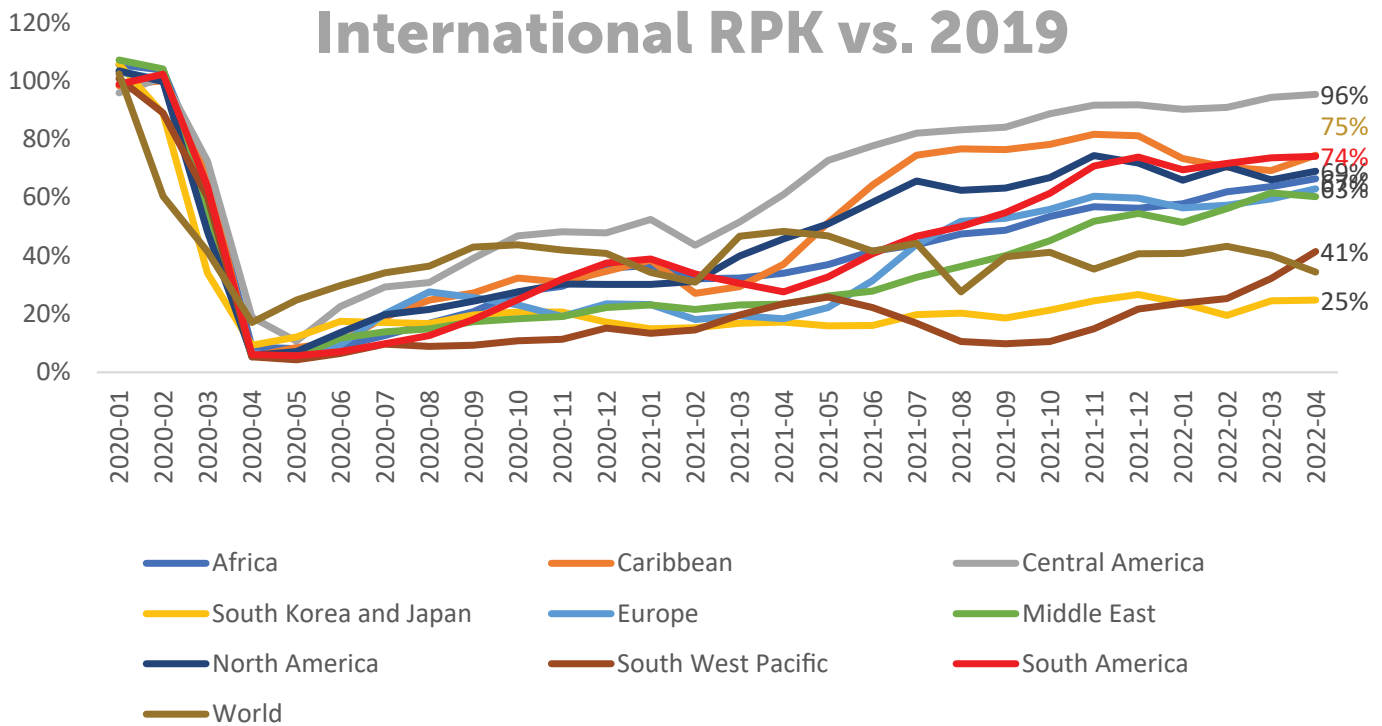




# Latin American and Caribbean recovering faster and better than other regions in the world

## International RPK vs. 2019

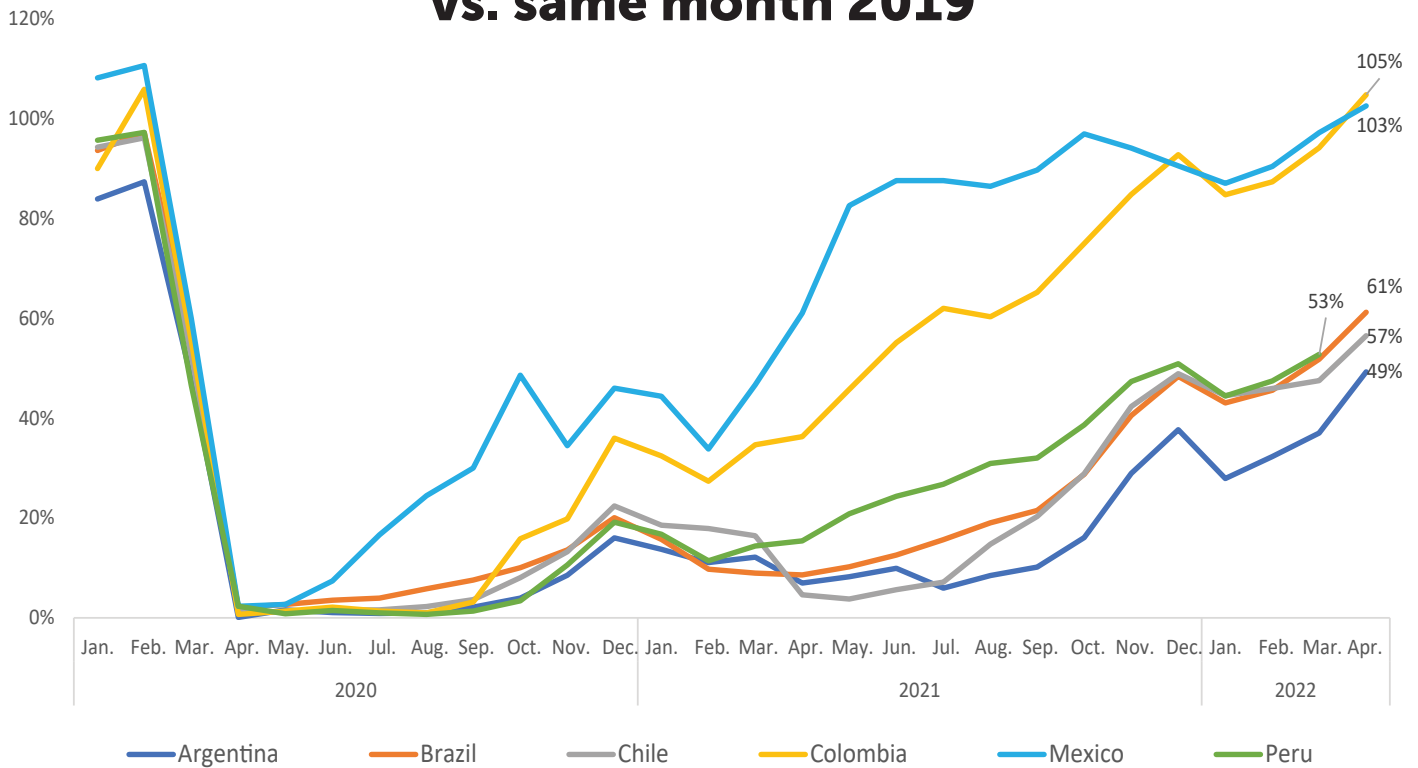


Source: Amadeus

**Colombia** reached a 105% recovery compared to its 2019 levels, followed by **Mexico** with 103%, **Brazil** with 61%, **Chile** with 57% and, among the countries reviewed with data updated to **April** 2022, **Argentina** showed the lowest levels with a 49% recovery given the restrictions imposed in the country.



# International PAX vs. same month 2019



Source: Authorities in each country

The significant progress towards recovery achieved in April is mainly due to the fact that travel restrictions imposed by governments on international traffic have been relaxed or eliminated.

ALTA has been working on an openness index where four variables were considered:

**1** COVID testing Requirement

**2** Entry Restrictions

**3** Flight Suspension

**4** Quarantine Implementation

When none of the measures are applied, the number 100 is given, in case a country establishes all restrictions, it is given a 10 (red color).



