



Dear Industry Colleagues,

Last month, IATA held its 75th Annual General Meeting (AGM) and World Air Transport Summit in Seoul hosted by Korean Air, bringing together 1,000 industry leaders. Thank you to those of you who were able to attend and make the trip to South Korea. All proceedings from the conference are now available via our dedicated [AGM micro-site](#). The key takeaway of the AGM was the successful endorsement of [five resolutions](#) to further shape the future of aviation in the areas of protecting the environment, slots, RFID for Baggage Tracking, OneID and Disabled Passengers. All five resolutions will impact the industry across the Americas and my team and I look forward to working with you in implementing these newest developments. For your planning purposes, the 2020 edition of the AGM will take place in Amsterdam, hosted by KLM in June.

Besides the AGM, my team has been advocating on behalf of the industry with some positive outcomes in Brazil (allowing airlines to charge for bags while maintaining 100% foreign ownership rights) and Colombia (fighting a bill on consumer protection and airfare regulation). IATA's Director General & CEO Alexandre de Juniac will meet with Colombian President Duque next week to further express the value aviation generates for the Colombian people and its economy. The goal of the meeting will be to identify ways on how the government can work even closer together with the industry to ensure the right conditions are provided to prepare for the anticipated future growth of the Colombian market. A breakdown of the latest IATA 20 year forecast for key markets in the Americas region is included in the monthly chart below.

I recently met with key stakeholders in Peru and from the feedback I received it became clear that the air transport industry needs a much stronger and more pro-active government partner to drive Peru's aviation agenda forward. Most urgently, the government needs to work with the industry on the [expansion of Jorge Chavez International Airport \(LIM\)](#) to be able to accommodate the projected 46 million passengers in 2038. There also needs to be a review of the cost structure (taxes and user fees) and regulatory policies to comply with global industry standards. IATA requested a meeting with the government to offer our support and global best practices and we hope for the meeting to take place soon to address the LIM and Cusco region infrastructure concerns.

Lastly, I would like to encourage you to attend our two next regional events: First the [Wings of Change Conference](#) in Chicago on September 3 and 4 and then the final [Aviation Day of 2019 in Panama](#) On September 10.

As usual, 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. Enjoy your summer!

With kind regards,

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



FORECAST FOR AIR TRAFFIC IN THE AMERICAS

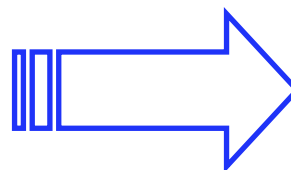
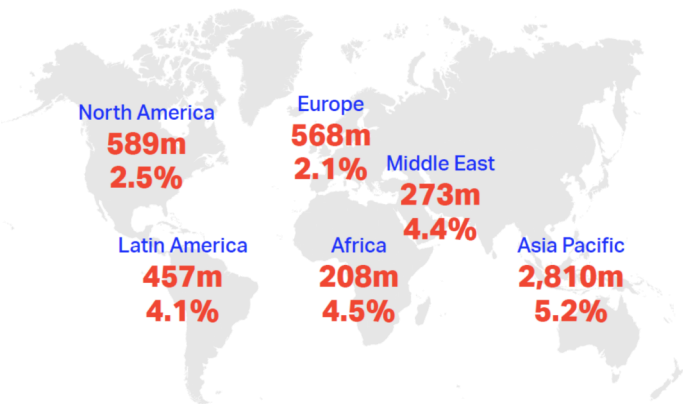
20 Year Forecast: Total Air Passenger Markets
(Passenger journeys to, from and within each country)

Countries	Level (million)		2018-2038		Global rank	
	2018	2038	Change (million)	Forecast CAGR (%)	2018	2038
1 Argentina	27	50	23	3.2%	38	36
2 Brazil	95	202	106	3.8%	16	12
3 Canada	96	147	51	2.2%	15	22
4 Chile	22	41	19	3.1%	43	42
5 Colombia	34	73	40	4.0%	35	27
6 Dominican Republic	14	28	14	3.6%	54	55
7 Mexico	89	190	101	3.8%	18	14
8 Panama	5	15	10	5.5%	84	76
9 Peru	20	46	26	4.3%	46	41
10 US	824	1,362	538	2.5%	1	2

