

# AIRLINE BUSINESS DAILY

BRINGING YOU THE NEWS FROM THE ALTA LATIN AMERICAN AIRLINE LEADERS FORUM AT CANCUN – 1 DECEMBER

ALTA Daily sponsored  
by CFM International

## Give industry freedom – airlines tell governments

SENIOR AIRLINE FIGURES LAUNCHED A blistering attack on governments yesterday at the main panel session at the ALTA Forum.

"Governments do have a role in safety, security and in the regulation of monopoly suppliers. Period. That's it," said IATA senior vice-president for member and government relations Thomas Windmuller (below). "In all other areas, governments should just stay out and let airlines run like any other business."

Nelson Ramiz, chief executive of Venezuela's Aeropostal, said: "Governments often fail to provide the bold moves and leadership required. However, before there is progress with liberalisation, governments must allow us to be competitive with other Latin American carriers."

In safety and security, harmonisation and standardisation are crucial in reducing costs and regulatory burdens, but, Windmuller

continued, it is in the regulation of potentially abusive monopolies that the challenge is greatest. He singled out AA2000, the operator of Buenos Aires airport, for particular criticism. The government is allowing AA2000 to raise charges to help

pay for \$277 million in accumulated debt since 1998. "Airlines will continue to pay for AA2000's mistakes and that is not acceptable," said Windmuller.

"In our region, airport privatisation is a license to steal," said Ramiz. ■



### ► MINETA WARNS OPEN SKIES CHANCES ARE SLIM



The chances are slim that the United States and Europe will achieve Open Skies in the near future, says a discouraged Norm Mineta – who as US Transportation Secretary helped negotiate the tentative deal that now seems doomed. After delivering ALTA's keynote address yesterday, Mineta said "it's going to be tough going" to revive the proposal to liberalise US rules on foreign investment in its airlines, a proposal on which Open Skies rests.

Mineta told ALTA delegates that congressional elections in November had changed the outlook dramatically. "Prospects for this are unclear but probably became more difficult with the change," he said. Mineta says new House Transportation Committee chairman, Minnesota Democrat Jim Oberstar, "is against it and isn't going to be moved."

■ Before his speech Mineta was presented with a plaque by Mexicana chief executive Emilio Romano in recognition of his help in getting the first route established between Mexico and San Jose when Mineta was mayor in the Californian city 30 years ago.



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# Let's fiesta

Representatives from more than 100 companies from 38 countries with 50 airlines means that the third annual ALTA forum is set to be a success.

From the moment the first blast from the trumpet heralded the Taste of Mexico welcome on Wednesday evening, delegates took up executive director Alex de Gunten's rally call "to network."

Speaking at the opening session yesterday de Gunten said ALTA has grown in stature since changing its name last year. "We are more inclusive, more focused on teamwork to generate economies of scale and committed to safety and security," he says.

"This event gives us the opportunity to meet and ask questions and ensure a safer and more efficient Latin American and Caribbean airline industry."



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# Friction burns over "Happy world" view and airport fees

**Hector Navarrete**  
– faced opposition to  
ACI's views



MANUEL LEAL, THE PRESIDENT of Colombia's Air Transport Association, and Iberia chief Fernando Conte, went on the offensive yesterday at the Forum against the region's constant round of airport charging hikes.

"This goes exactly against the reality of the situation," says Leal, responding to the message from new ACI-LAC president Hector Navarrete that both parties "must be strategic partners". His intervention gained spontaneous applause and cheers from around the room.

"That happy world that ACI tried to show us in Latin America is not true. On the contrary Latam has been very contentious – we have to fight against the concessionaries," he says.

At this event carriers have been discussing their response to proposals for fee increases at Buenos Aires, Lima and San Jose airports. Leal also complained that in Colombia airports and governments do not consult airlines about charging proposals and certainly never talk about "strategic partnerships". In addition there is a lack of independence surrounding the charging process because the country's Civil Aviation Authority is "part of the construct and his own judge".

