



MONTHLY INSIGHTS
PETER CERDÁ

Dear Colleagues,

While COVID-19 continues to challenge our sector in never anticipated ways, IATA's 76th Annual General Meeting (AGM) took place virtually for the first time on November 24. IATA once again called on governments to ensure the industry's viability with continued financial and regulatory support while re-opening borders to travel by adapting systematic testing of international travelers which would permit the lifting of border restrictions and provide an alternative to current quarantine rules. All proceedings from the AGM are now available via [IATA's AGM site](#). Next year's AGM will return to the Americas region with JetBlue Airways hosting the 77th edition in Boston on 27-29 June 2021.

While we continue the financial relief and restart activities across the region, the industry is also preparing for the distribution of vaccines. We are now in the process of advocating to Governments that aviation workers should be prioritized for access to vaccines once health workers and vulnerable groups have been vaccinated. We have started the advocacy campaign in Mexico to ensure the Government recognizes the role of aviation in vaccine distribution and the need for the industry's frontline workers to have early access to vaccines, as also suggested by the World Health Organization (WHO). However, waiting for a vaccine is not a solution for the airline industry, hence our continued call to Governments for testing and lifting of quarantines to re-connect the Americas to the rest of the world.

From a connectivity perspective alone, COVID-19 has had a dramatic effect on the continent. In North America, the number of unique city pairs connecting the United States and Canada within the region and to the rest of the world reduced by almost 2000.

In April 2020, there were 3,490 unique city pairs compared to 5,450 city pairs during the same period one year ago. Looking at Latin America and Caribbean, the number of unique city pairs dropped by more than a half. In April 2020, there were 680 unique city pairs compared to 1,780 city pairs during the same period one year ago. In addition, every year 146 million international tourists arrive to North America with 60% of those visitors travelling to the region by air. Further South, 73 million international tourists arrive to Latin America and the Caribbean annually with 51% of those visitors travelling by air.

Simply put, air connectivity is essential for the Americas region and will continue to play a critical role in the region's recovery from COVID-19. Governments must understand the importance of our sector and see airlines as business partners and work together with the industry, not against it. To further support the messaging around the importance of connectivity, we just launched [IATA's Air Connectivity Report](#) which specifies how city-pair connections serve as virtual bridges supporting the flows of key economic activities between markets, facilitating links between businesses, governments and people, and enabling world trade, investment, tourism and travel. I hope you find the materials useful in your own advocacy efforts.

While I will continue to share IATA's operational COVID-19 updates for the Americas in real time, please find below IATA's longer term strategic activities and initiatives, both COVID and non-COVID related. Please count on our continued support and never hesitate to reach out to me directly for any additional actions or ideas you might have.

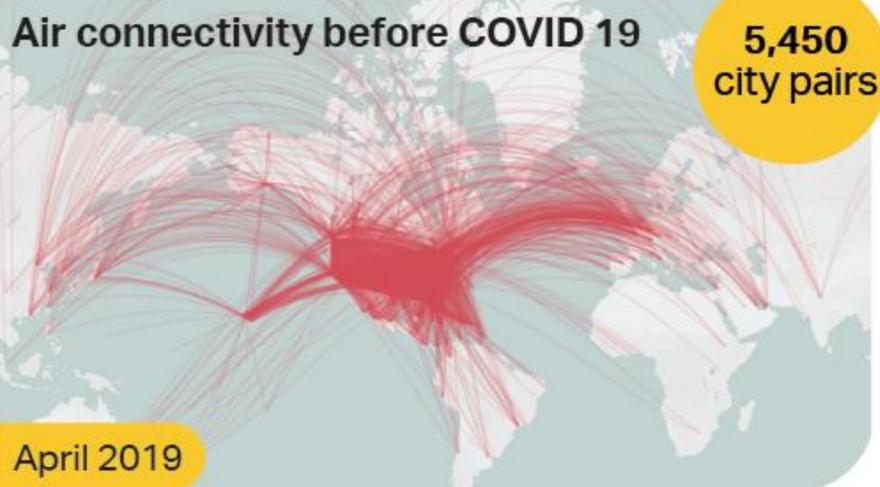
Lastly, I would like to wish you and your families a happy and safe holiday season and all the best for 2021. #staystrong #flysafe

