

**CAPA**

# Airline Leader Summit

Latin America & Caribbean

# Caribbean Airports

**Rafael Echevarne**

ACI - LAC



- International Airports Association
- Official voice of the airport industry
- Objectives: Safe / Professional / Efficient / Sustainable
- 1,950 airports in 185 countries
- Latin America & Caribbean: 360 airports 35 countries (97% traffic)

# Airport Carbon Accreditation - ACA

## MAIN REQUIREMENTS OF AIRPORT CARBON ACCREDITATION

- World's only CO2 airport reduction program
- Evaluates, plans and reduces CO2
- Independently managed and recognized by ICAO



**Level 4+**  
Offsetting of residual Scope 1 & 2 emissions

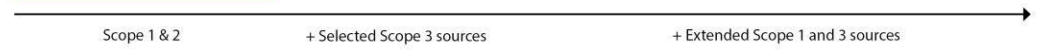
**Level 4**  
Extended carbon footprint, absolute emissions reductions in line with the Paris Agreement, enhanced 3<sup>rd</sup> party engagement

**Level 3+**  
Offsetting of residual Scope 1 & 2 emissions

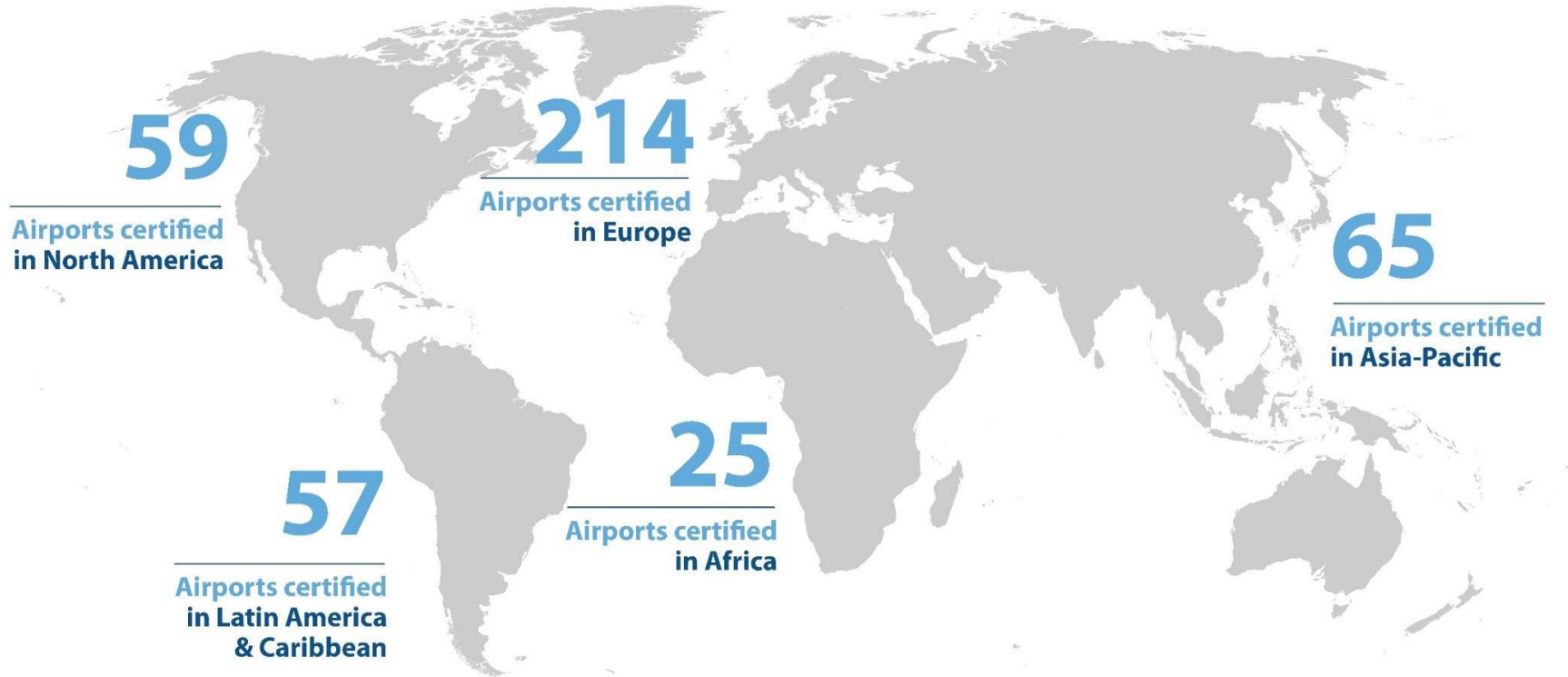
**Level 3**  
Engagement of 3<sup>rd</sup> parties & measurement of their emissions

