



GROWTH CHALLENGES & OPPORTUNITIES IN THE AMERICAS



PETER CERDÁ
IATA, REGIONAL VICE PRESIDENT, THE AMERICAS

ICAO



OACI



AGENDA



- Where are we now
- Safety – a success
- Economic & political climate
- Challenges ahead
- What's next



MILESTONE CELEBRATIONS



CONNECT. **COLLABORATE.** COMMUNICATE.



WHERE ARE WE NOW?



Globally:

- We carry 3.5 Billion passengers.
- Aviation supports 58 MILLION Jobs.
- 50 Million Tonnes of Cargo.
- Over 40,000 city pairs.



WHERE ARE WE NOW?



Latin America & Caribbean:

- Aviation sector contributed \$US138 billion to region's total GDP
- Supported 4.2 million jobs
- Airlines carried 268 million passengers
- Increasing connectivity
- Healthy airline business
 - 5-6% growth



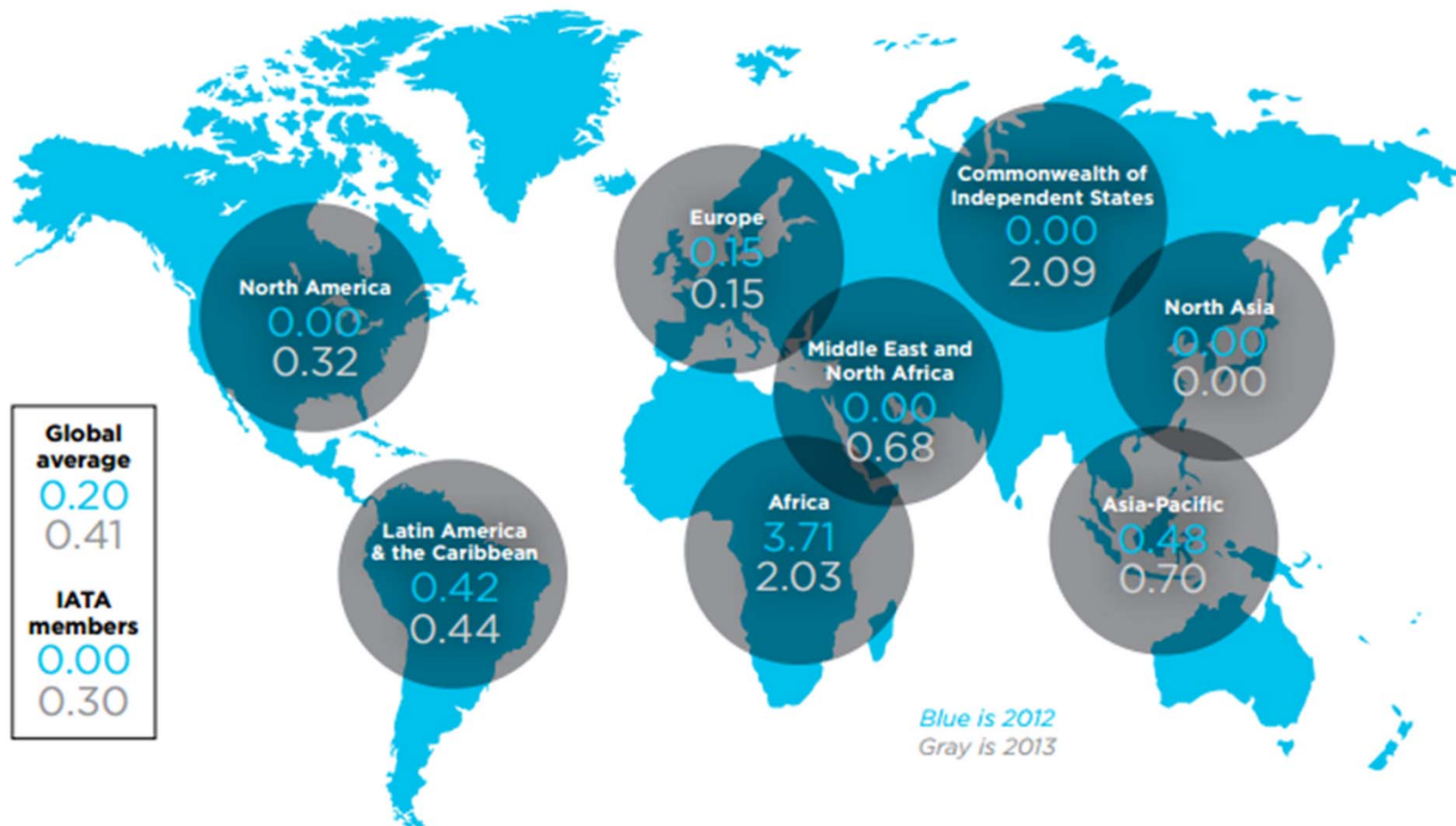
SAFETY NUMBER 1 PRIORITY



WESTERN BUILT JET HULL LOSS RATE



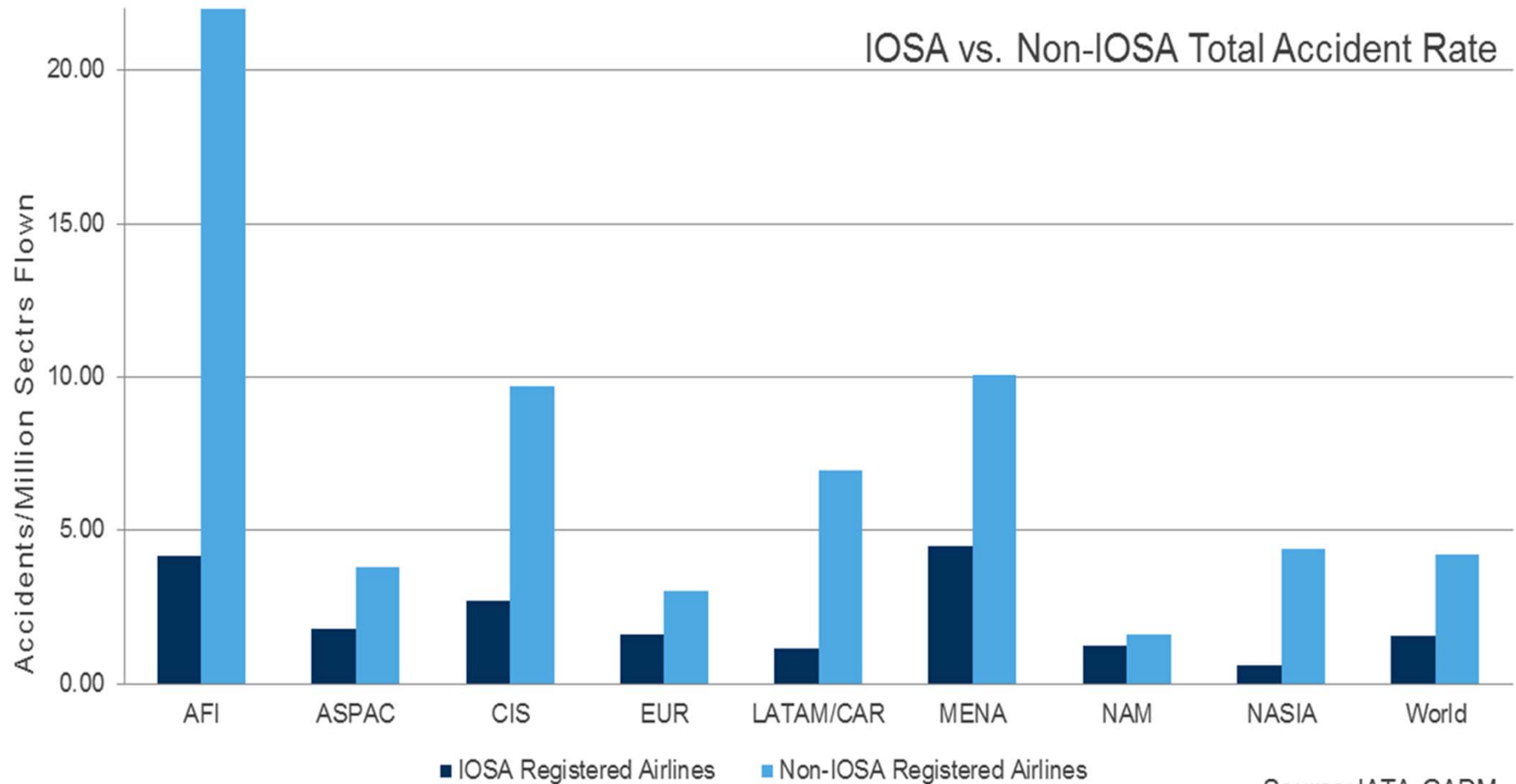
Per million sectors.