With kind regards,

Peter Cerdá
IATA's Regional Vice President, The Americas

Impact of COVID-19 on Air Connectivity in the Americas

North America



Latin America & Caribbean



ARGENTINA: REGRET BUTTON RESOLUTION NOT APPLICABLE TO AVIATION

Resolution 424/2020 issued by the Ministry of Productive Development established that a “regret button” link shall be implemented on every website through which goods or services are sold online in Argentina, with the intent to allow consumers to retract from the purchase for up to a 10-day period. Following industry advocacy efforts, the Civil Aviation Authority (ANAC) issued Resolution 2020-329-APN-ANAC#MTR stating that the “regret button” does not apply to the aviation industry and that airlines are not obliged to implement it, due to the characteristics of the air transport services and the specific regulations of the contract of carriage defined in the Argentinian Aeronautical Law. This Resolution is the outcome of the previously informed meeting between ANAC, IATA, and JURCA held on 2 December, where the industry presented its position regarding the impossibility and inconvenience to mandate the compliance of the Resolution 424/2020 to online air tickets sales. For more details, please contact IATA’s Country Manager for Argentina, [Maria Jose Taveira](#).

BRAZIL: AIRPORT CONCESSION CONSULTATION

Based on IATA’s request, the Civil Aviation Authority (ANAC) has proactively engaged airlines to ask for inputs to strengthen the guidelines for the feasibility studies of airport concessions in the country. This latest development is the continuation of IATA’s efforts to improve concession contracts in Brazil, advocating for extensive consultation with airlines, now extended to the pre-concession processes. As Brazil is approaching the last airport concession round, which includes the most important business traffic airports of CGH and SDU, the main objective is to rethink assumptions and define a new baseline to promote efficient and cost-effective infrastructures, while further improving contractual obligations. The first deliverable by early December are inputs for airside and landside requirements, which will be followed by discussions on economic regulations starting in January. The auction for the seventh and last round of airport concessions is expected to take place in 2022. For more details, please contact IATA’s Country Manager for Brazil, [Dany Oliveira](#).

CARIBBEAN: ADVOCATING AGAINST INCREASE IN CHARGES ACROSS ISLANDS

The Caribbean region was among the first in the Americas to reopen borders in June to internationally scheduled air traffic. Governments for the most part were communicative with the industry in sharing and incorporating industry feedback in the re-opening protocols. However, the industry has been inundated with proposed increases from several island states, making a costly region even more expensive for visitors. These include Aruba’s Air Navigation Service Provider (ANSP) proposing a 20% fee increase starting 1 January 2021 and a travel insurance of \$30 per person; Bahamas’ increase on overflight fees starting next year (amount and date still to be defined, as consultation is in progress) and a \$40 per person charge for travel insurance; Cuba’s implementation of a Sanitary fee of \$30 per person as of 1 December 2020; Curacao’s Passenger Facility Charge (PFC) increase of \$4 per person for international destinations as well as an increase of \$1.32 per passenger on their security fee starting 1 January 2021; Grenada proposing the introduction of a “COVID-19 Security Surcharge” of \$150 per ticket; Jamaica introducing a \$40 per person charge for travel insurance; and Bonaire’s proposed increase of \$2 to PFC and creating of new \$3 security service charge (SSC). IATA has appealed to the various Governments to reconsider these increases and rather support aviation recovery through market stimulation options that can generate traffic, thereby reducing the debt burden on carriers and supporting a faster recovery of the industry. For details, please contact IATA’s Area Manager for the Caribbean, [Annaleen Lord](#).