Conte complained vigorously about fee rises Iberia is facing in Argentina, Peru and soon in the Dominican Republic where payments must now be made in dollars instead of local currencies. "Airlines have become the



**Manuel Leal ... Let's get real!**

lime that has to be squeezed to fill in the holes and gaps in [government and airport] budgets," he says.

ACI-LAC's Navarrete says that it is possible for airlines and airports to "establish these extraordinary partnerships", pointing to the example of local airport Cancun, which has grown spectacularly under the ownership of privatised airport company ASUR. ■

# Kriete flags up progress toward Central American single agency

THERE IS STEADY PROGRESS TOWARDS A Central American Single Regulatory Agency while several states in the region are poised to ratify an open skies deal, says TACA chief executive Roberto Kriete.

There will be many benefits in safety terms of having a regional oversight agency, he says. Lessons are being learnt from the experience in establishing the European Aviation Safety Agency, with the most important being to create an independent entity able to centralise the design and implementation of technical measures for the industry.

Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are already on the path to harmonizing their civil aviation regulations as part of the move towards the single agency. Other countries will be able to join the initiative, says Kriete. "If these civil aviation authorities are able to do it, it will make it much easier for another state to be included."

In a related initiative, El Salvador, Guatemala, Honduras and Nicaragua have negotiated an intra-regional open skies and cabotage

deal that will effectively make these countries a single aviation market. Legislation is pending in each state for formal ratification of the pact. Costa Rica may join soon too. ■



**Roberto Kriete ...**  
making progress

## ► HOW FINDING SYNERGY BOOSTED AVIANCA

German Efromovich, the chairman of Avianca, says he is often asked why his Synergy Group came into the airline business, an industry notorious for its low profitability. "It is fascinating and very funny," he says of this crazy business. "But we are mad," he jokes.

Efromovich says that Synergy has turned around the fortunes of the Colombian airline as it acquired the carrier and brought it out of bankruptcy in December 2004. One of the first tasks was to rebrand the airline to launch it into a new era. It has since obtained IATA IOSA certification and sharply improved its customer service and operational efficiency. In October, its average on-time performance was 93.5%.

Avianca has added to its fleet, bringing in 29 Fokker 100s, and is looking at further fleet investment, says Efromovich. It has increased its domestic frequencies by 19% and international frequencies by 13% and added new overseas routes from Bogota to Barcelona and Los Angeles.

Ocean Air of Brazil, another of Synergy's carriers, is planning to begin services from Latin America to Africa next February.

**ERGONOMICS**

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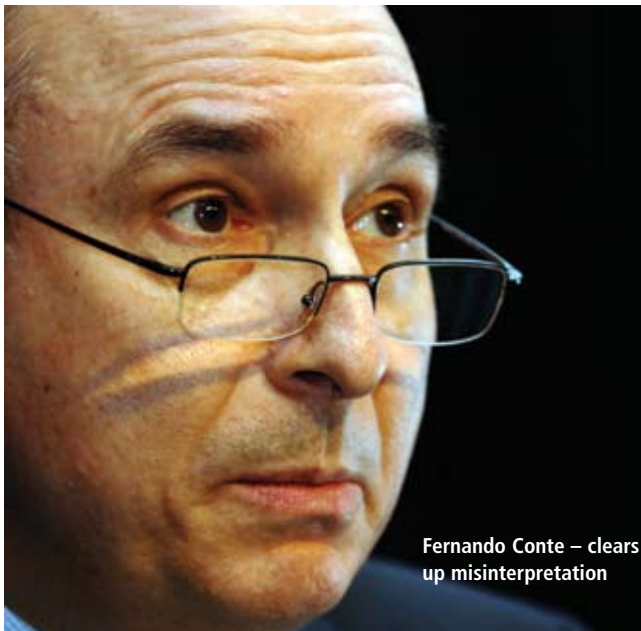
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# Conte committed to British Airways



Fernando Conte – clears up misinterpretation

IBERIA CHIEF EXECUTIVE Fernando Conte used yesterday's session to clear up what he described as press "misinterpretation" over stories that the Spanish flag carrier could be looking past its partnership with British Airways to a tie-up with Air France-KLM or Lufthansa.

