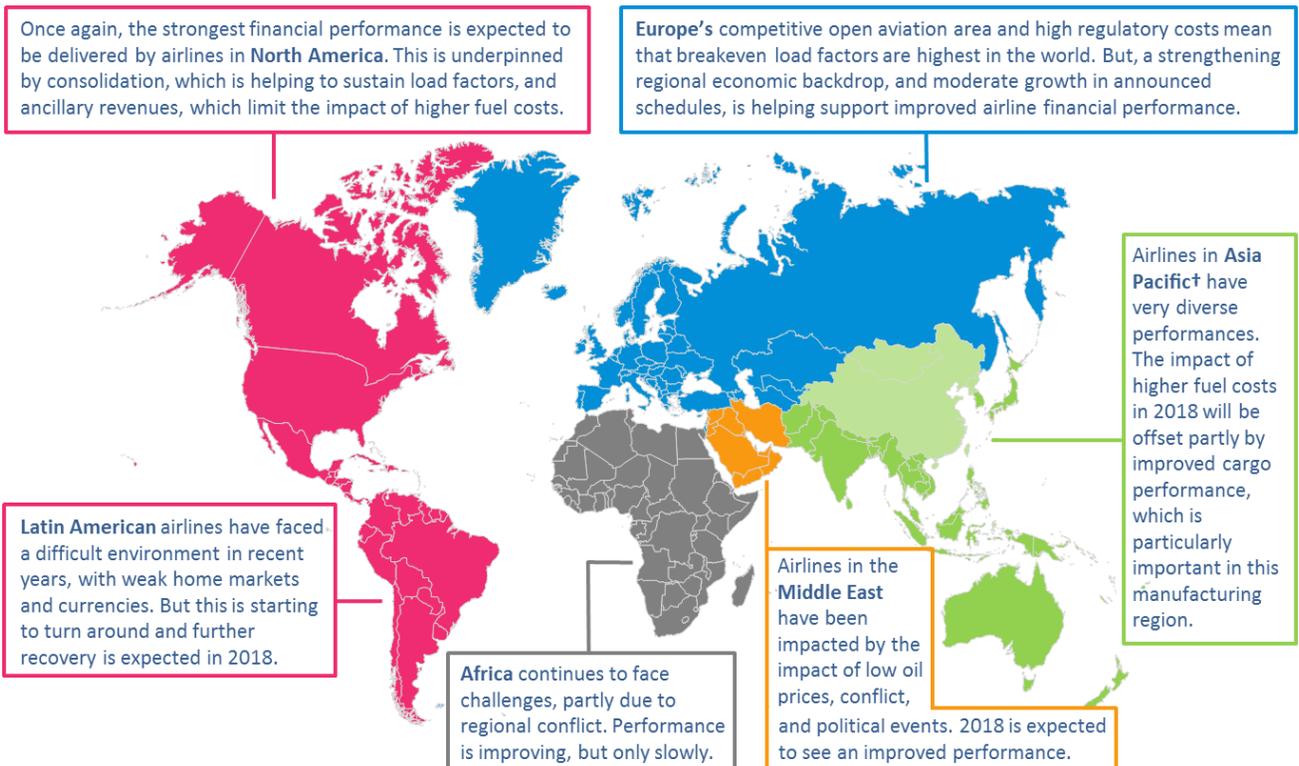
With kind regards,



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



* Forward-looking industry financial assessments should not be taken as reflecting the performance of individual airlines, which can differ significantly.
† Including North Asia.



Once again, the strongest financial performance is expected to be delivered by airlines in **North America**. This is underpinned by consolidation, which is helping to sustain load factors, and ancillary revenues, which limit the impact of higher fuel costs.

Europe's competitive open aviation area and high regulatory costs mean that breakeven load factors are highest in the world. But, a strengthening regional economic backdrop, and moderate growth in announced schedules, is helping support improved airline financial performance.

Latin American airlines have faced a difficult environment in recent years, with weak home markets and currencies. But this is starting to turn around and further recovery is expected in 2018.

Africa continues to face challenges, partly due to regional conflict. Performance is improving, but only slowly.

Airlines in the **Middle East** have been impacted by the impact of low oil prices, conflict, and political events. 2018 is expected to see an improved performance.