5 Year Forecast: Domestic Air Passenger Markets
(Passenger journeys within each country)

Countries	Level (million)		2018-2023		Global rank	
	2018	2023	Change (million)	Forecast CAGR (%)	2018	2023
1 Argentina	12	14	2	3.1%	27	27
2 Brazil	72	104	32	7.5%	6	6
3 Canada	31	39	8	4.8%	13	14
4 Chile	12	13	0	0.6%	25	28
5 Colombia	21	25	4	3.3%	20	20
6 Mexico	43	51	8	3.5%	9	11
7 Panama	0	1	0	3.7%	73	75
8 Peru	11	15	4	5.8%	29	25
9 Trinidad And Tobago	1	1	0	0.6%	56	61
10 US	587	673	86	2.8%	1	2

GLOBAL GROWTH FORECAST: ADDITIONAL PAX JOURNEYS PER YEAR IN 2038 VS 2018 (MILLION) & CAGR (% PER YEAR)



3.9%

Average annual growth in global air passenger journeys over the next 20 years

2.1x

The number of air passenger journeys in 2038 compared with today



ARGENTINA: ANAC PLANS TO DECLARE AEP & BRC AS FACILITATED AIRPORTS—WSG LEVEL 2

In December 2018, Argentina's DGCA (ANAC) announced their intention to declare several airports in the country as airports of interest/facilitated airports and circulated a draft regulation deviating significantly from the World Slots Guidelines (WSG). IATA voiced its concern and opposition. ANAC took these comments under consideration and opened the proposed regulation to review. Upon IATA's advice and continued guidance during several months, ANAC drafted a new regulation proposal for airport facilitation (Level 2) which more closely adheres to WSG. On June 6, ANAC presented the key elements of this new version to airlines and informed them of their plans to declare Aeroparque (AEP) and Bariloche (BRC) as airports of interest/facilitated airports. Airlines have generally provided positive comments to the development of the norm and appreciated alignment to WSG through IATA-ANAC joint efforts. Main issues to be closely monitored and that IATA continues to press: 1) ANAC has still not presented the corresponding declaration of capacity and demand analysis showing limitations that justify the need to implement facilitation procedures at AEP, 2) ANAC has declared AA2000, the Airport Operator as the facilitator for AEP during an initial period which is not ideal. For more information, please contact IATA's Senior Manager for Worldwide Slot Guidelines, [Arantza Mendicoa](#).



BRAZIL: UPDATE ON BAGGAGE ALLOWANCE & 100% FOREIGN OWNERSHIP RULE

After weeks of highlighting the possible negative implications of a free baggage allowance on the Brazilian aviation sector to key players in the government, IATA welcomed the decision by President Bolsonaro to veto Provisional Decree 863/18 which was passed by the National Congress on Wednesday, May 22, 2019. This line item veto will allow airlines to continue to offer a wider choice of baggage options so that passengers can decide which additional services they would like to pay for or not. The 100% foreign ownership rule is not affected by this veto and remains in place. This decision increases the attractiveness of the Brazilian market, closer aligning the country with global best practices. We will continue to monitor the situation closely. For more details, please contact IATA's Country Manager for Brazil, [Dany Oliveira](#).



COLOMBIA: CONSUMER PROTECTION BILL ON FARE REGULATION ARCHIVED

The bill that proposed to impose stringent provisions on consumer protection and fare regulation in Colombia was archived as there was no consensus among Congressmen to debate it before the end of the current legislative period. However, the possibility remains that the bill will be brought back to life, this time with Government support who seeks to strengthen the newly acquired competences of the Superintendence of Transportation. IATA will continue to monitor the situation and advocate for a positive outcome for the airline industry during the next legislative period starting July 20. For more details, please contact IATA's Country Manager for Colombia, [Andres Uribe](#).