COSTA RICA: RECENTLY PUBLISHED OBSTACLES CHART AFFECTS OPERATIONS IN SJO

After almost 10 years, the Civil Aviation Authority (CAA) published a new obstacle chart which includes certain elements — mostly trees and lamp posts — that need to be accounted for during flight planning. This has a direct impact on airlines, affecting payload restrictions on long-haul flights, ranging from 14-40 passengers depending on aircraft type. IATA warned the CAA and requested to prioritize the removal of the obstacles that most affect operators. Following a meeting with the authorities, the CAA was open to take action and address the removal of these obstacles. Since removing the obstacles does not depend solely on the CAA, IATA offered support with data on how the obstacles affect operational safety. For more details, please contact IATA’s Area Manager for Central America, [David Hernandez](#).

UNITED STATES: DOT FINAL RULE ON “UNFAIR AND DECEPTIVE PRACTICES” STANDARD

In a major victory for the industry, on 27 November, the US Department of Transportation (DOT) published a final rule, effective in 30 days, defining the so called “Unfair and Deceptive Practices” standard that DOT previously used to justify its broad passenger rights regulations. The new rule codifies the strict definition of what constitutes an unfair and deceptive practice and requires DOT to prove that a specific airline action violates that standard. It will limit the ability of DOT to regulate airline practices in the future. While the next Administration or Congress could potentially seek to overturn the rule, it will serve as a precedent that will be difficult to ignore. IATA joined with Airlines for America and our member airlines in advocating for this rule. For more information, please contact IATA’s Vice President for Member & External Relations for North America, [Doug Lavin](#).

UNITED STATES: DOT FINAL RULE ON TRANSPORTATION OF SERVICE ANIMALS

The U.S. Department of Transportation (DOT) announced that it is revising its Air Carrier Access Act (ACAA) regulation on the transportation of service animals by air to ensure a safe and accessible air transportation system. This rule is the result of a multi-year industry coalition effort, led by Airlines for America (A4A) and addresses many of the safety and health concerns that were raised by DOT’s 2016 Advisory Committee on Accessible Air Transportation (ACCESS Advisory Committee), of which IATA was a participant. Specifically, the rule defines a service animal as a dog that is individually trained to do work or perform tasks for the benefit of a person with a disability and no longer considers an emotional support animal to be a service animal. Further details and the final rule on Traveling by Air with Service Animals can be found [here](#). For more information, please contact IATA’s Vice President for Member & External Relations for North America, [Doug Lavin](#).

AVIATION INDUSTRY AGREES TO VITAL SLOT USE RELIEF

The Worldwide Airport Slot Board (WASB) has reached agreement on slot use alleviation for Northern Summer 2021 (NS21). This is a significant decision for the board comprised of ACI World and their member airports, IATA and airlines, and slot coordinators who have come together to lead with guidance on the slot rules that they feel appropriate for supporting recovery through the summer season, a package that has been designed for global adoption at all Level 3 slot coordinated airports. Having reached this agreement, IATA now urges the members to advocate to their respective regulatory authorities for the implementation of this package in their countries and those they operate to, immediately. IATA will support the needed outreach with regulators in the Americas region to request that the proposed waivers be granted for the affected airports for the upcoming Northern Summer Season (NS21). For more information, please contact IATA’s Director Member & External Affairs for Latin America and the Caribbean, [Oracio Marquez](#).

AIR CARGO PREPAREDNESS FOR VACCINE TRANSPORTATION

Since the beginning of the pandemic air cargo plays a preponderant role in transporting the necessary supplies to combat COVID-19, and in the coming months the largest vaccination campaign in the history of mankind will be kicked-off. IATA gathered leading authorities and organizations to facilitate full preparedness for COVID-19 vaccines transportation and issued the [Guidance for Vaccine and Pharmaceutical Logistics & Distribution](#). This document summarizes all the considerations that governments need to take into account for large-scale handling, air transport and distribution of vaccines. In addition to this guide and to support regional preparedness, IATA hosted several webinars bringing together many actors of the logistics chain including the public sector in Bolivia, Canada, Chile, Mexico and Panama to raise awareness of this important challenge that the air cargo industry will face and set the conditions for a successful distribution. Similar webinars are also planned in the coming weeks for Argentina, Brazil and Colombia. For more details, please contact IATA’s Cargo Managers for the Americas, [Olivier Secache](#) and [Rigoberto Lopez](#).