Airlines in **Asia Pacific** have very diverse performances. The impact of higher fuel costs in 2018 will be offset partly by improved cargo performance, which is particularly important in this manufacturing region.



CANADA: TRANSPORT CANADA AGREES TO CREATION OF INDUSTRY SAFETY GROUP

Transport Canada and IATA agreed to partner in the creation of a Canadian Government Industry Safety Team. The objective of the group will be to focus resources, following a data driven approach, for the constant improvement of Canada's accident rate and will be enabled by the use of de-identified safety data from IATA's FDX data sharing program. Moving forward, IATA and Transport Canada will engage industry stakeholders including local airlines, local BARS, NAV CANADA and airports to create the group. For more details, please contact IATA's Assistant Director, Safety & Flight Operations for the Americas, [Gabriel Acosta](#).



COLOMBIA: IATA TO INCREASE PRESENCE & ADVOCACY EFFORTS VIA AGREEMENT WITH ATAC

IATA and the Colombian Local Bar, ATAC, have signed a Memorandum of Understanding, aligning both organizations' strategy and objectives for the Colombian market and enhancing efficiencies to best represent the air transport industry in Colombia. While ATAC will remain as a legal entity, IATA will assume the role of ATAC in Colombia and increase its footprint and advocacy efforts, resulting in a more specialized workforce to address the many challenges and opportunities the country faces. The recruitment process for the vacant IATA Country Director position for Colombia is expected to finalize by March. For more information, please contact IATA's Acting Country Manager for Colombia, [David Hernandez](#).



MEXICO: NAICM BAGGAGE HANDLING SYSTEM WORKSHOP TO COMPLETE DESIGN LAYOUT

On January 17, engagement on the New Mexico City Airport (NAICM) continued with the kick off of the baggage handling system (BHS) work stream. GACM held this first meeting to allow the general contractor (CTVM) and the winning BHS bidder (Siemens) to present their concept such as the system layout, the planned technology and the planned system performance. Airlines then had the opportunity to voice their questions and concerns to GACM. An aggressive schedule of workshops has been outlined to complete the BHS basic layout and design by the end of February. The airline community and IATA will be closely engaged in these workshops to ensure the BHS performance meets the requirements of all airline users of NAICM. For more details, please contact IATA's Assistant Director of Airport Development for the Americas, [Mark Rodrigues](#)



MEXICO: UPDATE ON PASSENGER RIGHTS FLIGHT COMPENSATION POLICIES

The Civil Aviation Law on Passenger Rights calls on carriers serving Mexico to submit their delayed flight compensation policies to the Civil Aviation Authority (DGAC) and Mexico's Bureau of Consumer Protection (PROFECO), for its publication and monitoring of airline compliance. In November several of our member airlines reported that PROFECO had challenged their submissions requiring that they either amend the language in their policies to be more explicit. As a result, IATA and CANAERO, the local airline association, held several discussions with PROFECO in an effort to seek a remedy to the situation. Following debates between PROFECO and the DGAC regarding their inconsistent interpretation of the regulation, the matter was elevated to the Legal Office of the Presidency for a solution. In light of the circumstances, PROFECO has informally advised that it does not intend to impose sanctions on airlines for non-compliance with its delayed flight submission requirements, pending clarification from the Legal Advisor's Office. For more details, please contact IATA's Country Manager for Mexico, [Cuit Gutierrez](#).



PANAMA: CAA HOLDS OPEN MEETING FOR AIRSPACE OPTIMIZATION PROJECT

Following the issuance of the terms of reference for the Panama Airspace Optimization Project, Panama's Civil Aviation Authority held an open meeting on January 12 to explain the terms of reference to all interested parties and potential bidders. During the meeting, both administrative and technical questions were answered by the authority. Following the meeting, the CAA will modify the tender documents based on the questions raised at the meeting. Bidders asked for a 30 day extension from the February 19 final proposal submission date. The corresponding contract is expected to be awarded in mid-2018. For more information, please contact IATA's Area Manager for Central America, [David Hernandez](#).