COLOMBIA: PLANS FOR U.S. CBP PRECLEARANCE OPERATIONS AT BOG

As announced by Colombian President Duque, negotiations between the U.S. and Colombian governments are underway with the objective of signing an agreement to establish U.S. CBP Preclearance operations on Colombian territory at El Dorado International Airport (BOG). IATA convened a meeting on June 21 to discuss the pros and cons of opening a U.S. CBP Preclearance facility at BOG with the participation of government representatives from the Presidency of the Republic, Ministry of Foreign Affairs, Ministry of Transportation, Civil Aviation Authority, Immigration, Customs, National Police, National Agency of Infrastructure, Civil Aviation Authority and airlines. The meeting allowed stakeholders to share perspectives and views of the conditions by which this scheme would operate. There are still concerns and a variety of items need to be addressed, such as the carriage of firearms, applicable jurisdiction, cost assumptions and location of the facility. For more details, please contact IATA's Manager for Security and Facilitation, [Alejandro Restrepo](#).



CUBA: TAKEAWAYS OF AVIATION DAY & VALUE OF AVIATION STUDY

IATA participated in the Cuba Aviation Day hosted by the Cuban Ministry of Tourism and the Cuban Aviation Corporation (CACSA). The event brought together over 100 high-ranking Cuban officials from the Ministry of Transport (MINTRANS), Cuba Civil Aviation Authority (IACC), Air Navigation Service Provider (ECNA), Cuban Corporation of Airport and Aeronautical Services (ECASA) among others. The event provided a platform to discuss IATA's latest industry initiatives and how global best practices in the areas of distribution and technology, smarter regulation, airport and airspace infrastructure can benefit Cuba's Aviation sector. IATA also used the opportunity to launch an economic study entitled "[The Value of Air Transport in Cuba](#)" which outlines the importance of aviation as an economic facilitator. For more details, please contact IATA's Area Manager for the Caribbean, [Annaleen Lord](#). For more information, please contact IATA's Area Manager for the Caribbean, [Annaleen Lord](#).



GUATEMALA: BILL PRESENTED TO CONGRESS TO ESTABLISH TAX REGIME FOR AIRLINES

A bill was presented in the Guatemalan Congress on June 5 to resolve the non-recognition of the use of the globally accepted cost allocation formulas to calculate the taxable income in Guatemala. The initiative, although presented by the Ministry of Finance with partial feedback from our members, still need further alignment with industry expectations. The bill seeks to provide legal certainty both for our members operating in Guatemala and for any operator interested in establishing themselves in the country through the recognition and adoption of the internationally accepted cost allocation formulas. IATA will continue to work with the local association to ensure that clear and fair rules are established for the industry in the country. For more information, please contact IATA's Area Manager for Central America, [David Hernandez](#).



PERU: IATA OFFERS SUPPORT TO GOVERNMENT FOR CONSTRUCTION OF NEW CHINCHERO AIRPORT

IATA issued a [press release](#) offering our support and global best practices to the Peruvian government with the [construction of the new international airport in Chinchero](#) for the Cusco region while optimizing operations at Alejandro Velasco Astete de Cusco (CUZ) during the construction period. With the right infrastructure investments, Peru has the potential to more than double its passengers over the next 20 years. But extensive work remains to be done, not only at Jorge Chávez International Airport (LIM) but also in the Cusco region as the current international airport Alejandro Velasco Astete de Cusco (CUZ) already exceeds its capacity. For details, contact IATA's Assistant Director for Airport Development [Mark Rodrigues](#).