IOSA vs. NON-IOSA ACCIDENT RATES



2009 - 2013



Source: IATA GADM

STATE OF THE INDUSTRY



1990s COMPETITIVE ENVIRONMENT



2015 COMPETITIVE ENVIRONMENT



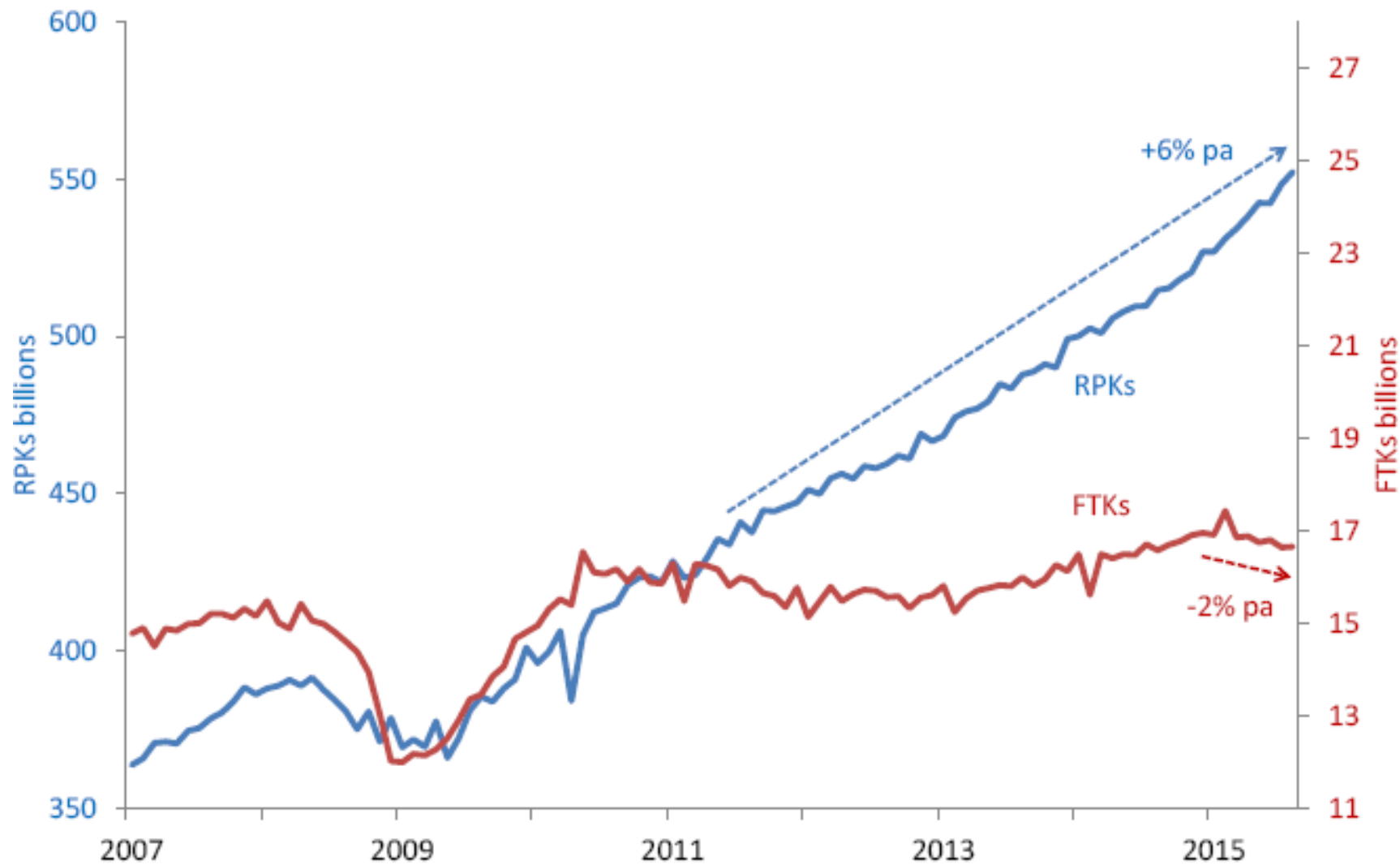
NEW AIRLINES: LCCs



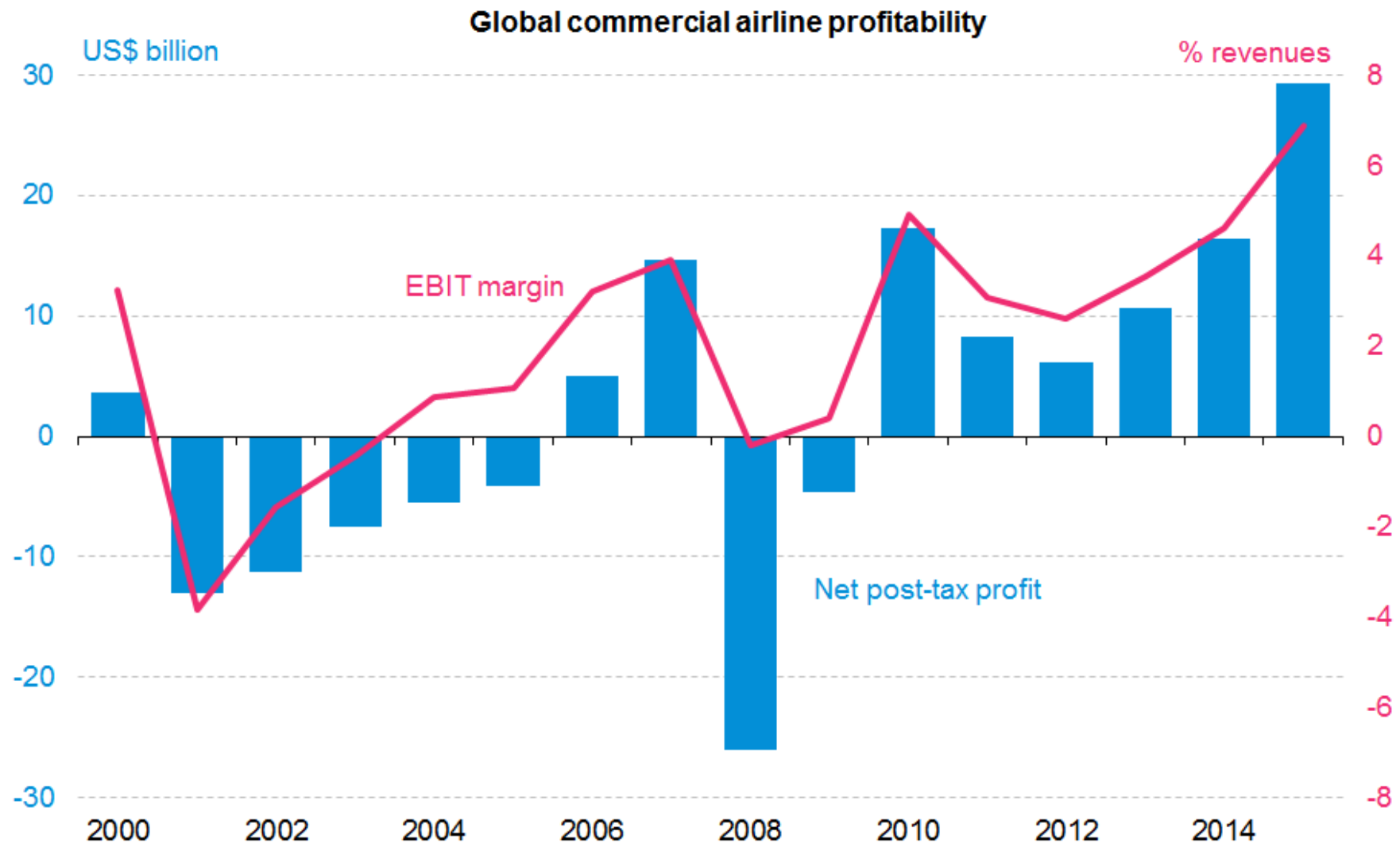