# ALTA Openess Index

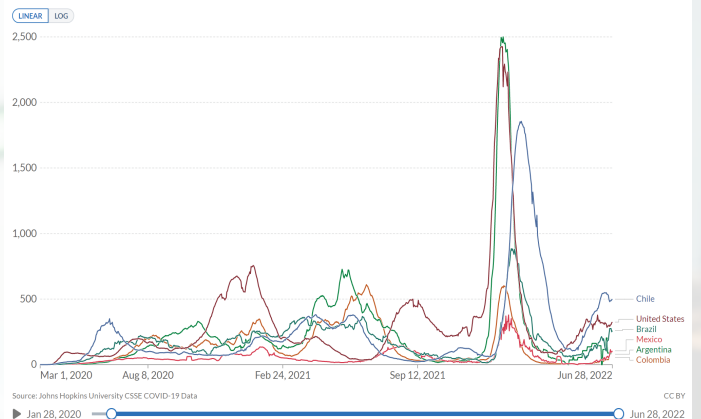
|                      | Covid test                      | Entry Restriction     | Flight suspended    | Quarantine             | Apr 2022 | March 22, 2022 | Aug -20 | Apr 2021 |
|----------------------|---------------------------------|-----------------------|---------------------|------------------------|----------|----------------|---------|----------|
| Mexico               | No                              | No                    | No                  | No                     | 100      | 100            | 100     | 100      |
| Costa Rica           | No                              | No                    | No                  | No                     | 100      | 100            | 85      | 10       |
| Salvador             | No                              | No                    | No                  | No                     | 100      | 100            | 90      | 10       |
| Argentina            | No                              | No                    | No                  | No                     | 100      | 35             | 20      | 10       |
| Cuba                 | No                              | No                    | No                  | No                     | 100      | 40             | 40      | 10       |
| Republica Dominicana | No                              | No                    | No                  | No                     | 100      | 88             | 88      | 40       |
| Colombia             | No, if vaccinated               | No                    | No                  | No                     | 95       | 95             | 100     | 10       |
| Honduras             | No, if vaccinated               | No                    | No                  | No                     | 95       | 95             | 85      | 10       |
| Brazil               | No, if vaccinated               | No                    | No                  | Yes, for airlines crew | 95       | 88             | 50      | 10       |
| Uruguay              | No                              | Yes, for unvaccinated | No                  | No                     | 95       | 20             | 20      | 10       |
| Chile                | No, if vaccination with booster | No                    | No                  | No                     | 95       | 65             | 20      | 10       |
| Nicaragua            | Yes                             | No                    | No                  | No                     | 95       | 90             | 90      | 10       |
| Ecuador              | No, if vaccinated               | No                    | No                  | Risk of quarantine     | 92       | 92             | 85      | 10       |
| Panama               | No, if vaccinated               | No                    | No                  | Risk of quarantine     | 92       | 88             | 85      | 10       |
| Haiti                | Yes                             | No                    | No                  | No                     | 90       | 90             | 90      | 10       |
| Guatemala            | Yes                             | No                    | No                  | No                     | 90       | 90             | 20      | 10       |
| Venezuela            | Yes                             | No                    | No                  | Yes, for airlines crew | 88       | 35             | 20      | 10       |
| Peru                 | No, if vaccinated with Booster  | No                    | No, with exceptions | Yes with exceptions    | 65       | 60             | 30      | 10       |
| Bolivia              | Yes                             | No                    | No                  | Yes, with exceptions   | 65       | 30             | 20      | 10       |



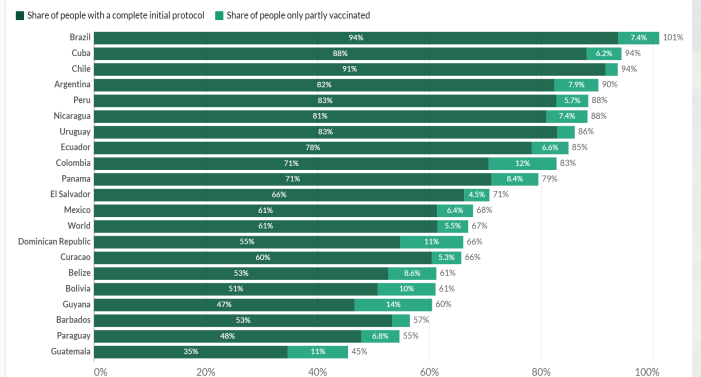
An increasing number of countries are willing to lift restrictions and reopen their borders. This is because the number of contagions has been declining. Furthermore, the number of vaccinated people is considerably high, and the more people are vaccinated, the less likely they are to become seriously ill with the COVID virus, eliminating the risk of congesting health services.

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.



Share of people vaccinated against COVID-19, Jun 28, 2022





It seems like the pandemic is being overcome. So much so, that the main market for the region, which concentrates close to 50% of international passengers according to Amadeus (April, 2022), eliminated the COVID test requirement for the arrival of its international

passengers. This is the United States, whose State Department no longer indicates that COVID is a reason not to travel; now warnings to reconsider international travel are due to security and not biosafety reasons.

