



Dear Industry Colleagues,

We have just concluded a successful Aviation Day for Colombia in Bogota with the participation of various Ministers, airline and airport CEOs and over 350 senior industry delegates. The discussions were very fruitful and resulted in three clear action items for the country to utilize aviation as an engine of economic growth and social development: 1) We need to further develop the airport and airspace infrastructure, 2) Reduce taxes and charges that raise cost of air travel to remain competitive with other destinations, and 3) The government must embrace smarter regulation principles that are aligned with global best practices. The good news is that the government wants to work with the industry to address the above opportunities and IATA will develop a specific action plan with the corresponding stakeholders to move Colombia's aviation agenda forward. At the event, IATA launched a dedicated economic analysis study regarding the Value of Aviation in Colombia. You can download a copy of the study [here](#) and view some of the key information below. All event images and presentations are available at our [regional event page](#). Thank you to everyone who participated in the event for making it a great forum for constructive dialogue between the industry and the government.

The next Aviation Day will take place in Mexico on February 28, 2019 to advocate for the importance of aviation and its economic benefits to the new government. We will share more details shortly.

In other good industry news, I am pleased to share that the Cuban Authorities have agreed to implement a Billing & Settlement Plan (BSP) in Cuba after years of negotiations with the authorities. The next phase is to begin the technical work needed to start a BSP and we will work closely with the industry and the government to ensure the right processes and robust mechanisms will be in place.

In the mean time, please find the summary of IATA's key activities across the Americas for October and November below and please let me know if you have any questions.

With kind regards,

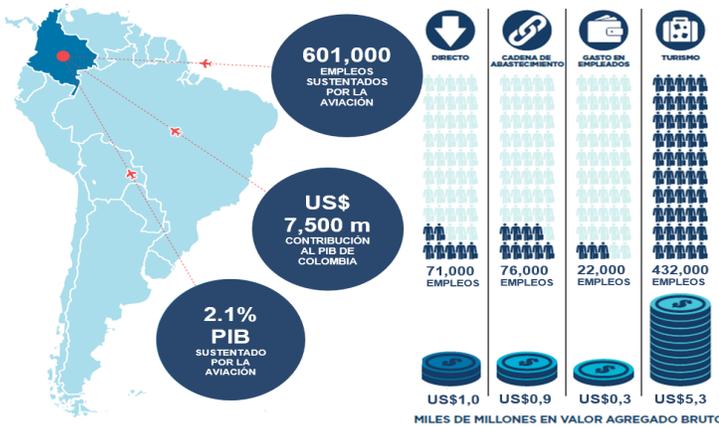
Peter Cerda, IATA's Regional Vice President, The Americas