AIR TRAVEL BOOM CONTINUES



Worldwide air travel and air cargo volumes



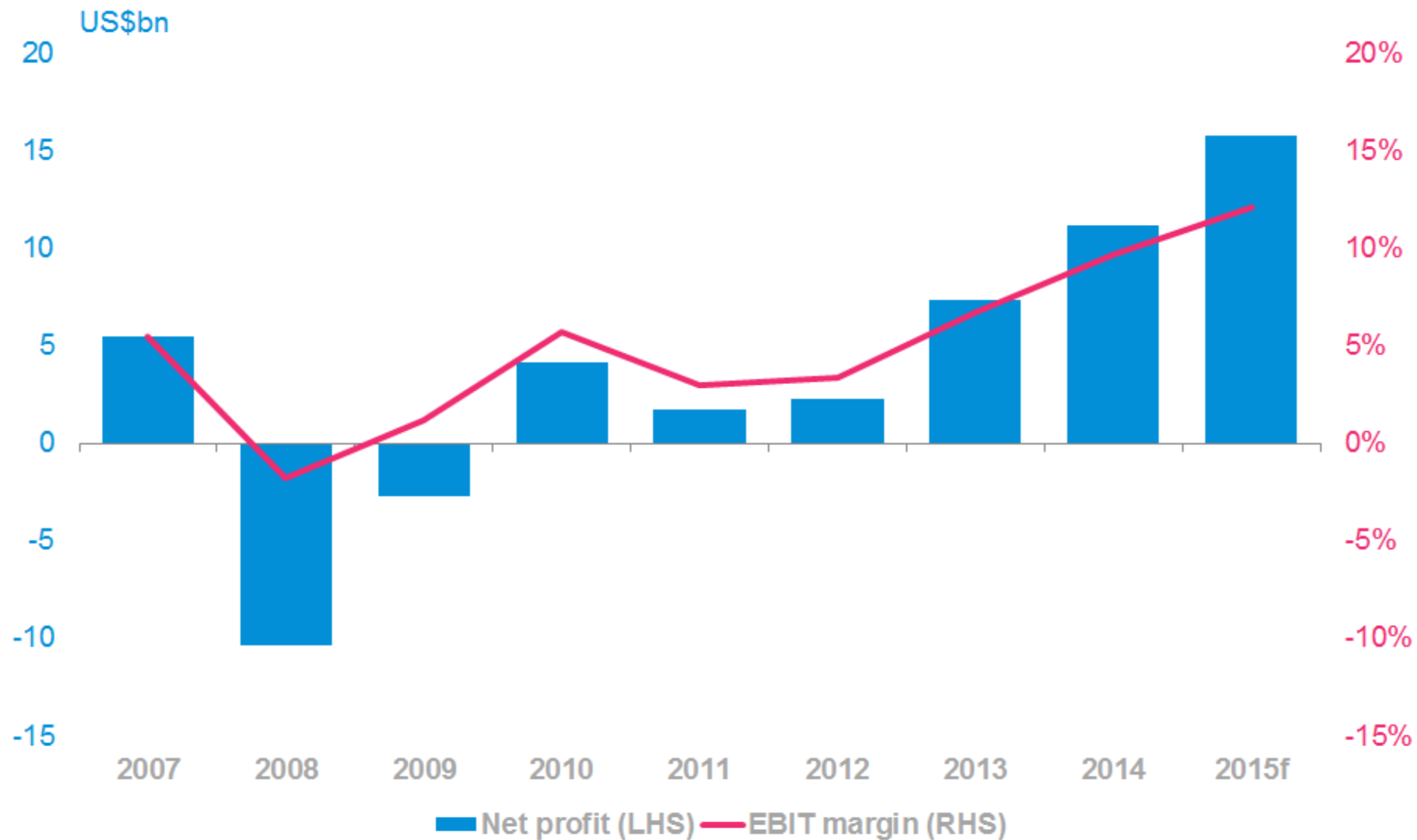
RECORD 2015 PROFITS FOR THE INDUSTRY



NORTH AMERICA INDUSTRY FINANCES STRONG



Net Profit & EBIT margin - Nth America

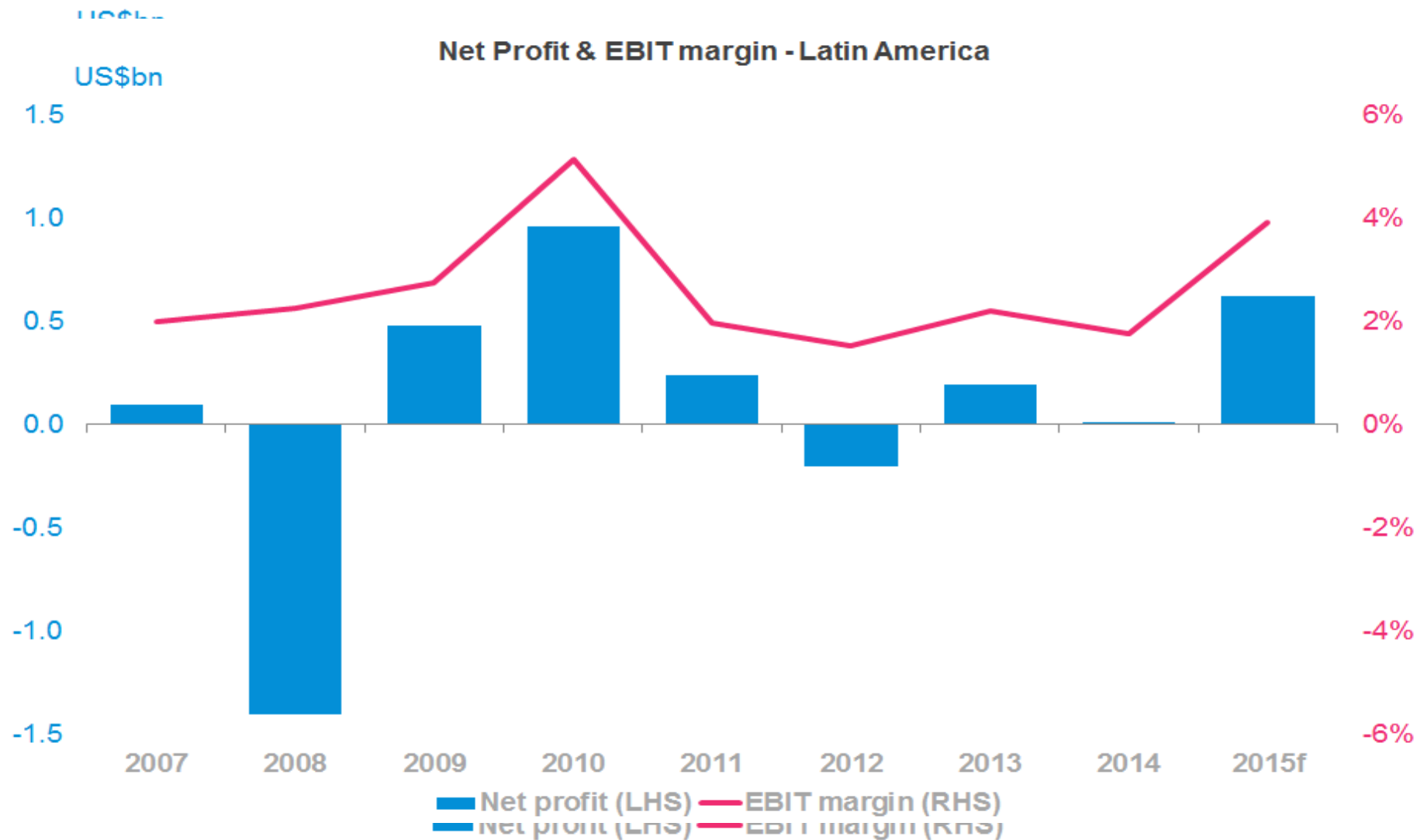