"The answer is very clear, BA is a very important member in our shareholding," he says. BA recently increased its stake in Iberia to 10% when it bought American Airlines' 1% stake.

He added that comments made in London this week by a member of his executive team in reply to media questions about the Spanish carrier's partnership ambitions "were perhaps beyond the standard answer". In fact, he is "highly satisfied" with the success of the Iberia/BA partnership

which is doing "brilliantly" on its commercial pact on services between Spain and the UK.

However, Conte is a fan of airline mergers. Europe's fragmented airline market should be further along in the consolidation process, he says, but notes that continuing state aid to faltering carriers like Alitalia and Olympic Airways distorted the market.

The failure of US-European Union Open Skies will also delay consolidation, says Conte, and described the current alternative of alliances "as just a palliative for consolidation". Talking about Iberia's strong Latin presence, Conte says his carrier will continue its steady growth to the continent. It now offers 115 weekly frequencies to the region, up from 51 in 1996. ■

## Heilbron calls for ALTA focus on safety and costs

"WE ARE ON THE RIGHT TRACK," says ALTA president and Copa Airlines chief executive Pedro Heilbron, giving his regional overview of the Latin American and Caribbean markets as the forum opened.

Talking about the role the restructured ALTA is playing and the pace of change amongst the region's carriers, Heilbron says the region's main challenges are safety and costs. ALTA is strongly promoting IATA's IOSA (IATA Operational Safety Audit) programme in the region, and making it a condition that members must comply by the end of 2007, he says. At present 42% of ALTA carriers are either IOSA certified or audited.

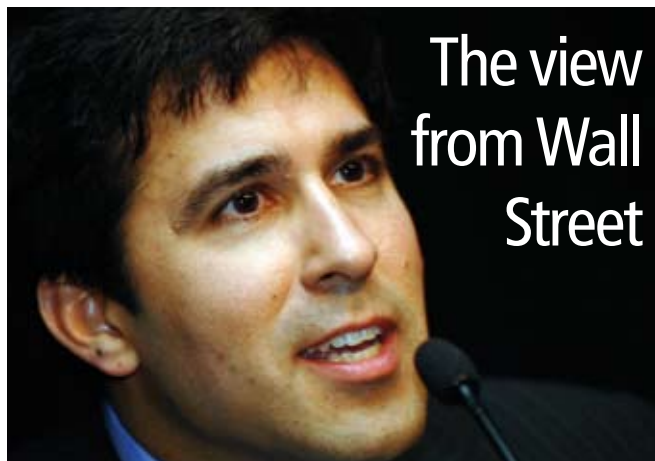
The main targets for ALTA's cost drive are fuel, airports, air traffic control providers and distribution. "We cannot have a competitive and enduring industry if at the same time we face

some of the highest costs in the world," says Heilbron. For example, on fuel, ALTA carriers pay on average 15% more because of a variety of taxation and local fees compared to carriers in other regions, he says.

Although the picture on airports and ATC provision varies from country to country, "there are some cases where we are way above the true cost of providing the service", and that Latin America has "some of the most expensive airports in the world".

As ALTA battles on the infrastructure front, its members have more power to take distribution costs into their own hands. "Here we see the most possibilities to reduce costs in the future through direct sales and alternative forms of payment," says Heilbron.