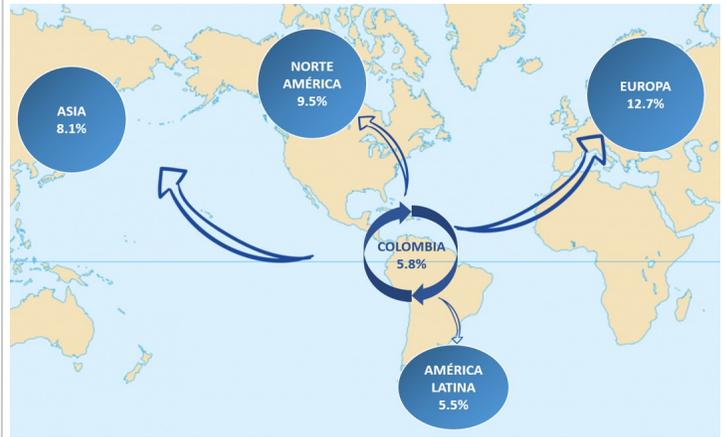
THE VALUE OF AVIATION IN COLOMBIA

AIR TRANSPORT AS AN ENGINE OF ECONOMIC GROWTH AND SOCIAL DEVELOPMENT

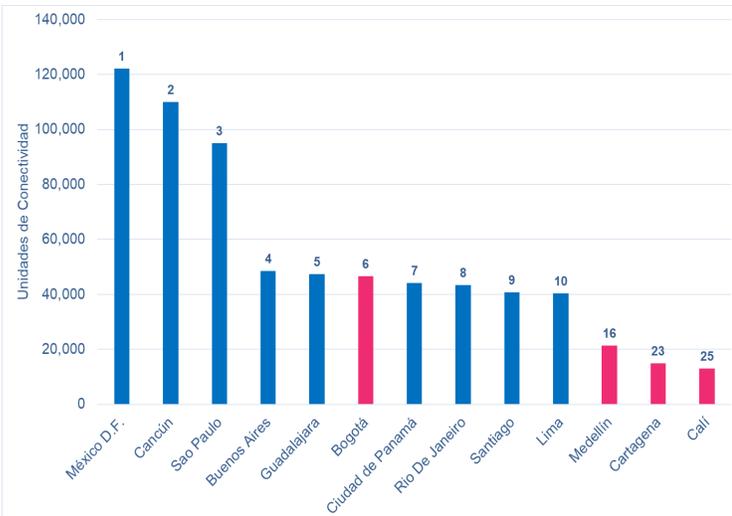
AIR TRANSPORT IS A MAJOR CONTRIBUTOR TO THE ECONOMY OF COLOMBIA



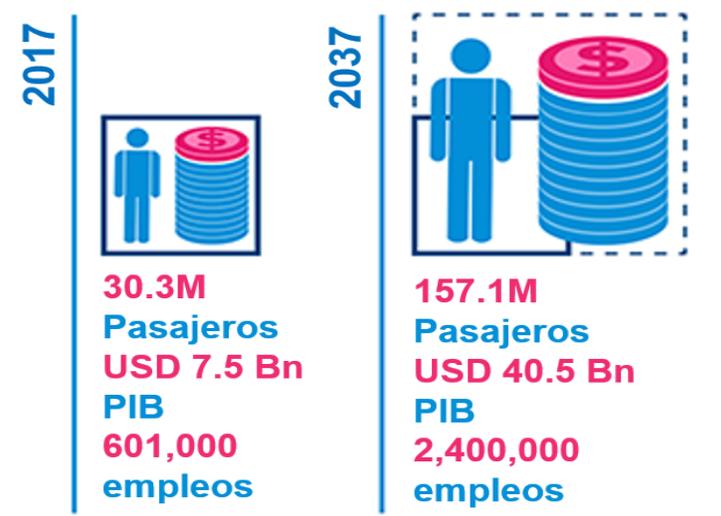
EVOLUTION OF PASSENGER TRAFFIC FROM 2012 TO 2017 (YEAR OVER YEAR)



RANKING OF AIR CONNECTIVITY OF KEY REGIONAL AIRPORTS IN 2018



COLOMBIA'S FUTURE GROWTH POTENTIAL WITH RIGHT REGULATORY FRAMEWORK



MINISTER: ARGENTINA: TRANSPORT MEETING SUMMARY



IATA met with Argentina's Minister of Transport, Guillermo Dietrich, to address two current key concerns for airlines in Argentina: 1) Ground handling market deregulation and 2) the need to reduce the impact of costs in USD to airlines in light of reduction in international ticket prices and the fall in load factors, as a consequence of recent Peso devaluation. The Minister committed to release a new regulation in the short term establishing a total market opening for ground handlers as of 2020. Final details are still under analysis. In regards to costs, Minister Dietrich explained that the ambitious infrastructure plans currently in progress at AEP, EZE and domestic airports, is fully dependent on the collection of these fees and charges and hence, a reduction is not in the short term plan. At the same time, he instructed his team to initiate a series of meetings with IATA to find a mechanism to eliminate the burden caused by taxation and devaluation on user fees collected by the airlines. IATA will engage the airlines in these discussions moving forward. For more information, please contact IATA's Area Manager for Argentina, [María Jose Taveira](#).