MUCH LESS SO IN LATAM & CARIBBEAN



Net Profit & EBIT margin - Nth America

Net Profit & EBIT margin - Latin America

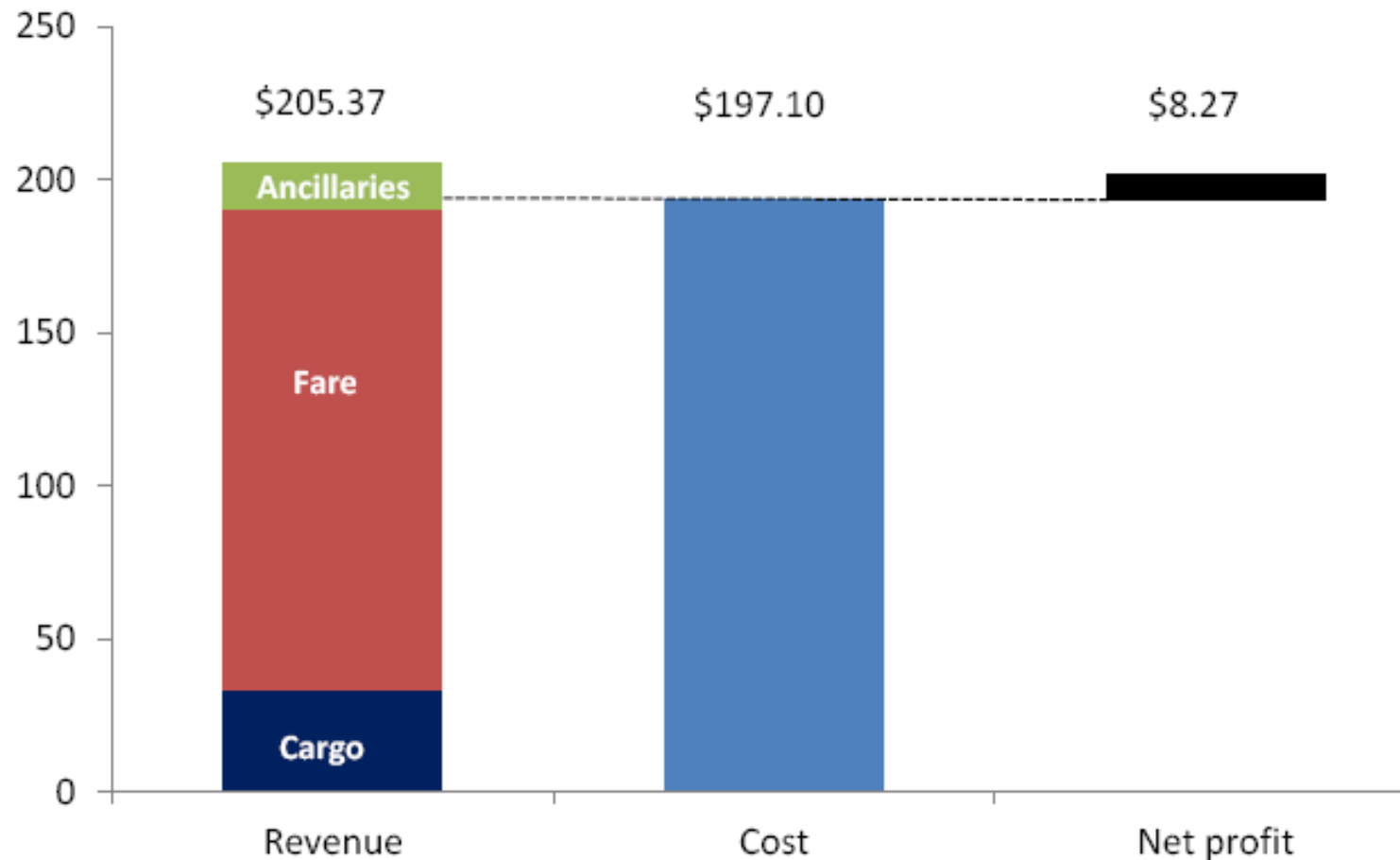


GLOBAL PROFITS



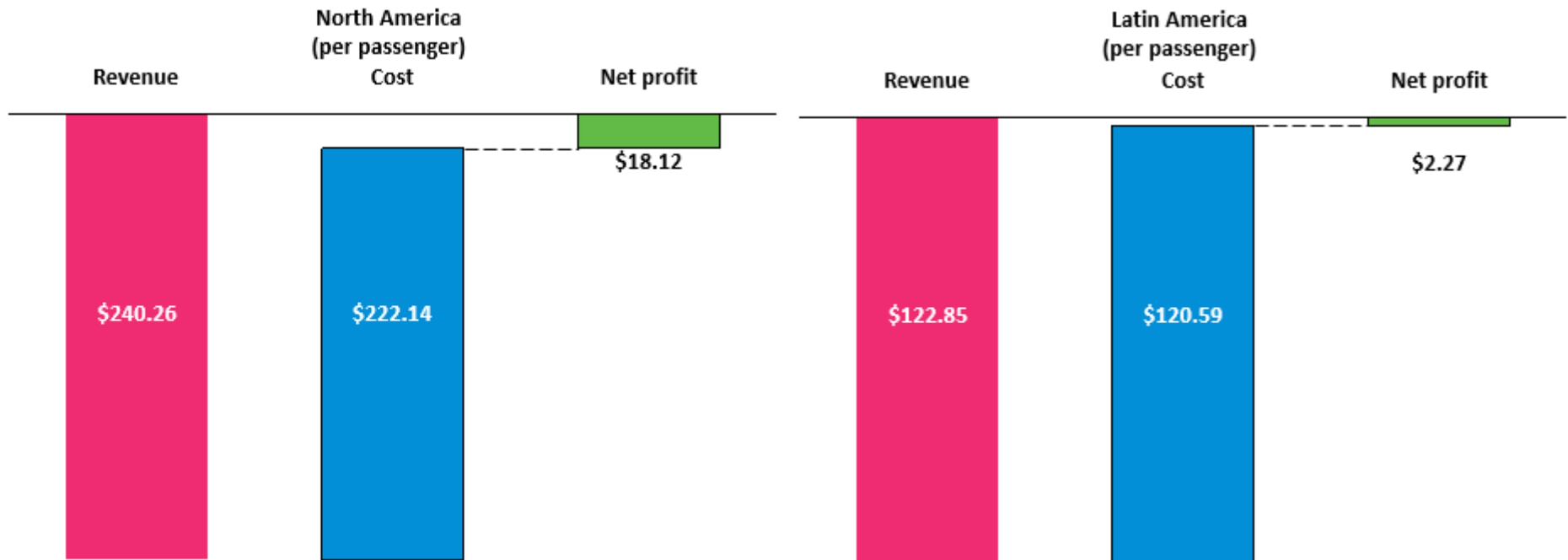
\$8.27 per passenger