URUGUAY: FUEL PRICE REDUCTION OF USD11 MILLION

ANCAP, Uruguay's national oil company, officially published the new jet fuel price (JET A1) applicable for international airlines acquiring product in the country. As a result of a series of meetings held by IATA and ALTA with ANCAP's top management over the past months and facilitated by Uruguay's Minister of Transport, the fuel company finally reviewed their price formula which resulted in a 41% reduction in the differential charged to define the price of JET A1 in the previous year (down from Platts + 60 c/gal to Platts + 35 c/gal). The measure adopted will represent a USD11 million cost reduction for international carriers purchasing jet fuel in Uruguay. For details contact IATA's Assistant Director, Commercial Fuel, [Daniel Chereau](#).



IATA: UPDATE ON NDC AND NEWGEN ISS ACTIVITIES

IATA has been working diligently to support travel agents and airlines in the Americas with the implementation of new processes and technologies in the distribution and settlement space. Over the past months, IATA held a variety of workshops and spoke at external events to travel agents and technical experts about NDC and NewGen ISS. The feedback received has been positive and has strengthened the relationship in the region. To attend future workshops and for more details, please contact IATA's Director for Financial & Distribution Services, [Alicia Lines](#).



State of the region: The Americas

June 2019

Economy

GDP growth, selected countries

% change on a yr ago	2018	Q3 2018	Q4 2018	Q1 2019
United States	2.9	3.0	3.0	3.2
Brazil	1.1	1.3	1.1	0.5
Mexico	2.0	2.5	1.6	0.1
Canada	1.9	2.0	1.6	1.3
Argentina	-2.5	-3.7	-6.1	-5.8
Colombia	2.6	2.6	2.7	2.3
Chile	4.0	2.8	3.3	1.9
Peru	4.0	2.5	4.7	2.3
World*	3.2	3.1	2.9	2.9

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2018	Mar-19	Apr-19	May-19
US\$ broad index	128.5	127.2	127.4	128.7
Brazilian real (BRL)	3.88	3.89	3.95	3.91
Mexican peso (MXN)	19.69	19.40	19.02	19.61
Argentine peso (ARS)	37.66	43.41	44.03	44.83
Colombian peso (COP)	3248	3185	3236	3370
Chilean peso (CLP)	694	680	680	707

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2018	Mar-19	Apr-19	May-19
Crude oil (Brent)	71.7	66.9	71.5	70.4
Jet fuel	86.4	81.1	84.2	84.4

Source: Platts, Datastream (monthly average data)

Market

Revenue passenger kilometers (RPKs)

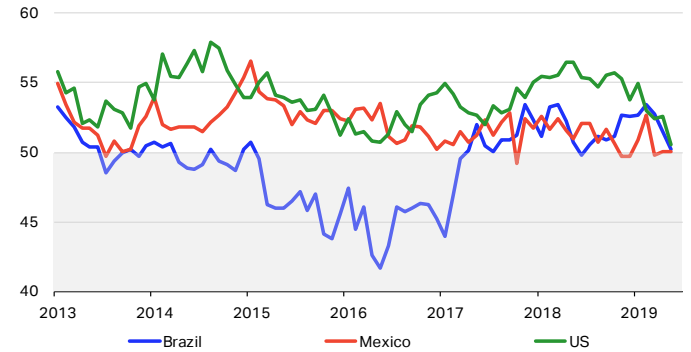
% change on a yr ago	2018	Feb-19	Mar-19	Apr-19
Region (registration basis)				
N America	5.0	3.7	5.0	4.4
Latin America	6.2	5.3	5.3	5.7
World	6.5	5.1	3.1	4.3
Routes (segment basis)				
US domestic	5.1	3.6	6.3	4.1
Brazil domestic	4.8	5.8	3.2	0.6
Nth America-Europe	4.4	9.4	3.3	7.4
Nth America-Asia	3.9	-0.5	-0.6	3.1
Nth-Sth America	4.6	-0.6	0.7	-2.1
Sth America-Europe	9.3	5.2	6.7	6.8
Within Sth America	0.6	2.5	2.1	-1.8