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



Ready
to fly.

Flying is always the
business of freedom



Economy

GDP growth, selected countries

% change on a yr ago	2019	Q1 2020	Q2 2020	Q3 2020
United States	2.2	0.3	-9.0	-2.9
Brazil	1.1	-0.3	-11.4	--
Mexico	-0.3	-2.1	-18.7	--
Canada	1.7	-0.9	-13.0	--
Argentina	-2.1	-5.2	-19.1	--
Colombia	3.3	1.2	-15.8	-9.0
Chile	1.0	0.4	-14.0	-10.3
Peru	2.2	-3.5	-29.8	-9.4
Latin America	-0.3	-2.3	-16.2	-7.6
World*	2.5	-1.7	-9.1	-3.2

Source: Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2019	Aug-20	Sep-20	Oct-20
US\$ broad index	114.7	116.1	117.3	116.5
Brazilian real (BRL)	4.02	5.49	5.64	5.77
Mexican peso (MXN)	18.88	21.89	22.08	21.28
Argentine peso (ARS)	59.87	74.18	76.17	78.34
Colombian peso (COP)	3282	3750	3854	3855
Chilean peso (CLP)	752	776	788	774

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2019	Aug-20	Sep-20	Oct-20
Crude oil (Brent)	64.2	45.1	41.9	41.6
Jet fuel	79.6	45.4	41.1	43.5

Source: Platts, Datastream (monthly average data)

Market

Revenue passenger kilometers (RPKs)

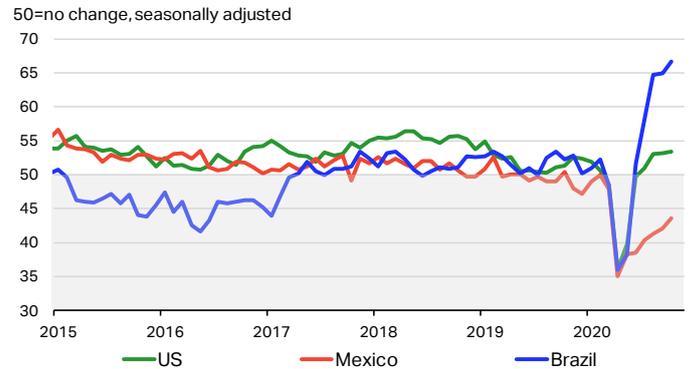
% change on a yr ago	2019	Jul-20	Aug-20	Sep-20
Region (registration basis)				
N America	4.0	-79.8	-77.7	-74.7
Latin America	4.2	-86.8	-81.7	-76.2
World	4.1	-79.5	-75.3	-72.8
Routes (segment basis)				
US domestic	4.3	-71.6	-69.4	-65.0
Brazil domestic	0.4	-77.7	-67.0	-55.3
Nth America-Europe	4.3	-94.8	-92.9	-92.5
Nth America-Asia	2.4	-94.4	-93.5	-93.7
Nth-Sth America	-2.7	-95.4	-92.4	-89.0
Sth America-Europe	8.0	-94.1	-91.1	-90.0
Within Sth America	-2.9	-99.5	-99.5	-99.2

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

- Industry-wide revenue passenger-kilometres (RPKs) declined by 72.8% year-on-year in September, a small improvement from the 75.3% fall in August. The recovery remained largely driven by domestic markets.
- Regional airlines followed a similar recovery path as the total industry. RPKs flown by Nth.Am airlines declined by 74.7% year-on-year, compared with 77.7% fall in the