Worldwide airline net post-tax profit per departing passenger, 2015



Source: IATA

PROFIT COMPARISON



NORTH AMERICA
\$18.12

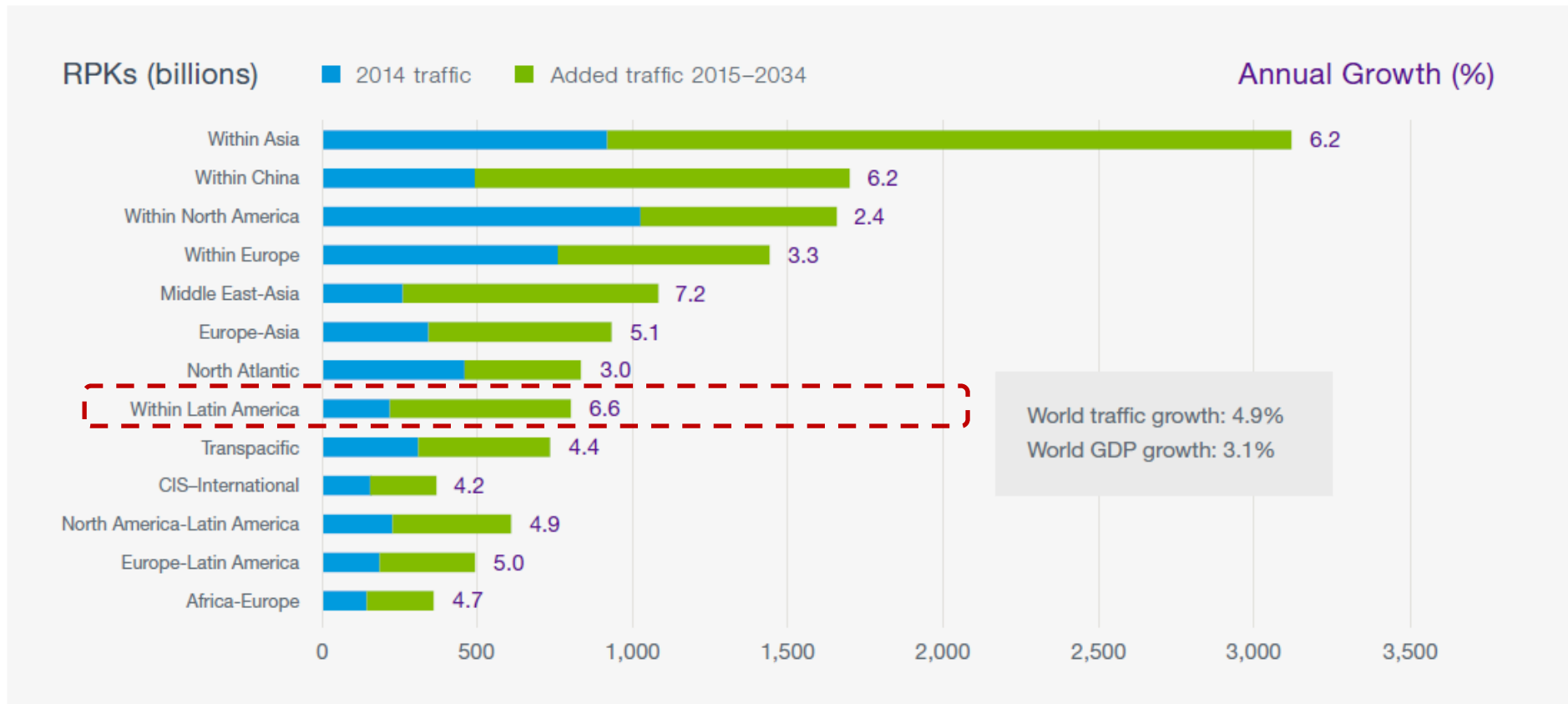
LATIN AMERICA
\$2.27

LONG TERM PROJECTIONS POSITIVE



Traffic within Latin America is forecast to average 6.6% per year through 2034.