This year ALTA carriers will only see traffic growth of only 0.7% ■



## The view from Wall Street

Investors in the US "value transparency," paying a premium for good information that becomes available when privately held airlines float or go public and issue detailed reports, a leading securities analyst said at ALTA yesterday. Mike Linenberg, Merrill Lynch's senior airline analyst, says US portfolio managers and investors have become increasingly attracted to Latin carriers as their strengths become clearer and easier to analyse.

Linenberg says that Panama's Copa is a good example of this. When it was a privately held company, Continental held a 49% stake in the Panama airline, and "Before it went public, we knew that Copa was profitable from the way that Continental treated it in their accounts, but it was hard to get the real numbers," Linenberg said. When Copa shares began trading, "we were able to see how strong its operating margins were", Linenberg said. Linenberg, says investors have now put more than \$12 billion into the four largest publicly traded Latin carriers. ■



## ► CONTROLLERS CLAIM ATC AUTOMATION CONTRIBUTED TO GOL COLLISION

AIR TRAFFIC CONTROLLER representatives have expressed strong concerns over the Brasilia area control centre connected with September's fatal mid-air collision, claiming that automated procedures may have contributed to the accident.

Representatives of the International Federation of Air Traffic Controllers' Associations (IFATCA) visited the Cindacta-1 centre last month, days after a Gol Boeing 737-800 was struck by an Embraer Legacy jet over the Amazon, resulting in the loss of all on board the larger aircraft.

One specific feature of the Cindacta-1 system's configuration has generated particular alarm. The federation states that it is permitted automatically to update certain altitude-clearance information on the controller's display, without controller intervention.

IFATCA believes that this aspect of the system, combined with the loss of transponder-derived altitude data from the Legacy at a crucial moment,

may have misled controllers and helped create the circumstances for the collision.

On the date of the accident the Legacy's flight plan called for an altitude change from FL370 to FL360 after passing the Brasilia VOR beacon. During the transition across the VOR there was no radio communication between the aircraft and the Cindacta-1 centre, and the Legacy maintained its altitude of FL370 as it joined an airway to head for Manaus.

"To date IFATCA has not received a convincing explanation of why the software is tuned in such a strange way," says the federation. "We are also at a loss to understand why the very unreliable calculations of military primary radars are shown to civilian controllers."

IFATCA describes the Cindacta-1 set-up as "non-error tolerant" and says it believes this created an "unacceptable system trap" which ultimately reduced the situational awareness of the controllers and pilots. ■

## ► LOW-COST CARRIERS DOUBLE DEBUT

CANCUN WELCOMED TWO new carriers to the airport yesterday as VivaAerobus and JetBlue both launched flights to the city.

New Mexican low-cost airline, VivaAerobus is using a Boeing 737-300 for its daily route between Cancun and Monterrey. The airline plans to add additional flights from Monterrey to Villahermosa (March 2007) and Merida (April 2007).

US low cost carrier JetBlue inaugurated its New York services to Cancun following its success in securing the necessary traffic rights earlier this year. JetBlue will operate a daily service to JFK.

Meanwhile, American Airlines

celebrates its 25th anniversary of service to Cancun, Mexico, today. The Texas-based American inaugurated service to Cancun on 1 December, 1981, with non-stop flights from Dallas/Fort Worth International Airport, its base.

The oneworld member now operates four daily flights to Cancun from both DFW and Miami International Airport, and one daily flight from New York JFK International Airport and Chicago O'Hare International Airport. The airline has served Mexico for 60 years in all, says Peter Dolara, American's Senior Vice President for Miami, the Caribbean and Latin America. ■

## Mexico City new terminal delayed



Outgoing Mexican president Fox meets Velasco Leon on site earlier this week to view the work for himself

THE OPENING OF MEXICO CITY International Airport's (MCIA) new Terminal 2, scheduled for yesterday, has been postponed until April. It was due to be opened by outgoing Mexican president Vicente Fox, but because the terminal is not finished the official inauguration did not go ahead.