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

- Annual growth in industry-wide revenue passenger kilometres (RPKs) recovered to 4.3% in April, up from 3.1% in the previous month. The pace of demand growth remains steady but is well below the long-run average of around 5%.
- Year-on-year RPK growth eased to 4.4% for North American carriers in April but remains broadly in line with its 5-year average pace. With passenger volumes up 5.7% vs last year, Lat.Am sustained a generally

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

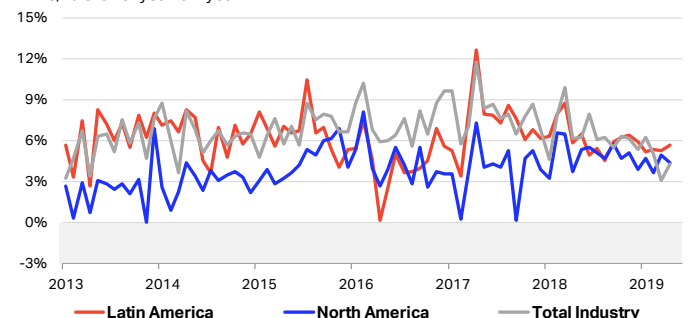
- Political uncertainty and a slowing economy weighed upon business confidence in Brazil, while escalating US-China trade tensions contributed to the fall in sentiment in the US. In Mexico, the manufacturing PMI remained generally unchanged from April.
- On a trade-weighted basis, the US\$ rose by 1.1%, in May, its 4th consecutive monthly increase. Most of the key regional currencies lost against the US\$ with the exception of the BRL which gained a modest 0.9% after a sharp fall in the middle of the month.
- Brent crude oil and jet fuel prices lost their strong upward momentum at the end of May as escalating US-China trade tensions reinforced concerns over a slowdown in global oil demand.

robust trend in the year-on-year growth rate.

- Growth in RPKs eased to 4.1% in the US domestic market but remains underpinned by solid economic backdrop and household spending. For Brazil, annual growth slipped to just 0.6% this month, partly reflecting the country's weaker economic conditions.
- Of the region's larger international markets, RPK growth picked-up sharply in NthAm-Europe (7.4%yo) and returned to positive territory for NthAm-Asia.
- The story is less positive for the smaller markets, with volumes down by ~2% vs last year for Nth-SthAm & Within SthAm.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

% change on a yr ago	2018	Feb-19	Mar-19	Apr-19
Region (registration basis)				
Nth America	6.7	-1.7	-0.1	0.1
Latin America	5.9	2.8	3.9	5.0
World	3.5	-5.1	-0.5	-4.7
Routes (segment basis)				
Nth America-Asia	3.7	-7.5	-1.1	-7.9
Nth America-Europe	3.2	-0.1	-0.3	-7.3
Nth-Sth America	8.7	-2.4	-6.5	-2.2
Sth America-Europe	7.7	-0.2	1.6	-1.5
Within Sth America	17.2	10.4	10.1	-16.3

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

- Industry-wide FTK growth declined again in April, remaining in negative territory for the sixth consecutive month. Air freight volumes are currently 4.7% lower than their year-ago level.
- FTK growth for NthAm carriers remained close to zero for the second consecutive month despite the solid economic performance in the US. More headwinds to freight demand are likely to appear if the recent escalation in the US-China trade war continues.

Industry

Capacity growth and load factors

ASK/AFTK: % ch on a yr ago,		2018	Feb-19	Mar-19	Apr-19
LF: % of ASK/AFTK					
Passenger					
Nth America	ASK	4.7	3.7	5.2	3.4
	PLF	83.8	80.4	84.9	83.9
Latin America	ASK	6.6	5.5	4.8	4.7
	PLF	81.5	81.5	81.6	82.2
World	ASK	6.1	5.2	4.2	3.6
	PLF	81.9	80.6	81.8	82.8
Freight					
Nth America	AFTK	6.5	0.9	2.0	2.5
	FLF	41.2	39.9	41.6	40.5
Latin America	AFTK	3.2	11.7	17.2	18.7
	FLF	34.0	30.3	32.3	32.5
World	AFTK	5.1	2.7	2.9	2.6
	FLF	49.1	44.5	49.4	46.3