**Level 2**  
Emissions reduction target, carbon management plan & annual reductions

**Level 1**  
Carbon footprint & policy

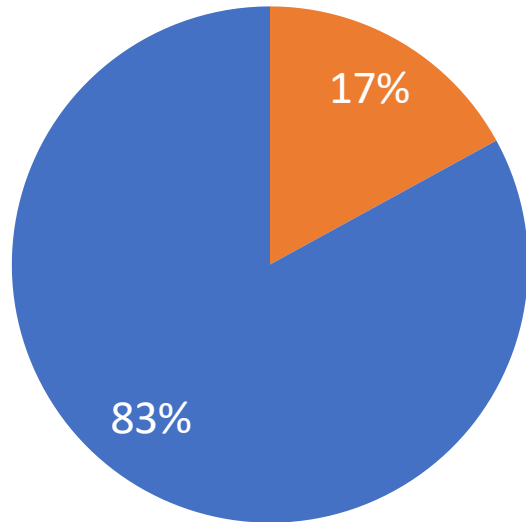


## Airport Carbon Accreditation - ACA

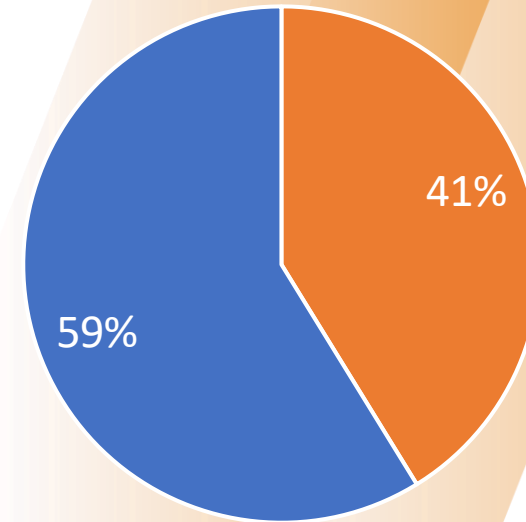


## World's 20 largest airports (as % total)

Pax

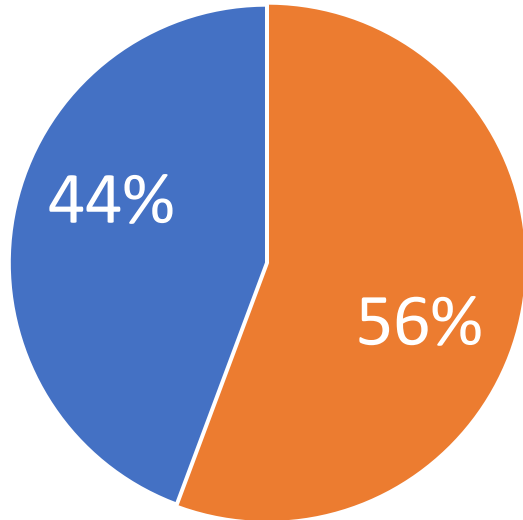


Cargo

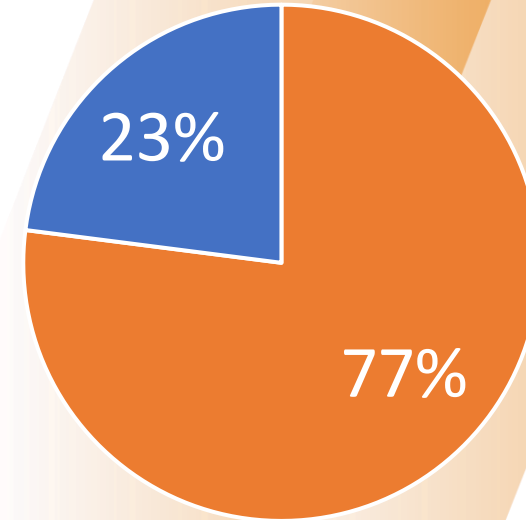


## LAC's 20 largest airports (as % region)

Pax

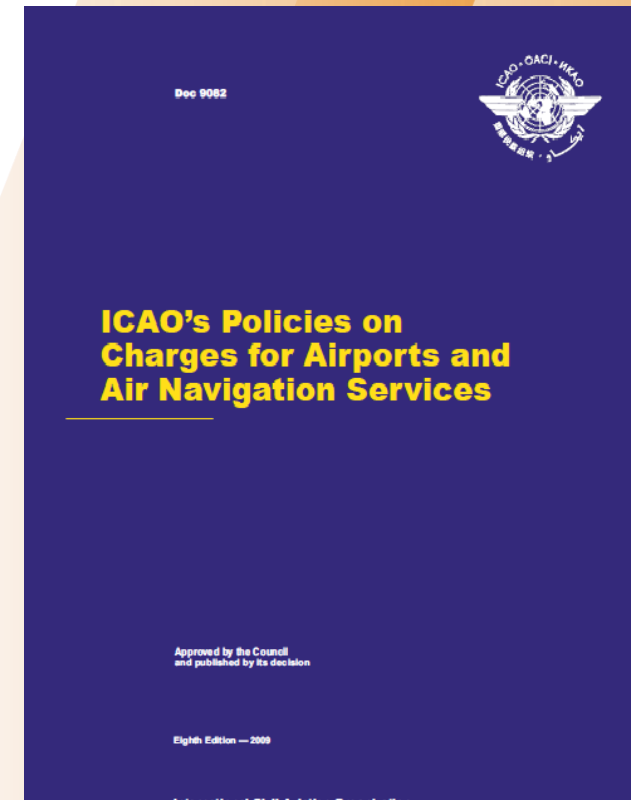


Cargo