BRAZIL: CUBA: INTRODUCTION OF SANITARY INSPECTION FEE

Cuba's Ministry of Health, MINSAP, decided to impose a Sanitary Inspection fee on all international flights arriving at any of Cuba's airports. The charges will be imposed per aircraft type. Cargo: 100.00 CUC. Short Range Aircraft: 80.00 CUC. Medium Range Aircraft: 90.00 CUC. Long Range Aircraft: 100.00 CUC. IATA is awaiting a response from MINSAP for a meeting to show the anticipated negative impact of increase taxes, charges and fees while promoting ICAO principles, including consultation with the industry prior to implementation. For details, please contact IATA's Country Manager for the Caribbean, [Annaleen Lord](#).

ECUADOR: CONSUMER PROTECTION INITIATIVE UNDER DISCUSSION IN CONGRESS

A consumer protection initiative has recently been introduced in the Congress of Ecuador. The bill, entitled "Ley Orgánica para derechos y obligaciones de usuarios, transportistas, y operaciones" seeks to regulate air and cargo transportation in Ecuador after congress "received several disconformities towards airlines". It includes, among other issues, a price ceiling for holiday rates, which goes against supply and demand principles. IATA is working closely with the local BAR to determine the next course of action. For more information, please contact IATA's Area Manager for Central America, [David Hernandez](#).

MEXICO: PUBLIC REFERENDUM DECIDED TO CANCEL NAIM & INITIATE SANTA LUCIA PROJECT

The public referendum held at the end of October resulted in the decision to cancel the New Mexico City Airport (NAIM) project. The current government declared that all works on the site will continue until November 30, the last day of the outgoing administration. It will then be for the new government to move forward to cancel the existing contracts and dismiss workers. Cancellation costs of NAIM are estimated at more than 100 billion pesos (~USD 5 billion). Various national and international organizations have expressed their disappointment with the decision to cancel the project and raised concerns about the future of México's economy and business environment. In parallel, the elected government of AMLO has announced the construction of the "Santa Lucia-Toluca-AICM Airport System", which is estimated to be completed in 3 years. The immediate steps include to start the works to reactivate Toluca Airport and finalize the necessary studies for the construction of the 2 new runways at the military base at Santa Lucia. IATA will study this new proposal once more information is available in terms of airspace efficiency and operational safety. For more details, please contact IATA's Area Manager for Mexico, [Cuit Gutierrez](#).

PERU: INDECOPI AGREED TO RECEIVE TRAINING ON TECHNICAL DELAYS

INDECOPI, Peru's Passenger Protection Regulator, accepted to receive training and advice on technical delays from the DGAC beginning in 2019, applying more comprehensive criteria and avoiding duplicate reports on the claim process. This initiative has taken years as INDECOPI historically applied a general criteria for all claims, ignoring that in the aviation industry a claim can be caused by the failure to provide a service or by an involuntary delay due to technical reasons. Moving forward, INDECOPI will work closely with the DGAC on training and seek advice to understand specific situations where an airline should not be fined. For more details, please contact IATA's Country Manager for Peru, [Adriana de Carbonel](#).

PERU: LIM TERMINAL AND RUNWAY CONSTRUCTION UPDATE

Lima Airport (LAP) signed a formal agreement with the Peruvian Government whereby LAP received 100% of the land required to start construction of the new terminal and second runway. IATA is engaged in a series of initiatives in Lima, including the introduction of Worldwide Slot Guidelines Level 2 by Summer 2020, reviewing airspace and airside capacity to increase operations in the short and long-term, supporting LAP with stop-gap measures to allow for higher passenger throughput while the new Terminal is being built (commissioning by 2024) and collaborating with LAP in the design of the new Terminal facilities. For more details, please contact IATA's Assistant Director of Airport Development for the Americas, [Mark Rodrigues](#).