IATA Economics: www.iata.org/economics

Business confidence - manufacturing PMIs



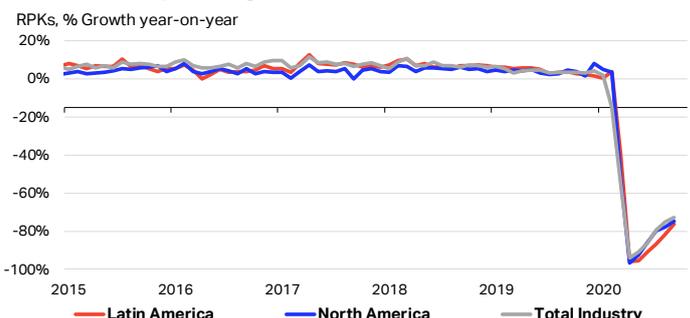
Source: Markit

- Business confidence in Brazil reached all time high level with the expectation of vigorous recovery from the crisis. Economic backdrop improved in the US, although outlook for local businesses is uncertain due to the resurgence of the virus. In Mexico, operating conditions worsened for the 12th consecutive month.
- The trade-weighted US dollar index ended the month down 0.7%, partly offsetting the modest gain from September. Of the key regional currencies, the MXN gained 3.6% against the US\$ while the ARS lost 2.8%.
- The Brent crude oil price fell further in October as renewed lockdowns weighed on global demand. The jet fuel price gained modestly compared with September but remained 45% lower compared with a year ago.

previous month. Carriers based in Latin America recorded a 76.2% annual fall in passenger volumes vs. 81.7% contraction in September.

- In the US, recovery in domestic pax volumes remained slow amidst high number of COVID-19 infections (RPKs down 65%yoy). In contrast, Brazil domestic market posted a robust improvement for another month, with annual RPK fall easing by ~12ppts, to -55.3%.
- Region's int'l traffic showed little improvement from Aug. All key international routes shrank by ~90%yoy.

Growth in air passenger volumes



Source: IATA Economics

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Cargo tonne kilometers (CTKs)

% change on a y ago	2019	Jul-20	Aug-20	Sep-20
Region (registration basis)				
Nth America	-1.0	3.5	2.1	8.6
Latin America	-0.2	-33.1	-26.5	-22.5
World	-3.2	-14.1	-12.1	-8.0
Routes (segment basis)				
Nth America-Asia	-3.7	3.2	3.3	3.4
Nth America-Europe	-2.5	-30.3	-24.2	-19.1
Nth-Sth America	-6.7	-18.4	-16.5	-11.6
Sth America-Europe	-3.1	-37.2	-31.9	-26.6
Within Sth America	-8.6	-35.5	-48.7	-48.2

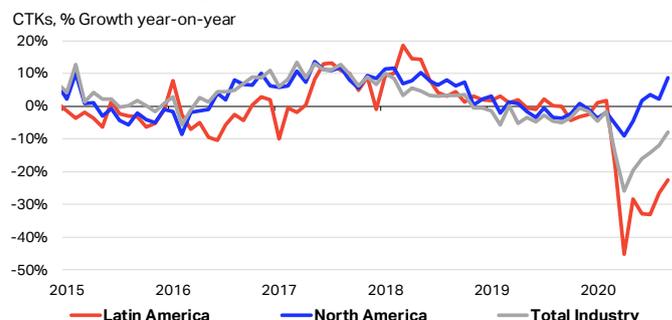
Source: IATA Economics Note: historical data may be subject to revision

- Recovery in air cargo accelerated in September. Industry-wide cargo tonne-kilometres (CTKs) fell by 8.0% year-on-year compared with 12.1% decline in August. Month-on-month, CTKs showed the fastest growth since May, at 3.7%.
- As in the previous months, North American airlines continued to lead the industry-wide rebound (CTKs up 8.6%yoy), benefitting from a robust demand for

e-commerce in domestic US market and solid performance of Asia-North America trade lanes.

- In Latin America, cargo demand remained subdued amidst severe weakness in economic activity and trade. Region's CTKs fell by 22.5% year-on-year in September vs. -26.5% fall in August. The smaller Within-Sth.Am market continues to show the weakest performance (down 48.2%yoy).