# The current principles on Airport Charges

- Doc 9082 documents ICAO's policies on charges for airports and air navigation services
- **Basic principles:**
  - Non-discrimination
  - No abuse of dominant position
  - Transparency
  - Cost relatedness
  - Encourage efficiency and efficacy in the provision of services
  - Monitor and encourage investments to meet future demand
  - Ensure user's views are taken into account



## How are Airport Charges set?





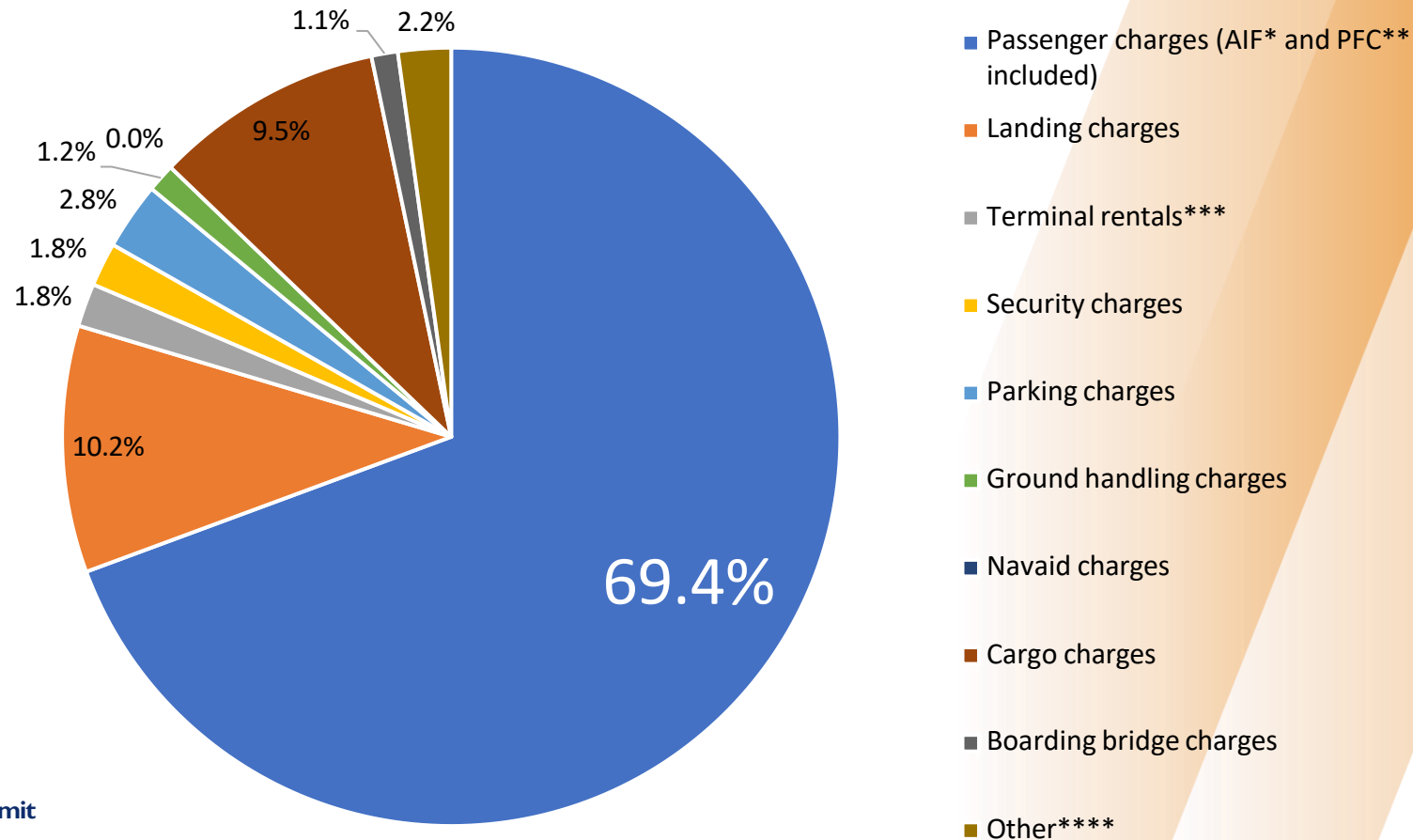
# Who sets / approves the charges?