ST. LUCIA: DISCUSSIONS ON NEW AIRPORT DEVELOPMENT

St. Lucia Air and Seas Port Authority (SLASPA) has hired CBRE|Heery to work on the development of the new terminal for UVF. IATA met with the architects as well as with the project management team assigned by SLASPA to oversee this development. We have agreed that consultation meetings are held with the infrastructure and charges experts of the airlines operating in St. Lucia as a way for all involved to make the most out of this project. IATA will continue to engage with SLASPA, CBRE|Heery and the airlines as the project advances. For more information, please contact IATA's Area Manager for the Caribbean, [Annaleen Lord](#).

UNITED STATES: UPDATE ON CBP BIOMETRIC EXIT PROGRAM

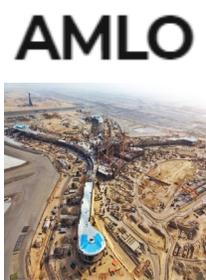
The U. S. Customs and Border Protection (CBP) is trying to partner with airlines to collect biometric information in order to allow for a more convenient and faster facilitation of passengers. At this point it is uncertain how the program will move forward if an airline decides not to participate. Some IATA member airlines are quite enthusiastic and supportive of the program but others have shared concerns. We would like any carriers who are either interested in partnering with CBP or who have serious concerns to contact IATA's Vice President of Member & External Relations for North America, [Doug Lavin](#).

IATA: NEWGEN ISS IMPLEMENTATION MOVING FOWARD

The New Generation of IATA Settlement Systems (NewGen ISS) was successfully implemented in Panama, Honduras, Mexico and El Salvador as the first countries in Latin America. Other countries across the region will be rolled out in 2019. IATA will continue to work closely with all stakeholders and offers educational workshops and webinars on the new program while ensuring airlines' technical readiness and obtaining their support for [IATA EasyPay](#) acceptance. For more information, please contact IATA's Regional Director for Financial & Distribution Services for the Americas, [Alicia Lines](#).

IATA: NEW ID CARD APP LAUNCHED GLOBALLY

IATA officially launched the new IATA/IATAN ID Card Mobile App, allowing accredited agents to access their digital ID Card and travel & tourism offers anytime, anywhere on their mobile device. For more details, please visit the new [digital ID card page](#).





STATE OF THE REGION: THE AMERICAS

NOVEMBER 2018

Economy

GDP growth, selected countries

%change on a yr ago	2017	2018Q1	2018Q2	2018Q3
United States	2.2	2.6	2.9	3.0
Brazil	1.0	1.2	1.0	--
Mexico	2.3	2.3	1.6	--
Canada	3.0	2.3	1.9	--
Argentina	2.9	3.9	-4.2	--
Colombia	1.8	2.6	2.5	2.6
Chile	1.6	5.2	5.1	2.8
Peru	2.5	3.1	5.4	--
World*	3.1	3.2	3.2	3.2

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2017	Aug-18	Sep-18	Oct-18
US\$ broad index	120.0	125.3	126.0	126.9
Brazilian real (BRL)	3.31	4.12	4.02	3.72
Mexican peso (MXN)	19.66	19.15	18.73	20.28
Argentine peso (ARS)	18.62	36.93	40.85	36.17
Colombian peso (COP)	2985	3066	2967	3225
Chilean peso (CLP)	615	680	659	700

Source: Datastream, XE

World oil and jet fuel price

US\$/barrel (period ave.)	2017	Aug-18	Sep-18	Oct-18
Crude oil (Brent)	54.2	72.5	78.9	81.0
Jet fuel	65.6	89.0	91.9	94.4

Source: Platts, EIA Monthly average data

Market

Revenue passenger kilometers (RPKs)