PANAMA: VIOLATION OF MONTREAL CONVENTION

On December 28, IATA intervened in an October 2017 court judgment in Panama involving a cargo claim against KLM. In this case, the judge awarded the claimant over USD 1 million in damages, exceeding the liability limits contained within the Montreal Convention 1999, to which Panama has fully acceded. IATA coordinated efforts to intervene by filing an Amicus Curiae brief in opposition to the judgement, and to seek that the Court of Appeals reverses the ruling, and press that the application of liability limits set by the Montreal Convention 1999 are fully respected consistent with the treaty to which Panama is a party. Alternatively, the grave concern is the negative precedent that this case would otherwise set for future liability claims in Panama or elsewhere in the region if the case were to go unchallenged, and the broader implications it could have for the industry. IATA will continue to monitor for further developments. For more details, please contact IATA's Head of Member & External Relations for Latin America & the Caribbean, [Oracio Marquez](#).



PERU: INDUSTRY URGING LAP FOR BEST PRACTICES IN FUEL PROVIDER SELECTION

IATA, ALTA & AETAI urged LIM Airport Concessionary, LAP, to adhere to best practices in the tender process of fuel providers at LIM airport, promoting competition between service providers during the RFP, separation of into-plane and fuel farm operators, aligned with IATA and JIG quality control and operating standards. The three organizations also called for an international bid to avoid possible conflict of interests in having oil corporations become the service provider. For more details, please contact IATA's Country Manager for Peru, [Ramon Jimenez](#).



IATA: CORSIA EDUCATIONAL WORKSHOPS

The Global aviation industry has taken a leadership role on climate change, establishing a robust plan to reduce emissions based on a comprehensive set of goals. Starting on January 1 2019, airlines operating international flights will be required to monitor their carbon dioxide (CO2) emissions under ICAO's Carbon Offsetting and Reduction Scheme for International Aviation – better known as "CORSIA." IATA is delivering various workshops on the corresponding rules with the next session taking place in Buenos Aires on February 21. For more information, please contact IATA's Head of Member & External Relations, [Oracio Marquez](#).



IATA: CHARGES - MORE THAN \$2B IN SAVINGS ACHIEVED FOR THE INDUSTRY IN 2017

Throughout 2017, IATA engaged numerous airports, ANSPs, and governments to secure better pricing and service levels, resulting in nearly \$500 million in savings for the industry and several service level improvements. A further \$1.5 billion were saved through two special campaigns in the US. Highlights include the avoidance of a proposed per passenger charge increase in the US (PFC & TSA) (~\$1.5B); an 87.5% avoidance of a proposed increase in navigation charges in Brazil (>\$225M); a reduction in Canada's navigation charges (~\$130M); and relationship development with Argentina's new ANSP, resulting in an optimized investment plan and improving service levels. For details, please contact IATA's Charges Manager for the Americas, [Federico Munoz](#).





STATE OF THE REGION: THE AMERICAS

JANUARY 2018

Economy

GDP growth, selected countries

%change on a yr ago	2016	2017Q1	2017Q2	2017Q3
United States	1.5	2.0	2.2	2.3
Brazil	-3.5	0.0	0.4	1.4
Mexico	2.7	2.8	3.1	1.6
Canada	1.4	2.3	3.6	3.0
Argentina	-2.2	0.4	2.7	--
Colombia	2.0	1.3	1.2	2.0
Chile	1.5	0.2	1.4	2.2
Peru	4.0	2.2	2.4	2.5
World*	2.3	2.6	2.8	2.8

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2016	Oct-17	Nov-17	Dec-17
US\$ broad index	127.7	120.0	120.3	120.0
Brazilian real (BRL)	3.26	3.28	3.27	3.31
Mexican peso (MXN)	20.63	19.16	18.61	19.66
Argentine peso (ARS)	15.73	17.65	17.31	18.62
Colombian peso (COP)	2997	3042	3016	2985
Chilean peso (CLP)	668	635	649	615

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel	2016	Oct-17	Nov-17	Dec-17
Crude oil (Brent)	52.4	57.5	62.7	64.4
Jet fuel	64.0	69.7	73.9	76.3