- The economic regulator (i.e. the government)

# Who Pays the Airport Charges?

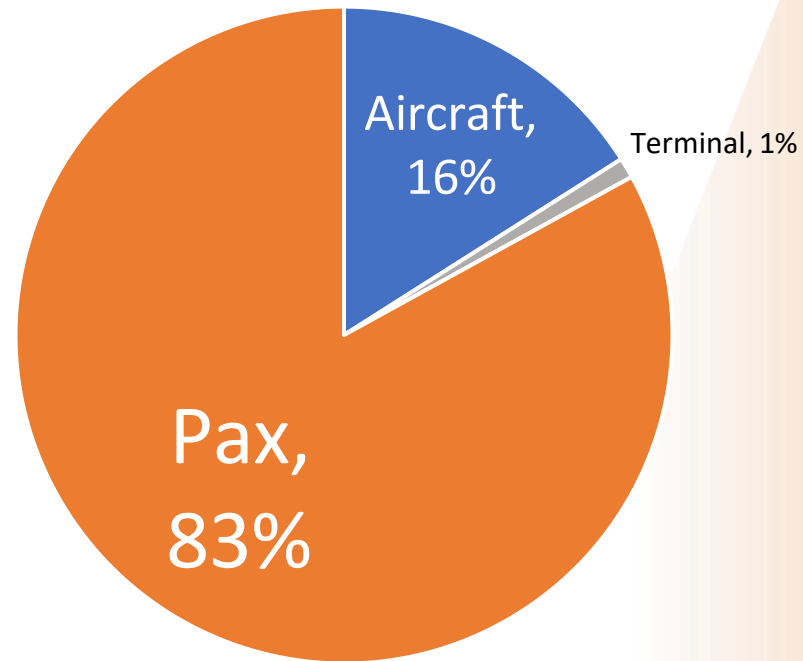
- **Passenger eventually pays for everything!!!**
- **Passenger or cargo charges do not have an impact on airline costs**