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

- Industry-wide passenger load factor (PLF) picked-up to 82.8%, a record high outcome for the month of April. By contrast, the freight load factor (FLF) eased to 46.3%, following a strong performance in March (49.4%).
- Both NthAm and Lat.Am carriers posted a record high PLF for April (based on data since 1990). By contrast, FLFs are currently lower compared to last year for both regions, most notably in the Lat.Am case (down 4.3ppt).

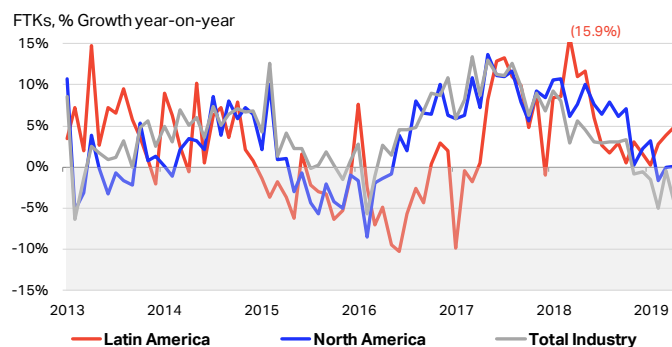
Airline operating (EBIT) margins*

% revenues	2016	2017	2018Q1	2019Q1
Nth America	13.7	11.2	6.4	6.5
Latin America	5.6	6.2	4.9	0.7
Industry	8.5	7.5	4.2	2.3

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

- Latin America was the best performing region in terms of freight demand in April, posting a ten-month high year-on-year growth rate of 5.0%.
- All of the key international markets recorded a fall in FTKs vs a year ago. The decline was most notable for the smaller Within SthAm market (-16%y-o-y) and the largest NthAm-Asia market (-8%y-o-y).

Growth in air freight volumes



Source: IATA Statistics

- The latest financial data for Q1 2019 confirm a decline in industry profitability vs the same period a year ago; the EBIT margin fell to 2.3%, from 4.2% in Q1 2018. At the regional level, the EBIT margin remained generally unchanged for NthAm carriers at 6.5% of revenues and dipped sharply, by ~4ppt, for Lat.Am airlines.
- Growth in passenger yields remained under downward pressure on all of the main regional routes in April. SthAm-Europe was the key underperformer with yields down more than 20%, followed by SthAm-Asia (-12.6%) and NthAm-SthAm (-9.2%).

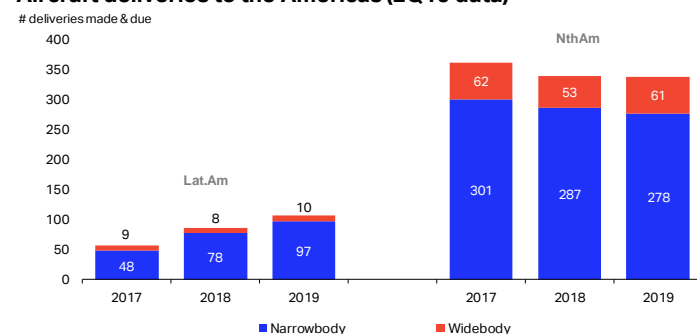
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2018	Feb-19	Mar-19	Apr-19
Nth America-Europe	4.5	-5.8	-5.3	-7.9
Nth America-Asia	-0.3	1.7	-0.6	-7.2
Nth-Sth America	-38.8	-14.9	-9.5	-9.2
Sth America-Europe	-1.2	-17.7	-18.4	-20.2
Sth America-Asia	-0.3	-5.0	-11.9	-12.6
Within Sth America	-26.9	-27.3	-9.9	-1.4

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

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

Aircraft deliveries to the Americas (2Q19 data)



Source: Ascend