According to Ernesto Velasco Leon, the general manager of Aeropuertos y Servicios Auxiliares (ASA), the group that runs the capital's airport system, the terminal is 90% finished. When it is fully open Terminal 2 will boost the airport's capacity up to 32 million passengers a year from some 24 million today, he says. Aeromexico, the largest carrier at MCIA with some 60% of the market, and its SkyTeam Alliance

partners, will gradually move into Terminal 2. Mexicana will remain in the recently remodelled Terminal One.

Although the opening of new terminal will help free up some space at busy MCIA, Mexico's fast growing low-cost carriers will be directed to the other three airports in the ASA group. "Our strategy is to create an airport system around Mexico City almost similar to London," says Velasco Leon. As MCIA becomes capacity constrained, "we will move traffic to these airports," he says.

Toluca Airport, to the west of the capital, has boomed on the back of low-cost carriers. Interjet, for instance, is expected to carry close to two million passengers at Toluca by year-end, while Volaris will handle a million. ■



# ALTA LATIN AMERICAN AIRLINE LEADERS FORUM

Fiesta Americana Grand Coral Beach Resort & Spa – November 29-December 1, 2006 Cancun, Mexico

Dress for the conference is business casual

## Friday, December 1

9:00 – 10:20

### Innovative Solutions in Distribution Channels

Moderator: Pierre Jeannot, Chairman, Thales Canada & Former Director General, IATA

- LH Systems Head-Digitizing Competence Center, Toni Reitz
- TACA Vice-President Commercial, Estuardo Ortiz Porras
- Aserca's ASSA Airlines System Vice-President & CIO, Gregory Rangel
- T2Impact Managing Partner, Timothy O'Neil-Dunne
- SITA Senior Vice-President, Bruno Frentzel

10:20-10:45

### Simplifying the Business

IATA Regional Director the Americas, Humberto Rivero

10:45 – 11:10

### Break – Sponsored by Amadeus

11:10 – 11:25

### Smart Decisions in the World of Aircraft Maintenance

Lufthansa Technik Chief Executive, August-Wilhelm Henningsen

11.25 – 12:30

### Destination: Caribbean

Moderator: Unisys President & General Manager, Olivier Hour

- BWIA Chief Executive, Peter Davies
- Air Jamaica Chief Executive, Michael Conway
- Jamaica Civil Aviation Director General, Torrance Lewis



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**12:30 – 2:00****Lunch Keynote**

Mexicana Chief Executive, Emilio Romano

**Lunch** – Sponsored by Embraer**2:00 – 2:25****Alliances and their Future in LATAM**

LAN Chief Executive, Enrique Cueto

**2:25 – 2:45****Latin American Airline & Airport Capacity Trends**

Velocity Group Managing Partner, Douglas Abbey

**2:45 – 4:15****Mexico Roundtable**

Moderator: Eduardo Dueri, Guy Carpenter, Aviation Vice-President

- Aeromexico Chief Executive, Andres Conesa
- ASUR Chief Executive, Kjeld Binger
- Volaris Chief Executive, Enrique Beltranena

**4:15 – 4:30****Conclusion & ALTA Press Statement**

ALTA Executive Director, Alex de Gunten

**6:00 – 7:00****Cocktail Reception** – Sponsored by White & Case

Sunrise Beach

**7:00 – 9:00****ALTA Caribbean-Brazilian Beach Party** – Sponsored by Petrobras

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**August-Wilhelm Henningsen****Emilio Romano****Peter Davies****EMBRAER****Lufthansa Systems**  
Moving Your Business Ahead**PETROBRAS**

PEDRO HEILBRON AND HIS team at Copa may have an unrelenting focus on the network benefits of their hub at Panama City's Tocumen Airport, but they are also developing a slightly different model for their acquisition, Colombia's AeroRepublica.