## Airport aeronautical income

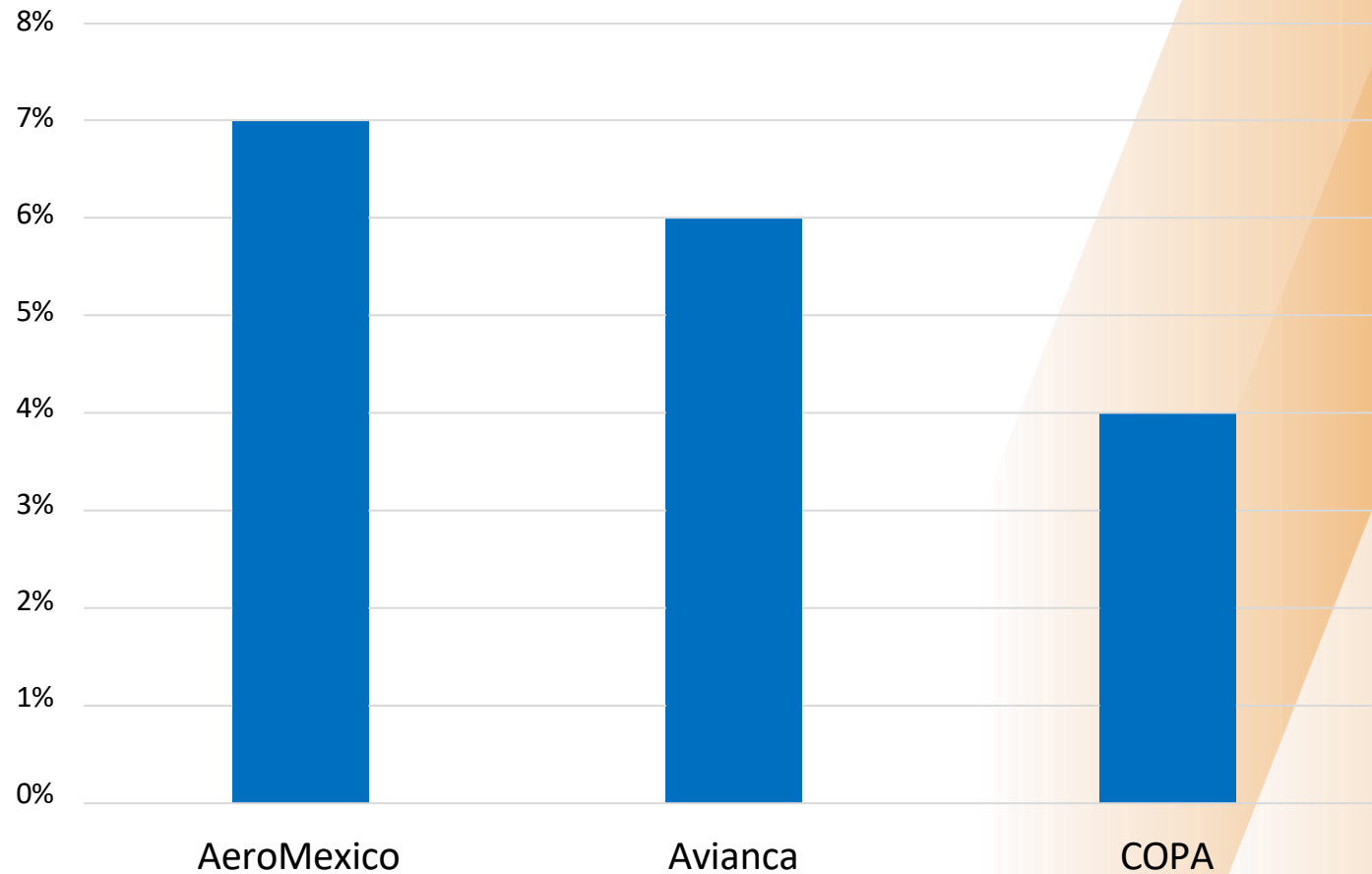


## ...the majority is from passenger charges

Latin America and Caribbean



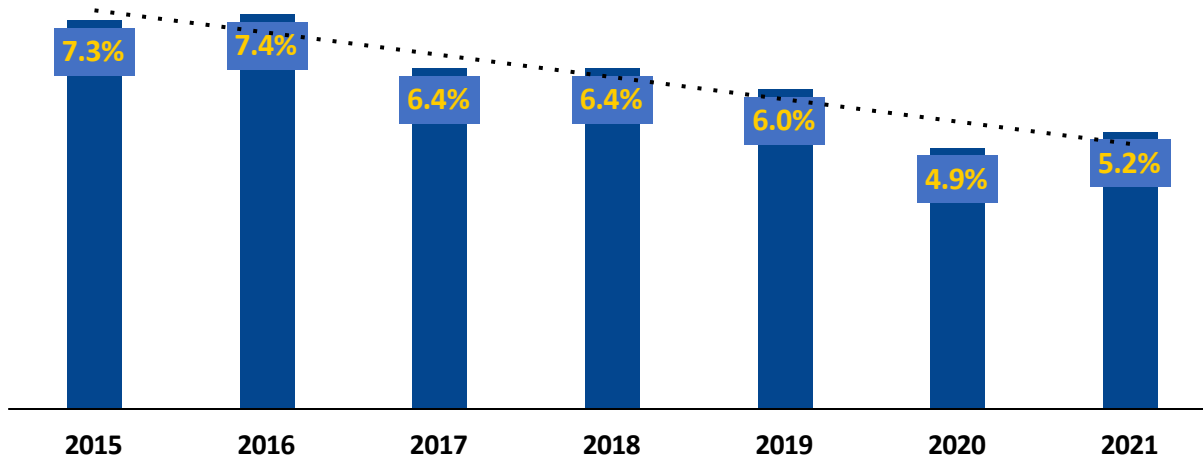
## Airport Charges as % of Airline Costs