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

%change on a yr ago	2016	Sep-17	Oct-17	Nov-17
Region (registration basis)				
N America	4.1	0.4	4.7	5.4
Latin America	4.6	7.1	5.2	5.8
World	6.7	5.9	7.3	8.0
Routes (segment basis)				
US domestic	3.4	-1.2	5.2	4.9
Brazil domestic	-5.5	6.6	8.0	6.2
Nth America-Europe	2.5	3.3	1.6	2.7
Nth America-Asia	9.6	1.5	4.2	5.4
Nth-Sth America	-1.0	-1.1	1.0	3.2
Sth America-Europe	3.5	4.7	3.4	9.2
Within Sth America	8.0	7.4	2.9	3.9

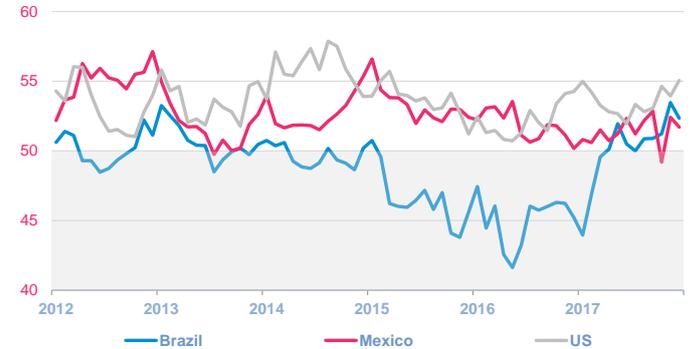
Source: IATA Statistics Note: historical data may be subject to revision

→ Industry-wide RPKs grew by 8.0%yoy in Nov – the fastest pace in 5 months & up from 7.3% in Nov. Pax volumes are carrying solid momentum into the year-end & look set to deliver another year of above-trend growth.

→ At the regional level, RPK growth also lifted moderately this month, although remaining below the pace of the industry overall. RPKs are up 5.4%yoy for the Nth American carriers & 5.8% for those in Lat. Am.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

→ The strong November rise in business confidence in Brazil & Mexico was partly unwound this month, but the level remains robust. Confidence lifted in the US, supported by the passing of the new tax package.

→ On a trade-weighted basis, the US\$ pared last month's gains, returning to its Oct level. The US\$ index is down 6%yoy. In Dec, the MXN & ARS fell sharply, down more than 5% vs the US\$, while the CLP rose by a similar amount. For the year, the ARS is down 18%, the CLP is up 8% & the MXN is up almost 5%.

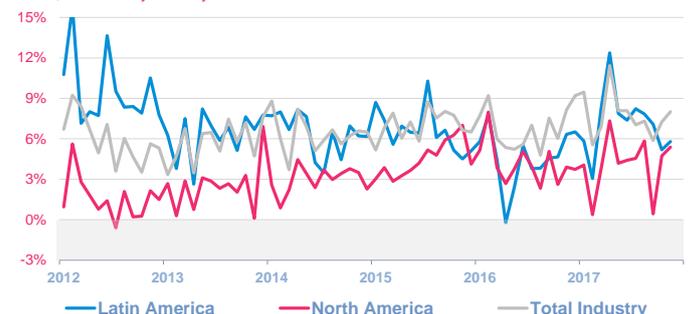
→ Oil & jet fuel prices trended higher in Dec, ending 2017 with a 3%mom gain to US\$64 & US\$76 respectively. Both prices are up more than 20% in yoy terms.

→ Growth for the region's two key domestic markets, the US & Brazil, eased a little in Nov, to 4.9% & 6.2%, respectively. Even so, the underlying (seasonally-adjusted) trend for both remains healthy, supported by a sound (US) or improving (Brazil) economic backdrop.

→ Of the key international markets for the region, SthAm-Europe has overtaken NthAm-Asia as the strongest performer currently, with RPKs up a sizeable 9.2%yoy, (jumping up from 3.4% last month) compared with a solid 5.4%yoy.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2016	Sep-17	Oct-17	Nov-17
Region (registration basis)				
Nth America	2.2	7.5	8.0	9.6
Latin America	-3.7	9.5	7.3	9.4
World	3.7	9.3	5.8	8.8
Routes (segment basis)				
Nth America-Asia	0.2	8.8	4.5	8.3
Nth America-Europe	2.5	8.0	6.8	8.7
Nth-Sth America	-3.9	-0.9	5.1	8.5
Sth America-Europe	1.2	12.0	5.1	9.9
Within Sth America	-18.6	8.1	-4.0	-9.1