Copa Holdings, the airline's parent, invested about \$22 million in AeroRepublica, the second largest carrier in Colombia, and now owns it. The April 2005 investment made sense, since Panama was a part of Colombia until 1903 and is still one of its two largest trading partners. Copa had in fact contemplated a purchase of Avianca, the Colombian-flag carrier back in the spring of 2004. The Colombian market, with a home population of 45 million, centred in five or six major cities, is the third-largest air traffic market in South America and, says Heilbron, is a market that is ideally suited for air transport. Because Colombia also has an impassable land border with Panama and no ferry service between



## AeroRepublica in shape and on target

the two, it is also an attractive regional market.

Some observers were sceptical about the AeroRepublica purchase, worried that bringing the Colombian carrier up to Copa standards would sap the management team's energy, but Heilbron says that AeroRepublica is in surprisingly good shape.

In September, Copa unveiled a re-branding of AeroRepublica,

bringing it closer to the Copa image and to the elements of the Continental Airlines relationship that are part of the Copa brand.

Heilbron says: "AeroRepublica actually has very competitive unit costs. Benefits are going to come from improving the load factor and we have a number of initiatives that are going to pay benefits in the next 12 to 18 months. We're just in the be-

ginning. The benefits are going to come from the revenue side, from improving those factors."

With a 35% market share domestically, AeroRepublica will not use a hub-and-spoke network, but will instead fly point-to-point, reflecting the domestic market structure. But to compete internationally with Avianca, AeroRepublica will feed through Copa's hub at Panama City. ■

## Extended LANdings for multinational family



LAN's family plan – branded affiliates offering similar high quality if not seamless service in different parts of Latin America – has long drawn admiration as a model of the multi-national, multi-member airline family. It is now poised to bring some new members of its family into a larger extended family, a global alliance, with the admission of LAN Argentina and LAN Ecuador as affiliate members of oneworld as soon as the necessary technicalities are completed, as early as possible in 2007.

Parent company LAN, once known as LAN Chile, has been a core member of oneworld since June 2000, and its LAN Express and LAN Peru units have been affiliate members since then, but the new status for the Argentine and Ecuadorian family members will boost both the LAN family and the larger alliance. Oneworld, which also rosters Iberia, rapidly growing on routes between Spain and Ibero-America, and American, the dominant Caribbean carrier, extends its Latin American presence further, says Michael Blunt of the alliance.

In addition to new routings, the alliance gets four new destinations immediately through LAN Argentina: Iguazu; Comodoro Rivadavia; Rio Gallegos, and El Calafate. This gives it access to the very northern part of Argentina at Iguazu down to its southern reaches at Rio Gallegos and El Calafate, also in the Patagonian region, although not quite as far as land's end at Ushuaia (Ushuaia already has oneworld service). Less than two years after joining the LAN family, LAN Argentina has grown rapidly and is on its way to reach its goal of a domestic market share of 15%. It has also begun service to Miami.

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# New horizons



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At the heart of the event, each airline hosts a series of one-to-one meetings with airport route planners. Network 2006 in San Antonio, Texas brought together some 60 carriers and 130 airports resulting in over 700 one-to-one meetings.

Along with one-to-ones, Network 2007 offers so much more, including a half day conference where you can hear our expert panel of speakers discuss network planning issues, an exhibition and an extensive social programme allowing for 2 whole days of informal networking.

Network 2007 has become a must-attend for airlines and airports. If your network includes the Americas why not book your place in Florida.

For more details contact Lucy Flint at [lucy.flint@rbi.co.uk](mailto:lucy.flint@rbi.co.uk) or visit our dedicated website:

*"Network 2006 provided JetBlue with an optimal mix of formal and informal opportunities to strengthen relationships with our existing airport partners and establish new relationships with future airport partners. Like JetBlue, Network grows larger each year. We look forward to participating in 2007's Network event."*

**Adam Green**, Manager Route Planning,  
JetBlue Airways

**[www.networkusa.info](http://www.networkusa.info)**

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# Lowering the flags over Latin America

FLAG CARRIERS, ONCE THE sovereignty symbol of almost every Latin American nation, are a dwindling breed, writes David Knibb.