## World map according to U.S. State Department security warning (red suggests no travel)

March 2021



May 2021

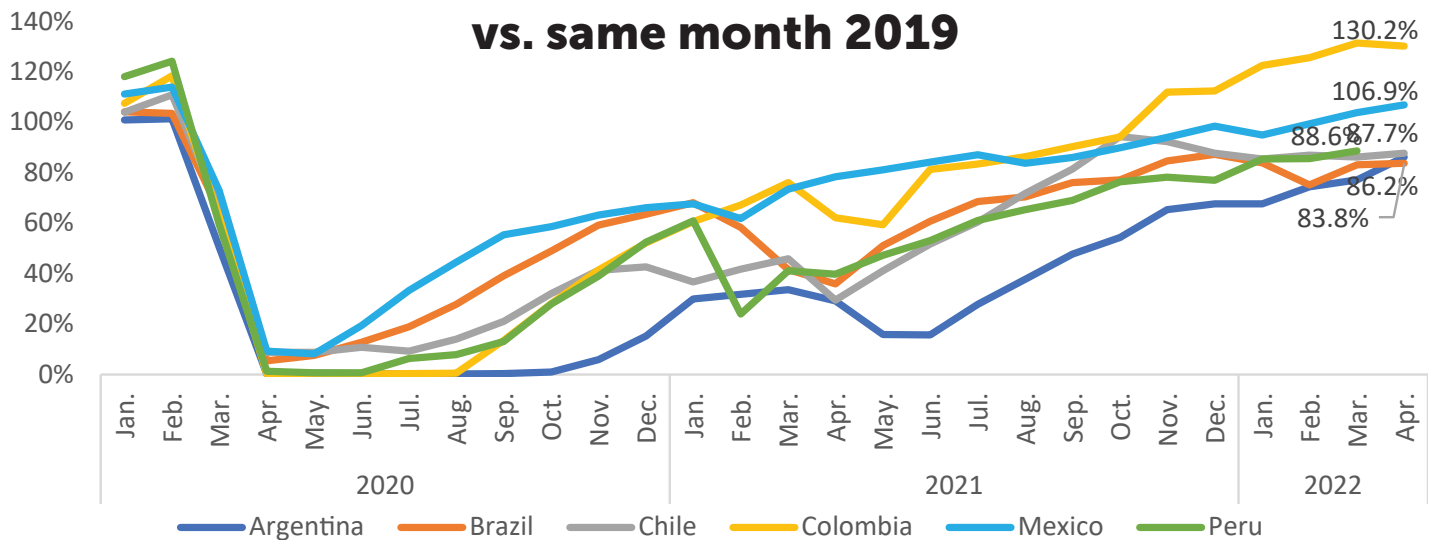


Source: US State Department. Travel Advisories (state.gov)

The domestic market has been less impacted by the restrictive measures affecting international traffic. Several countries in the region have seen an accelerated recovery

compared to pre-pandemic levels, such as Colombia, which exceeded its 2019 levels by 30% by April, followed by Mexico with 6% above its 2019 levels.

## Domestic PAX vs. same month 2019



Source: Civil Aviation Authorities in each country.



# Air transport in Colombia

The outstanding passenger growth in Colombia seems to respond to a series of factors, among them:

1

The reduction of VAT on air tickets from 19% to 5%. A transitory measure implemented by the government in response to the economic emergency caused by the pandemic.

2

An appropriate context for competition among operators.

3

A demand restrained by the pandemic that is coming back with impetus.

4

The country's economic growth. By 2022, the World Bank expects the country to grow 5.4% vs. the LAC average of 2.5%.

We still have challenges to face in the region.

Some immediate ones are:



Fuel  
Prices



Exchange  
Rate



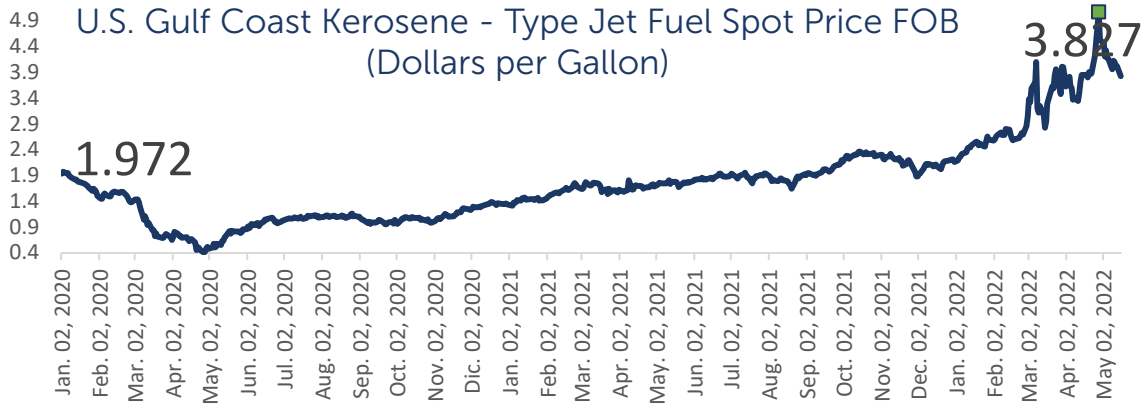
Inflation



Staffing  
Constraints



# Fuel Prices

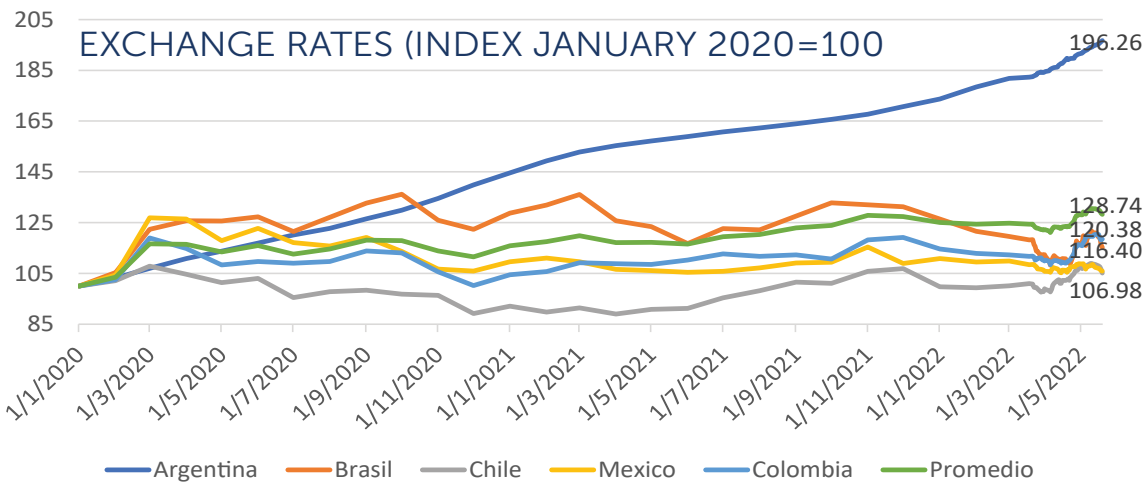


Fuente: US Energy Information Administration

The input has experienced an increase due to the conflict between Russia and Ukraine. Fuel represents about 30% of the operational costs

of an airline and, in countries such as Brazil, up to 40%. The graph shows that it reached prices 121% more expensive vs. January 2020.

# Exchange Rate



Source: <https://es.finance.yahoo.com/quote/ARS%3DX/history?period1=1577836800&period2=1647561600&interval=1mo&filter=history&frequency=1mo&includeAdjustedClose=true>

It is important to note that the industry expected financial losses for airlines in 2022. Such losses were estimated when oil was at US\$ 70 per barrel. Exceeding US\$ 110 per barrel threatens the financial sustainability of