World traffic varies by market



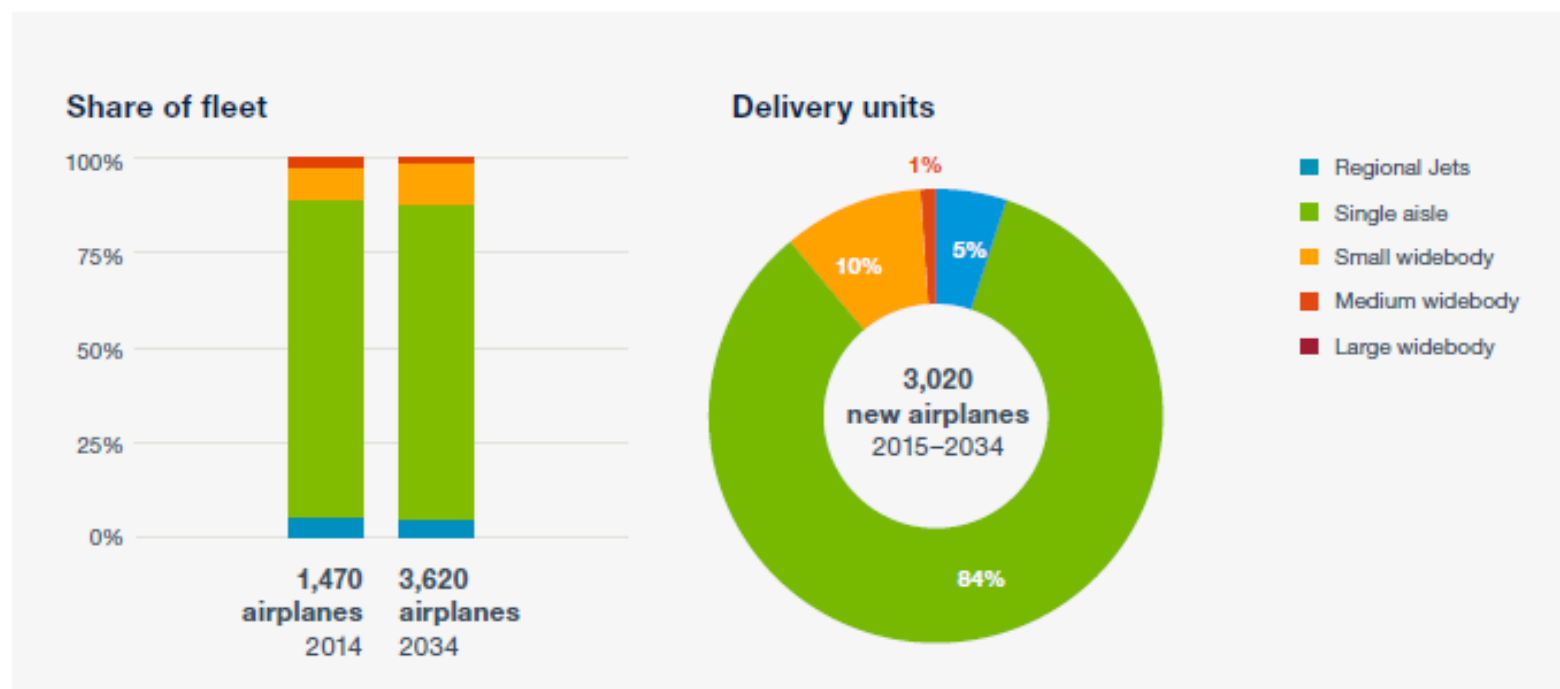
Source: Boeing Current Market Outlook 2015

FLEET TO DOUBLE BY 2034



Latin America will need 3,020 new deliveries over the next 20 years to meet the combined demands of growth and replacement.