Most of them survived privatisation, but few have kept pace with the changing dynamics of commercial aviation. Today, only two traditional flag carriers in Latin America face reasonably stable futures – Aerolíneas Argentinas and Colombia's Avianca, and even they no longer have the international dominance they once enjoyed.

Chile's LAN, Panama's Copa, and Central America's Grupo TACA have all evolved into something more than flag carriers with cross-border affiliates and a regional presence undreamed of in the golden age of government-owned or nurtured airlines. Today, LAN and TACA

are associated with regions more than individual nations, and Copa is becoming the little Emirates of Latin America.

Gone are the proud old airlines that once represented Peru, Ecuador, Venezuela, Guyana, and the individual nations of Central America. In most cases other carriers have filled their vacuums, but none enjoy the prestige and exclusivity of single designation on international routes that AeroPeru, Ecuatoriana, or Viasa once could claim.

Three other survivors from that grand era remain, but they are all struggling, and even if they keep flying it seems unlikely they will ever regain their former preeminence. Varig clearly will not. When it lost the battle with ANAC, Brazil's civil aviation agency, to hang onto all its routes, it became clear that Varig would yield much of

its status to a host of local rivals. As TAM, Gol, BRA, and OceanAir ramp up their fleets to serve former Varig routes, its international stature is fading. Varig is now in a race to boost its fleet so it can restore other routes before year's end, fearful that ANAC could take away even more of its network if it fails to meet deadlines. At most, Varig will be a scaled-down version of its proud old self.

Lloyd Aéreo Boliviano (LAB) faces similar challenges as it tries to regain its strength. A debilitating series of labour and ownership battles strung out through 2006 prompted lessors to repossess its long-haul fleet. Now AeroSur is unwilling to relinquish gains it made during LAB's turmoil. As LAB struggles to reflect and reactivate routes, it is locked in a dispute with Aerosur over who is entitled to the important Madrid route.

Meanwhile, aviation officials have approved more foreign carriers to fly into Bolivia so that the country is never so dependent on one airline again.

Finally, Pluna can thank Uruguay's government for a capital injection. Government-owned Ficus Capital extended a \$14 million credit in September so that Pluna could upgrade its fleet and make it more attractive for potential investors. Fourteen buyers are interested, says the government, which has started a bidding process aimed at securing a new 49% owner by Christmas. As the experience with other flag carriers proves, privatisation alone is no panacea, but it is start.

Specifics vary, but the underlying problems at each of these struggling flag carriers and with their now-departed peers revolve around long-accumulated debt, under-capitalisation, ownership disputes, and corporate cultures that put prestige before profit.

As rivals emerged, more nations moved to multiple designation. When those rivals also embraced business practices and styles that gave them access to international capital markets, it is not hard to see why flag carriers are in decline. ■



## Orlando at ALTA to offer good value

ORLANDO INTERNATIONAL Airport (MCO), is positioning itself as a key destination for Latin American and Caribbean airlines.

Within easy reach of most of Florida's population, MCO is at ALTA to reinforce its position as an alternative to Miami.

The airport, which posted record 2005 passenger totals of 34.1 million, has "the business case to support new nonstops to Latin America," says MCO director of marketing Vicki Jaramillo.

MCO traffic has grown four times faster than the US average,

and the local population is expected to rise 23% through 2014. This growth has meant that Orlando has leapfrogged airports such as San Francisco, London Gatwick and Tokyo Narita in passenger totals, and now ranks #21 in the world.

The airport offers a low cost option for airlines using the hub "We are significantly less than Miami and have great connections with the rest of the USA as well as some key international flights."

There is major investment in the central Florida region and a

large number of expatriate Latin Americans live and work in the area.