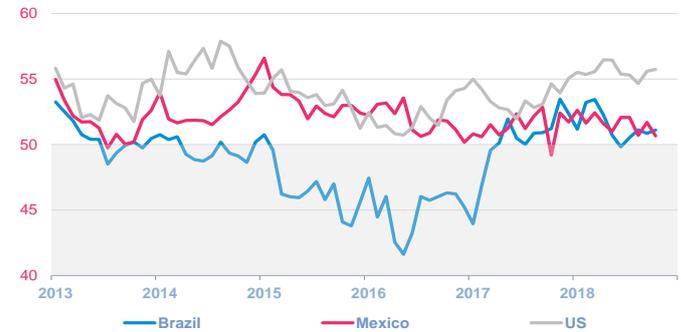
%change on a yr ago	2017	Jul-18	Aug-18	Sep-18
Region (registration basis)				
N America	4.2	5.1	4.5	5.6
Latin America	6.7	5.2	4.4	6.3
World	7.6	6.2	6.4	5.5
Routes (segment basis)				
US domestic	3.7	5.8	5.2	6.2
Brazil domestic	2.3	9.0	4.4	3.5
Nth America-Europe	4.1	4.1	3.9	4.5
Nth America-Asia	4.9	3.1	2.5	2.0
Nth-Sth America	0.9	0.1	3.1	5.9
Sth America-Europe	6.1	8.7	10.4	7.6
Within Sth America	10.5	-3.7	-2.6	-2.3

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

- ➔ Annual growth in industry-wide RPKs eased to 5.5% in Sept, the slowest rate in 8mths. The monthly outcome was impacted in part by adverse weather disruptions, although the upward traffic trend also slowed in Q3.
- ➔ At the regional level, RPK growth lifted from a moderate dip in Aug to a solid 5.6% & 6.3%yoy for Nth and Latin America, respectively. For the first time this year both regions are growing faster than the industry average.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

- ➔ Mexico's business confidence ticked lower this month on uncertainty over future trade & economic conditions. The election in Brazil delivered a modest uptick in business sentiment in that country while the robust economic backdrop in the US has kept confidence elevated.
- ➔ On a trade-weighted basis, the US\$ rose by 0.7% in Oct, the 9th consecutive monthly gain. Amongst the main regional currencies, the ARS surged by 11.5% & the BRL 7.5% vs the US\$ this month. However, the MXN, & COP both ended the month down 8-9%.
- ➔ The monthly average Brent crude oil & jet fuel price rose further in Oct, mainly due to supply cut announcements from Saudi Arabia. In recent weeks, however, the oil & jet fuel price has corrected sharply lower.

- ➔ For the regions' largest domestic markets, US domestic RPK growth lifted from 5.2% in Aug to 6.2% in Sept, while the Brazilian domestic market softened further, for the 3rd consecutive month, to 3.5% yoy.
- ➔ For the main international markets, Sth America-Europe RPK growth is the standout, up 7.6%yoy. Traffic between Nth-Sth America follows, with RPKs up ~6%yoy, while the Nth Atlantic market has grown by 4.5%yoy. RPKs are currently 2.3% lower than their level of a year ago for the Within Sth America market.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

%change on a yr ago	2017	Jul-18	Aug-18	Sep-18
Region (registration basis)				
Nth America	8.2	3.3	2.9	1.5
Latin America	5.5	2.6	1.6	2.9
World	9.1	2.2	1.9	2.0
Routes (segment basis)				
Nth America-Asia	8.7	0.2	1.3	2.9
Nth America-Europe	9.9	-1.2	1.9	4.2
Nth-Sth America	0.6	3.0	0.9	0.1
Sth America-Europe	6.9	6.8	12.1	0.3
Within Sth America	3.2	15.6	16.1	21.9

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

- ➔ Annual industry-wide FTKs increased by 2.0%yoy in Sept, more than 3pp below the five-year average pace. The moderation in annual growth is consistent with the typical pattern seen after inventory-led upturns (as we saw in 2017) in the past.
- ➔ FTK growth eased to a modest 1.5% for the Nth American carriers in Sept, half the rate seen in Aug. By contrast, growth lifted to 2.9%yoy for the Lat.Am airlines after a number of months of slowdown.