Latin America market value: \$350 billion



Source: Boeing Current Market Outlook 2015

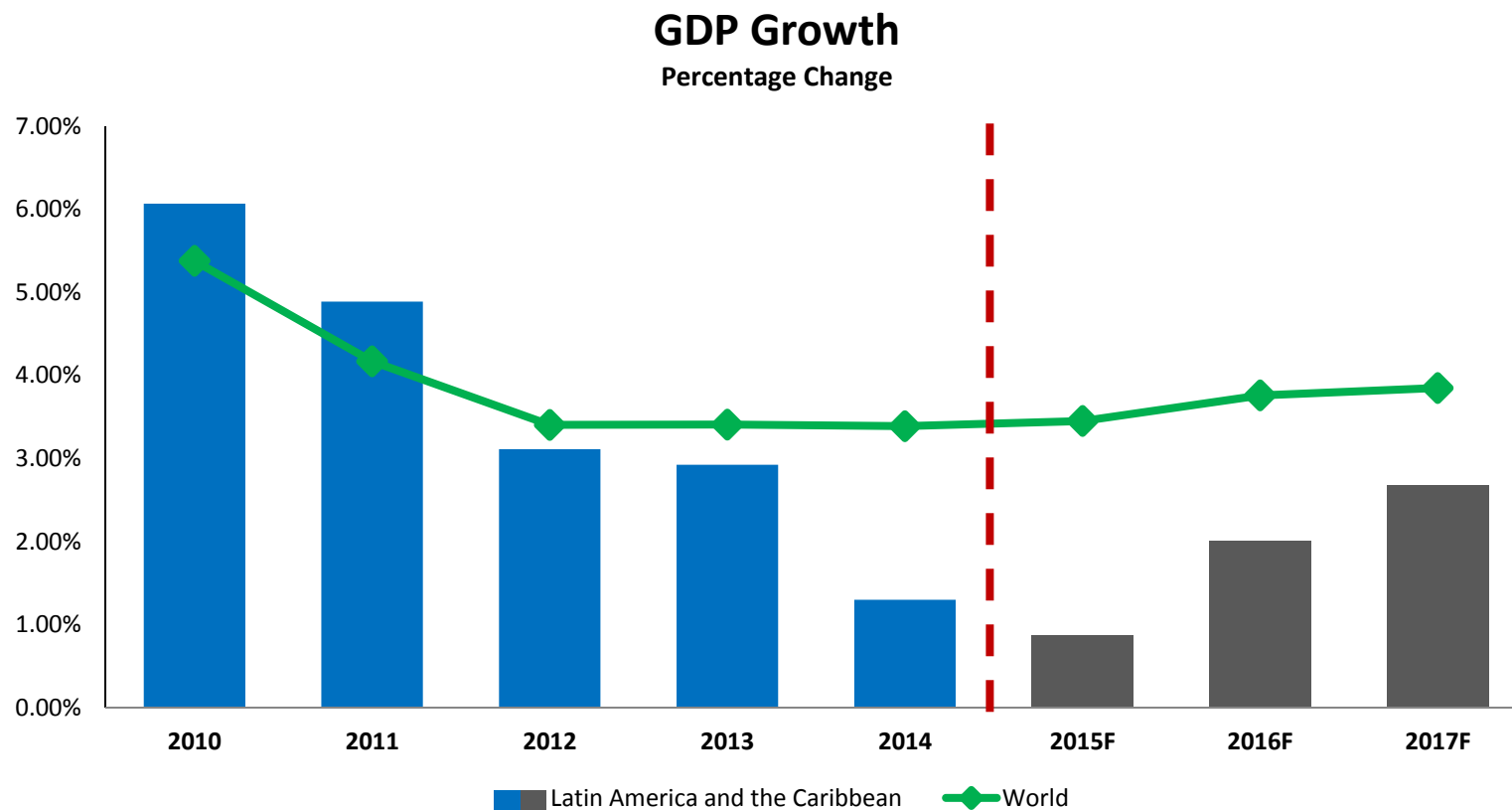
ECONOMIC & POLITICAL CLIMATE



Latin America & Caribbean:

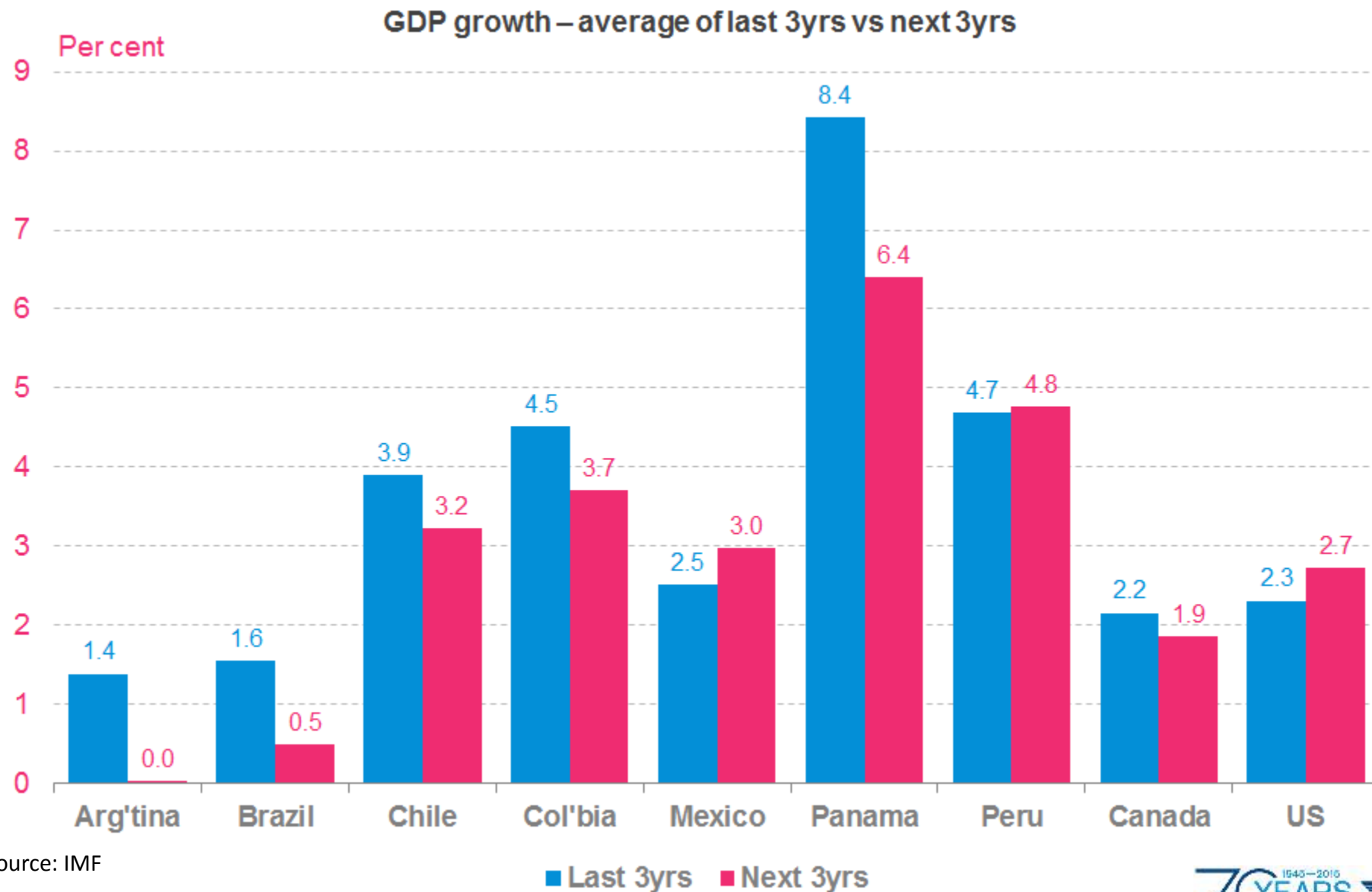
- Volatile markets
- Currency devaluation
- Political Unrest
- Elections in several countries
- Taxation and fees are growing problems.
- Region is over-regulated.

LATAM SLOWER THAN REST OF WORLD



Source: IMF – World Economic Outlook Database, April 2015

GDP GROWTH OUTLOOK MIXED



Source: IMF

IATA Economics www.iata.org/economics



IMPEDIMENTS TO GROWTH IN THE AMERICAS



MACROECONOMIC THREATS TO GROWTH



Source: PwC CEO Survey

CHARGES & TAXATION



YOUR EMISSIONS CHARGES
Payable to governments
(not to be used for reducing emissions)

Receipt Nbr: 056648B
Issued: 27/02/2013

17:47
Geneva

INTERNATIONAL & DOMESTIC	
Europe (ETS, 30 countries)	\$800m
United Kingdom (APD)	\$4,700m
Germany (air passenger tax)	\$1,300m
Ireland (air travel tax)	\$175m
Austria (carbon tax)	\$120m
DOMESTIC	
New Zealand (ETS)	\$1.3m
Australia (carbon tax)	\$137m
Norway (carbon tax)	\$49m
China (fuel tax)	\$1,300m
Japan (fuel tax)	\$1,100m
Mexico (fuel tax)	\$120m
Switzerland (kerosene tax)	\$43m
Australia (fuel tax)	\$210m
Canada (fuel tax)	\$405m
Brazil (fuel tax)	\$400m
USA (fuel tax)	\$399m
OF WHICH ENVIRONMENTAL CHARGES	
VISA	\$7,000m
XXXX XXXX XXXX XXXX 8541	#22/344/5 TVA

**** NO FREQUENT FLYER MILE COLLECTION POSSIBLE ON TAXES ****

Thank you for contributing to our national treasuries. Have a nice day.