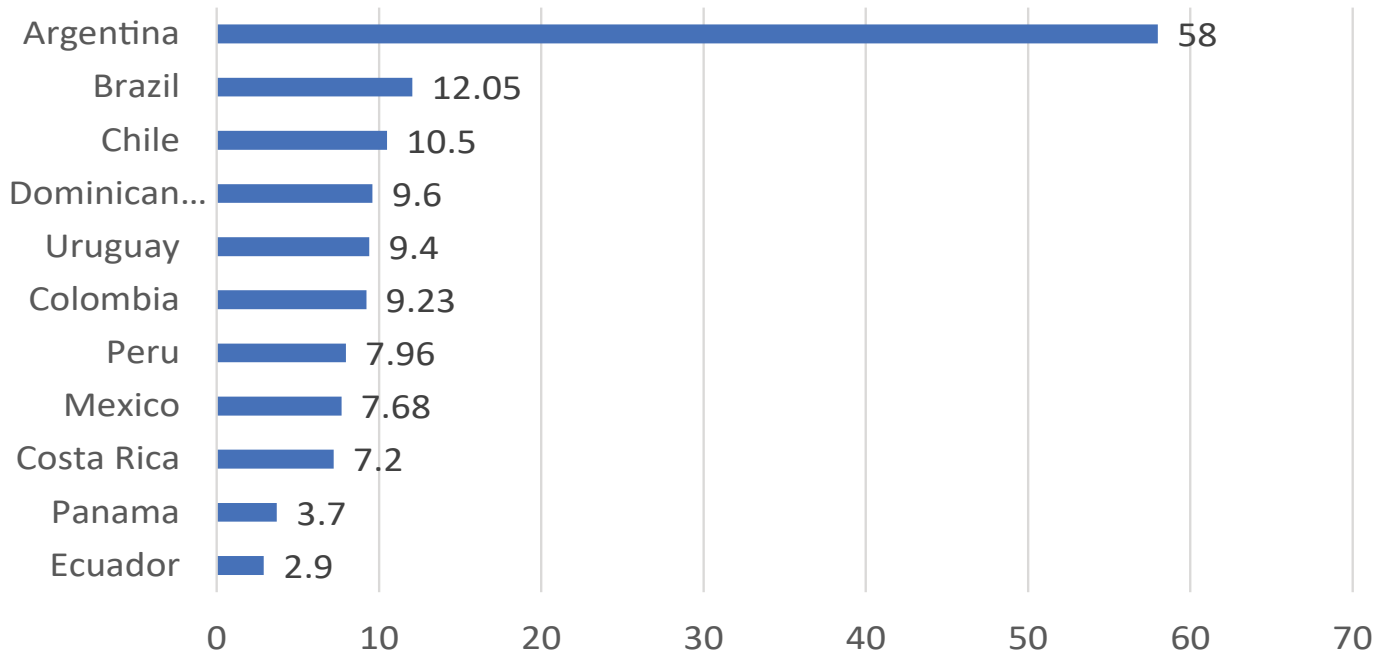
airlines. Exchange rate: about 60% of an airline's cost structure is in dollars. In general, all countries in the region have a fluctuating devaluation process.



# Inflation



CPI, April 2022



Inflation: the world is going through an inflationary process. Despite this, it is important to mention that air transport can help reduce inflationary pressures as, with countries opening up to air transport, supply

chains are re-established. About 50% of cargo is transported in the belly of passenger aircraft. When there are no passenger flights, the possibility of transporting cargo is reduced, putting more pressure on supply chains.

# Staffing Constraints



Another challenge is staffing constraints. A significant number of airline employees took voluntary retirement or left the industry in the last couple of years. Now that we are experiencing a strong recovery, the industry needs more people.

The Economist with FAA data points out that about a third of pilots are in the 55+ age group and airlines such as American Airlines have indicated that a third will retire in the next 7 years. The FAA estimates that 50% of current pilots will retire in 15 years, leaving a gap in the industry's growing demand.





# At ALTA, we keep our optimism high

Despite the challenges, the demand is there. Our region requires air transport as an essential service. According to a panel of experts consulted by UNWTO, for the Americas, 11% of them believe that the region has already recovered or will recover by 2022, while 48% agree that the recovery will be visible from 2023 onwards.

ALTA will continue to work with the States to develop positive agendas to increase the competitiveness of the region, have appropriate environments for the industry to strengthen and offer more and better options for the population, create jobs and generate opportunities for everyone.

## When is international tourism expected to return to pre-pandemic 2019 levels in your country?



UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, May 2022. Published: 06/06/2022

The region still has a great potential for growth. While in Europe and the United States

a person traveled 2.5 times a year, in the LAC region a person traveled 0.6 times.



| Region/Country              | Pax / Population 2019 |
|-----------------------------|-----------------------|
| Argentina                   | 0.680                 |
| Brazil                      | 0.565                 |
| Chile                       | 1.376                 |
| Colombia                    | 0.820                 |
| Mexico                      | 0.795                 |
| Panama                      | 1.130                 |
| North America               | 2.530                 |
| Europe                      | 2.566                 |
| Latin America and Caribbean | 0.622                 |

Source: Civil Aviation Authorities in each country. Population UN.

At the next ALTA AGM & Airline Leaders Forum, industry decision makers and aviation authorities will meet to work together for the benefit of the sector, especially at a time of change in order to achieve environmental

targets. We invite you to be part of it and write together the history of Latin American and Caribbean civil aviation. For further information: <https://altaairlineleaders.com/>



The Latin American and Caribbean  
Air Transport Association  
**An association at the service of the industry.**