# Airline Leader Summit

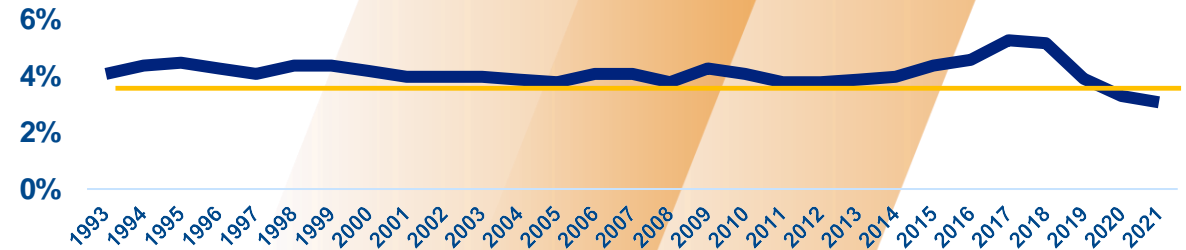
Latin America & Caribbean

## IATA User charges\* as % of total airline costs



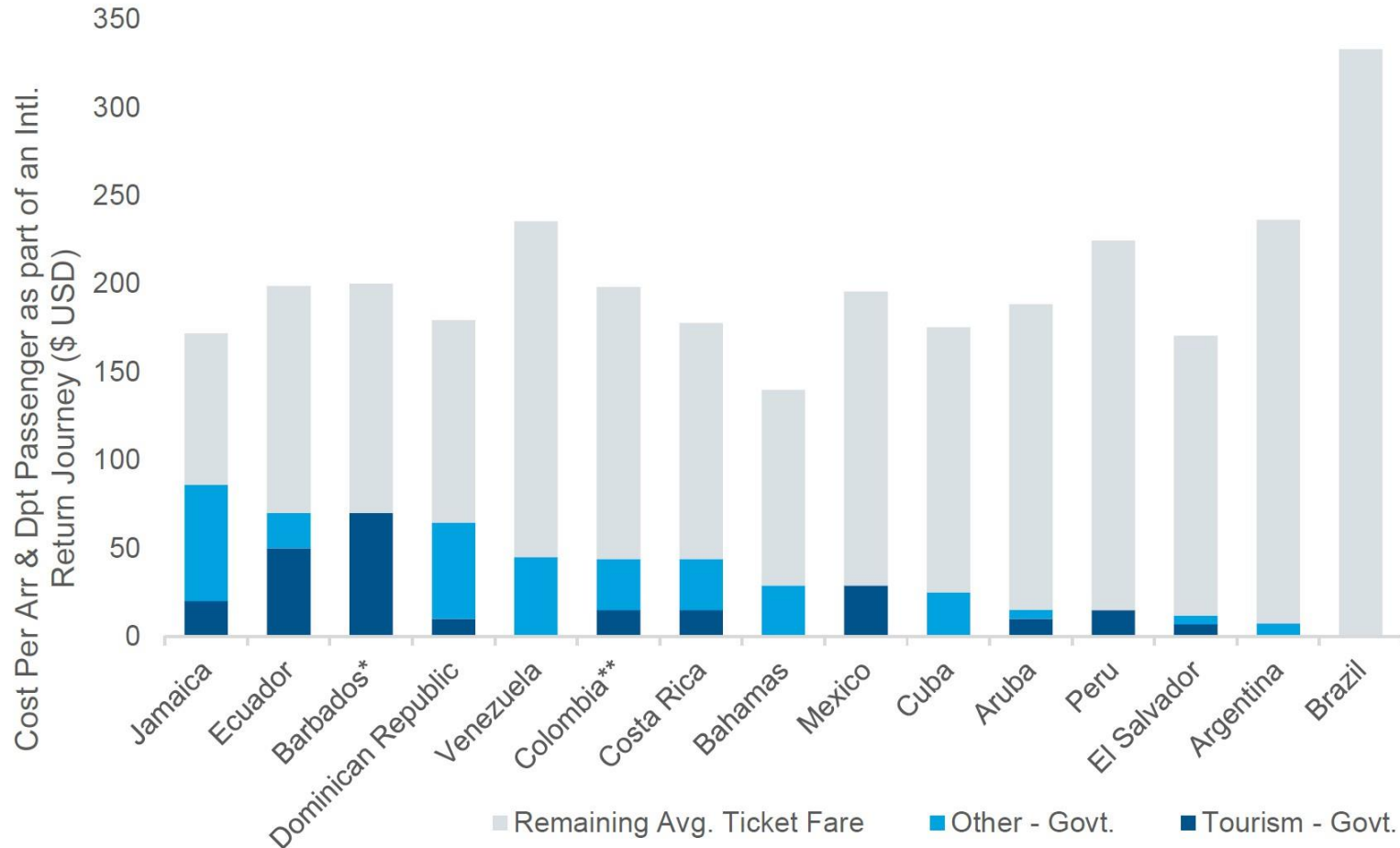
Source: ACI World adapted from IATA WATS 2016, 2017, 2018, 2019, 2020, 2021, 2022