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

- Global FTK growth accelerated to 8.8%yoy in Nov, up from 5.8% in Oct. Freight volumes remain on track to record their strongest year of growth since the post-GFC rebound in 2010.
- At the regional level, annual FTK growth also lifted this month, remaining ahead of the industry aggregate. Growth is currently 9.6%yoy for the NthAm airlines &

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: % of ASK/AFTK		2016	Sep-17	Oct-17	Nov-17
Passenger					
Nth America	ASK	4.5	2.1	5.3	4.6
	PLF	83.5	82.0	83.3	83.5
Latin America	ASK	3.1	5.6	3.4	4.7
	PLF	80.8	81.9	82.5	82.4
World	ASK	6.7	5.4	6.1	6.3
	PLF	80.5	81.6	80.9	80.2
Freight					
Nth America	AFTK	3.4	0.9	3.7	3.9
	FLF	34.4	37.8	38.4	40.3
Latin America	AFTK	-1.8	7.9	3.1	11.1
	FLF	33.4	35.1	37.9	36.6
World	AFTK	5.4	3.4	2.8	4.0
	FLF	42.9	45.8	47.2	49.1

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

- NthAm airlines have increased both pax & freight capacity by a moderate 4-4.5% over the past year, compared with the industry wide 6.0% for ASKs & 4.0% for AFTKs. Lat.Am carriers have grown ASKs by 4.7% but AFTKs by a hefty 11%yoy.
- The region's carriers have again outperformed the industry average load factor on the pax side, by a sizeable 2-3pp, but underperformed by a wide margin (10-15pp) on the freight side.

Airline operating (EBIT) margins*

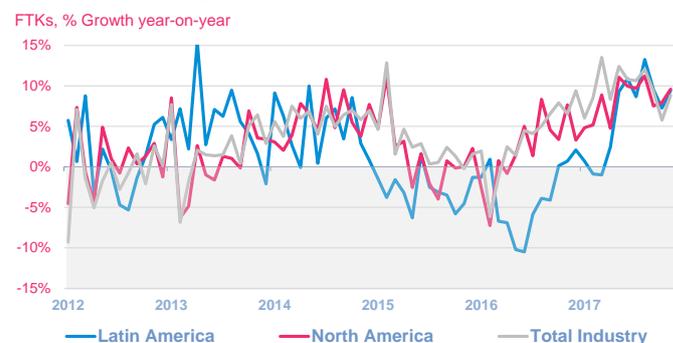
%revenues	2015	2016	2016Q3	2017Q3
Nth America	14.8	13.2	15.2	12.8
Latin America	1.5	4.2	7.3	10.2
Industry	8.5	8.8	15.0	14.7

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

9.4% for the Lat.Am carriers.

- As with pax, the SthAm-Europe cargo market is the current standout, with volumes up ~10%yoy. In contrast, Within SthAm volumes are down 9.1% vs a year ago.
- The 3 largest markets (between NthAm & each of Asia, Europe & SthAm) are all performing strongly, with growth tightly clustered, between 8.3%-8.7%yoy.

Growth in air freight volumes



Source: IATA Statistics

- The final Q3 data confirms an easing in financial performance for the NthAm carriers, but improvement for the Lat.Am airlines compared with a year ago. The latest EBIT margin is 12.8% for NthAm & 10.2% for Lat.Am, both a little lower than the industry average 14.7%.
- The pax yield performance remains mixed vs a year ago. Yields on routes between Nth-SthAm & SthAm-Europe are up 12-14%yoy, but SthAm-Asia yields are still 4% lower than in Nov16.

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

%change on a yr ago	2016	Sep-17	Oct-17	Nov-17
Nth America-Europe	-8.3	1.1	6.3	5.6
Nth America-Asia	-7.2	-5.7	-3.4	-2.9
Nth-Sth America	-17.4	7.0	10.4	12.2
Sth America-Europe	-17.3	15.8	16.3	14.0
Sth America-Asia	-9.1	-2.0	-0.3	-4.0
Within Sth America	-13.8	1.7	1.2	2.7

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

- The latest data suggest a recovery in the number of jet aircraft deliveries for the Lat.Am carriers, but a moderate decline for NthAm airlines, in 2018 vs 2017.

Aircraft deliveries to the Americas (1Q18 data)



Source: Ascend