Recently, the Burnham Institute decided to place a major biomedical research facility in Orlando. In addition, the city has under construction a new medical university, 6,500 luxury hotel rooms, a new Veterans hospital and a third Sea World theme park. Burnham alone should stimulate one billion additional dollars to be spent in Orlando annually. "All I can say is that we're glad that our fourth runway has been completed," Jaramillo said. ■

### ► GREATER STAKE FOR ARGENTINA

The Argentine government is contemplating taking a higher stake in Aerolíneas Argentinas after the Spanish owner, tour group Marsans, sold off some of its holding. The state has recently raided its holding in the carrier from 1.5% to 5% and may go up to 20%, officials said in Buenos Aires. The state is to take two seats on the airline's board. Aerolíneas Argentinas is currently under the majority control of Marsans.

# Boeing projects \$110.5bn Latin growth

BOEING IS FORECASTING THAT Latin American airlines will need 1,680 aircraft worth \$110 billion over the next 20 years. The company – well represented at ALTA – says air travel within the region will grow 6.9%, well above the world average growth of 4.9% and second only to China's predicted 8.8% rate of growth.

The US company released its 2006 Latin America Current Market Outlook in Mexico City earlier this week before coming to Cancun.

"We're forecasting a continued strong long-term demand in Latin America for new airplanes over the next 20 years," says Boeing Commercial Airplanes vice-president of sales, Latin America and the Caribbean, John Wojick.

"These airplanes will take people and products where they need to travel, as never before. Improved fuel efficiency and increased range will allow airlines to take more travellers directly where they want to go, when they want to go."

Deliveries to airlines in Latin America will represent approximately 4% deliveries measured by dollar value worldwide between 2006 and 2025.

Over the next 20 years, Latin American airlines will take delivery of approximately:

- 206 regional jets – less than 90 seats
- 1,220 single-aisle aircraft – 90 seats and above
- 190 twin-aisle aircraft – 200-400 seats, tri-class.

Combined with the retained fleet and used aircraft acquisitions, these new deliveries will result in a Latin America commercial aircraft fleet of over 2,700 aircraft by 2025.

"The single-aisle category will constitute nearly three-quarters of the airplanes delivered," Wojick said. "Regional jets and twin-aisle airplanes will carry most of the rest of the market by unit, with there being virtually no component of airplanes in the 747 and larger aircraft. So, in terms of numbers of airplanes delivered, single-aisles will make up the majority, and will help airlines offer more frequencies and increased nonstop service on domestic and short-haul international flights." ■



John Wojick

## Airbus growing in the Latin American market



Rafael Alonso

AIRBUS IS CONFIDENT THAT within five years it will have a 50% market share in the Latin American market, says Rafael Alonso, Airbus senior vice-president Latin America, Caribbean and Spain. "Airbus is doing great in the region, over the past ten years we have taken 66% of all new sales. We have the right products, combining the newest technologies with the lowest operating costs providing the airlines with the right competitive edge in the market place."

The European manufacturer currently has some 30% of the fleet in the region with more

than 230 aircraft flying with some 12 airlines and groups.

Brazil's TAM has firmed up a deal consisting of 37 additional Airbus aircraft (12 A319s, 16 A320s, three A321s and six A330s). With this repeat order for more A330s, Airbus also reached the 600th sales milestone for the entire A330 family since its introduction in the market.

Latin America has been a very dynamic market with average growth rates of 10% in 2004, 15% in 2005 and similar rates this year. The A320 family has been a high contributor to the success of Airbus in the region.

Many of the region's airlines have been at the forefront providing their customers with the most modern aircraft in the market today. Mexicana was the first in the region to operate the A318, TACA was the first airline in Latin America to operate the A321, LAN is the worldwide launch customer for the P&W powered A318.

The A320 family has been extremely successful in the low-cost market worldwide. Low cost has also seen its emergence in the Mexican market with the start up of two new Airbus operators – Volaris and Interjet. ■

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