TAXATION EXAMPLE: CARIBBEAN



- Each \$1 of ticket tax could lead to:
- Over 40,000 fewer foreign passengers
 - \$20M of reduced tourist expenditure
 - 1,200 fewer jobs



AIRPORTS & ATM INFRASTRUCTURE



- Demand exceeds capacity.
 - Infrastructure does not support today's needs.
- Congested and inefficient airspace.
 - PBN implementations is slow.
 - Airspace redesign is lagging.
- What's the regional NextGen?



INFRASTRUCTURE PROJECTS



Panama



Mexico



Bogotá



OPTIMIZATION OF ROUTES



KEY ISSUES



PASSENGER RIGHTS,
CONSUMER PROTECTION,
UNRULY PASSENGERS



SMARTER REGULATION



VALUE OF AVIATION &
CHANGING THE PUBLIC
PERCEPTION



REPATRIATION OF FUNDS

VENEZUELA
Blocked Amounts
USD 3.69 B*

BANGLADESH
Blocked Amounts
USD 153.7 M

SUDAN
Blocked Amounts
USD 131.7 M

LIBYA
Blocked Amounts
USD 35.9 M

EGYPT
Blocked Amounts
USD 33.4 M*

ALGERIA
Blocked Amounts
USD 24.4 M

WHATS NEXTS



EVERY 60 SECONDS...



Every minute:

52

aircraft take off



\$12.4m

worth of cargo is delivered by air (\$7.5 million)

44,000

miles are traveled by the global aircraft fleet



5,700

passengers board aircraft

LOOKING AHEAD TO 2030



Passengers

1990: 1.2 billion



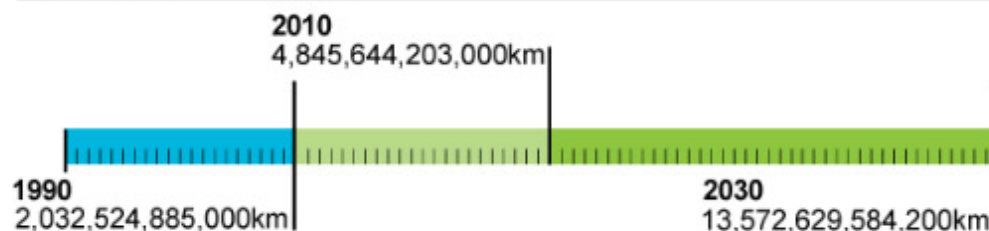
2010: 2.7 billion



2030: 5.9 billion



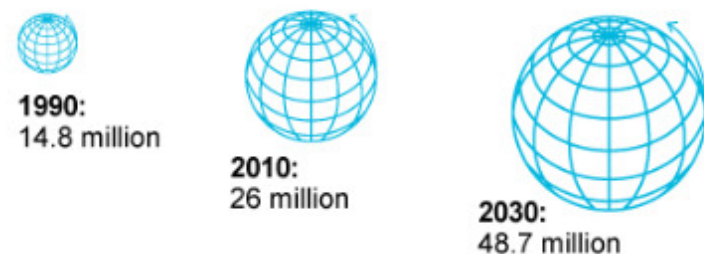
Passenger kilometres flown



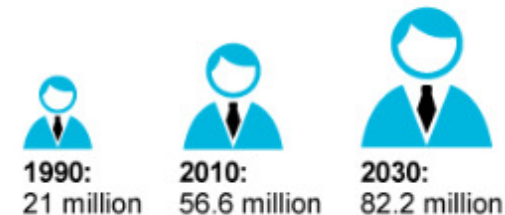
Aircraft in service



Aircraft movements



Jobs supported



Source:
ABBB
Air Transport
Action Group

Note:
Figures are
for 2010

56.6 million
Supported by
aviation worldwide

\$2.2 trillion
Aviation's global
economic impact

19th
If aviation
were a country,
it would rank 19th
in size by GDP

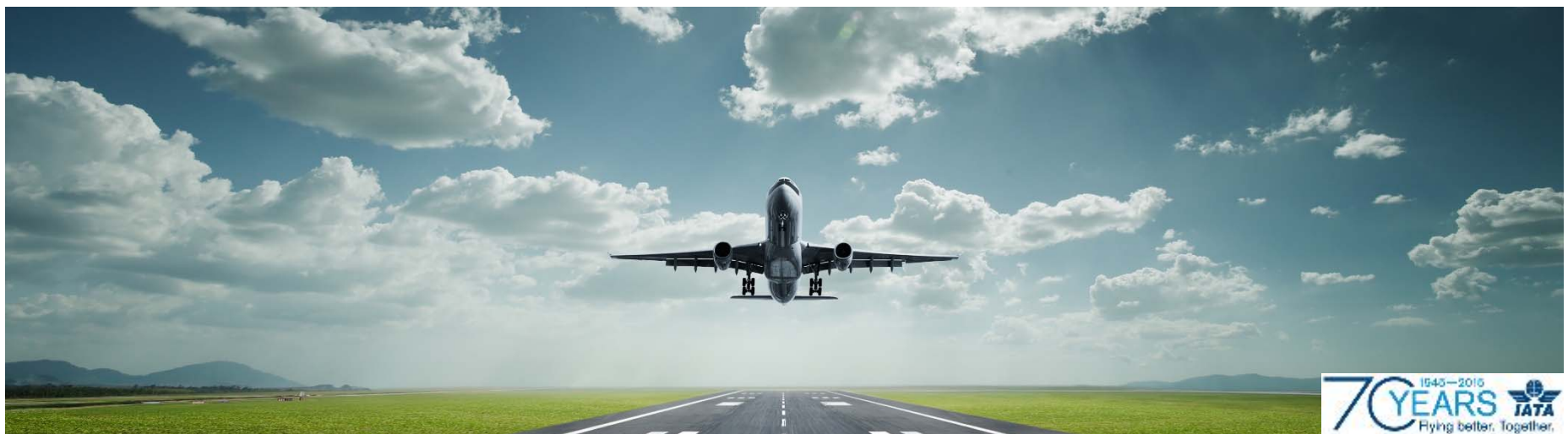
3,848 Airports with
scheduled services
1,568 Commercial
airlines

192 Air navigation
service providers
23,844 Commercial
aircraft in service

REGIONAL STRATEGIC GOALS



- Reduce fatalities by 50% by 2020 (2010 data)
- ATC: Implement ASBU/ Block I (2018)
- Ensure that the airport infrastructure supports the projected 6% passenger growth by 2020
- Place aviation on the governmental agenda in the key markets



HOW DO WE WORK BETTER TOGETHER?



“THE BEST WAY TO PREDICT THE FUTURE
IS TO CREATE IT.” ABRAHAM LINCOLN

CONNECT. COLLABORATE. COMMUNICATE.



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70 YEARS 1945-2015
Flying better. Together. IATA