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago, LF: %of ASK/AFTK	2017	Jul-18	Aug-18	Sep-18
Passenger				
Nth America ASK	4.0	3.9	4.1	7.2
PLF	83.7	87.7	86.5	80.7
Latin America ASK	5.3	5.9	5.8	8.3
PLF	81.7	84.1	80.5	80.3
World ASK	6.3	5.3	5.5	5.8
PLF	81.5	85.3	85.3	81.4
Freight				
Nth America AFTK	2.0	4.4	3.2	4.9
FLF	36.5	34.3	34.5	36.5
Latin America AFTK	4.7	-3.1	5.3	4.3
FLF	33.6	32.4	32.9	34.2
World AFTK	3.6	4.0	4.5	3.2
FLF	45.2	42.7	42.1	44.8

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

- ➔ The industry-wide PLF dropped to 81.4% in Sept, down from 85.3% in Aug. In contrast, the FLF lifted by almost 3pp this month to 44.8%.
- ➔ A similar pattern is evident at the regional level. The PLF for both NthAm & Lat.Am carriers declined in Sept to 80.7% & 80.3% respectively, while the FLF lifted to 36.5% for Nth America & 34.2% for Lat.Am.

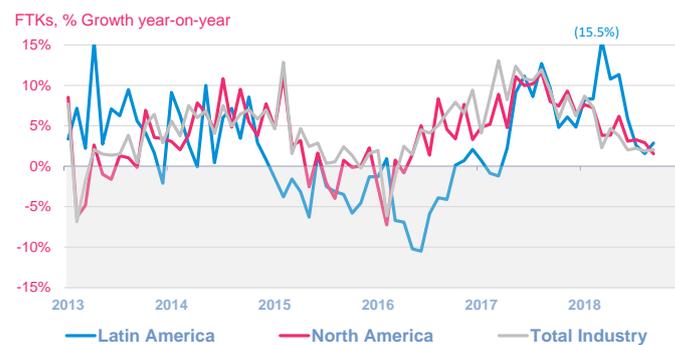
Airline operating (EBIT) margins*

%revenues	2016	2017	2017Q3	2018Q3
Nth America	13.7	11.1	14.7	11.6
Latin America	5.6	6.9	9.8	1.4
Industry	8.5	7.5	16.5	13.5

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

- ➔ FTK growth outcomes across the region's main international routes are mixed. The smaller Within SthAm market remains the strongest performer with freight volumes up ~22%yoy, against a more modest pace of growth on the two largest markets of NthAm-Asia and NthAm-Europe, at 2.9% and 4.2% respectively.
- ➔ In contrast, FTKs are little changed compared with a year ago for the Nth-Sth America & SthAm-Europe markets, with growth of just 0.1% & 0.3%yoy.

Growth in air freight volumes



Source: IATA Statistics

- ➔ The initial Q3 financial data confirm that the squeeze on airline profit margins has continued, both at the industry & regional level. The EBIT margin is currently 11.6% and 1.4% of revenues for NthAm and Lat.Am carriers respectively, both below the industry-wide outcome of 13.5%. The Lat.Am figure in particular, represents a significant slowing compared with a year ago (9.8%).
- ➔ With the exception of the two largest markets (NthAm to both Asia & Europe), yields on key markets remain soft, & lower than their level of a year ago.

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

%change on a yr ago	2017	Jul-18	Aug-18	Sep-18
Nth America-Europe	-1.8	11.0	9.4	5.6
Nth America-Asia	-3.2	5.1	3.9	4.1
Nth-Sth America	0.2	-4.8	-6.4	-6.7
Sth America-Europe	7.9	2.2	-2.2	-6.7
Sth America-Asia	-4.2	-2.8	-0.6	-3.0
Within Sth America	1.8	-7.7	-7.6	-8.0

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

Aircraft deliveries to the Americas



Source: Ascend