Growth in air cargo volumes



Source: IATA Economics

Industry

Capacity growth and load factors

ASK/ACTK: % ch on a yr ago		2019	Jul-20	Aug-20	Sep-20
LF: % of ASK/ACTK					
Passenger					
Nth America	ASK	2.9	-62.6	-59.0	-60.0
	PLF	84.8	47.7	47.4	52.5
Latin America	ASK	3.0	-82.9	-77.6	-72.4
	PLF	82.6	65.7	67.9	70.6
World	ASK	3.4	-69.8	-63.9	-63.0
	PLF	82.6	58.2	58.6	60.1
Cargo					
Nth America	ACTK	2.1	-22.2	-21.3	-15.0
	CLF	39.5	49.5	47.9	48.4
Latin America	ACTK	4.7	-50.2	-43.1	-36.5
	CLF	35.1	47.4	48.0	45.6
World	ACTK	2.1	-30.8	-28.7	-25.2
	CLF	46.8	55.8	54.5	56.9

Source: IATA Economics. Note: LF=seasonally adjusted load factor. ASK=available seat kilometers. ACTK=available cargo tonne kilometers

- Airlines slowed the return of capacity in Sept amidst rising COVID-19 cases. As a result, global passenger load factor improved slightly, reaching the highest level since Feb (but down 21.8ppts yoy). Nth.Am & Lat.Am airlines reported 52.5% & 70.6% PLFs, respectively.
- The industry-wide cargo load factor was at 56.9% - a new all-time high for September, amidst continuous capacity crunch. At the regional level, Nth.Am carriers posted the CLF up 10.5ppts while Lat.Am airlines registered 8.2ppts CLF increase vs. a year ago.

Airline operating (EBIT) margins*

% revenues	2018	2019	2019Q3	2020Q3
Nth America	9.1	9.6	13.7	-91
Latin America	2.7	2.9	10.9	-94
Industry	5.7	5.2	13.3	-63

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

IATA Economics: www.iata.org/economics

- The initial sample of Q3 2020 financial results showed that airlines in all regions posted another quarter of negative EBIT margin due to the modest travel demand recovery in the summer quarter, which is seasonally the strongest period in normal times.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

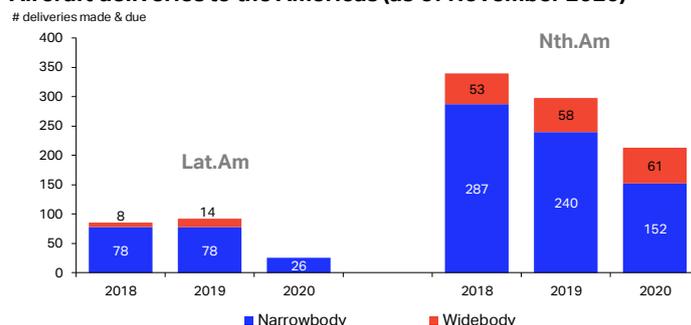
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a y ago	2019	Jul-20	Aug-20	Sep-20
Nth America-Europe	-3.4	-15.1	-12.5	-24.7
Nth America-Asia	-2.8	67.9	41.9	56.9
Nth-Sth America	-5.0	-18.7	-26.5	-30.2
Sth America-Europe	-14.8	-11.1	-11.9	-23.9
Sth America-Asia	-7.6	43.1	40.0	41.3
Within Sth America	-4.0	-32.5	-31.4	-26.4

Source: DDS Note: historical data may be subject to revision

- A sharp fall in jet aircraft deliveries is scheduled for carriers based in Latin America and North America in 2020 versus 2019. Throughout the year, carriers have been negotiating with manufacturers deferrals of deliveries to reduce their cash outflow.

Aircraft deliveries to the Americas (as of November 2020)



Source: Ascend

Contact us via email at: economics@iata.org