## ICAO User charges as % of total costs



Source: International Civil Aviation Organization (2023)

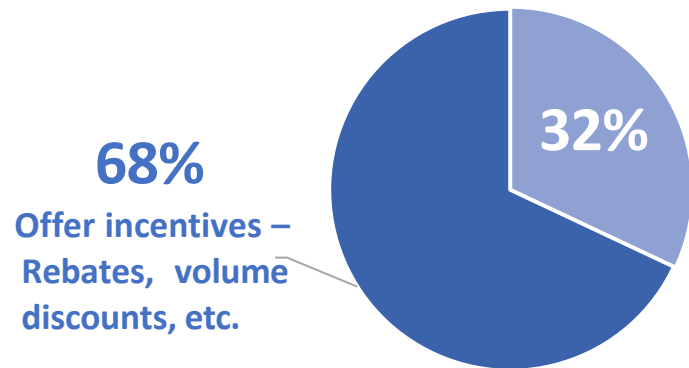
## Government Taxes Impact Ticket Fares



# Airline Leader Summit

Latin America & Caribbean

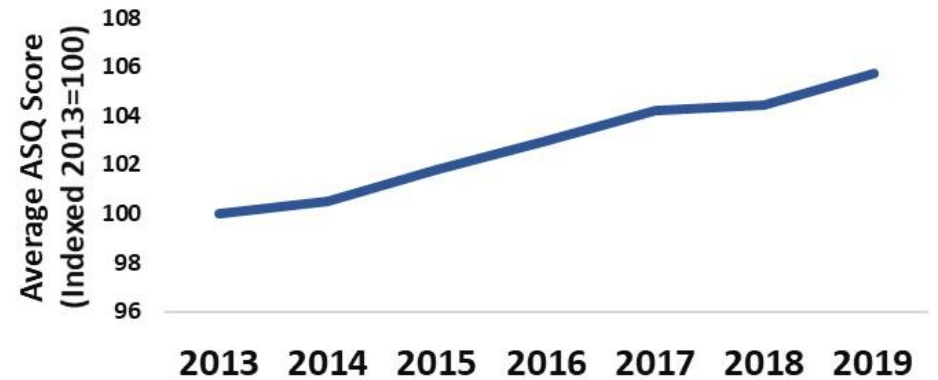
## Competing for AIRLINES – % of airports offering incentives



## Growth in LCC Market Share based on Seats

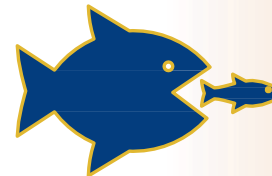


## Competing for PASSENGERS – Growth in Airport Service Quality (ASQ) score



Source: ACI ASQ

Airline industry consolidation

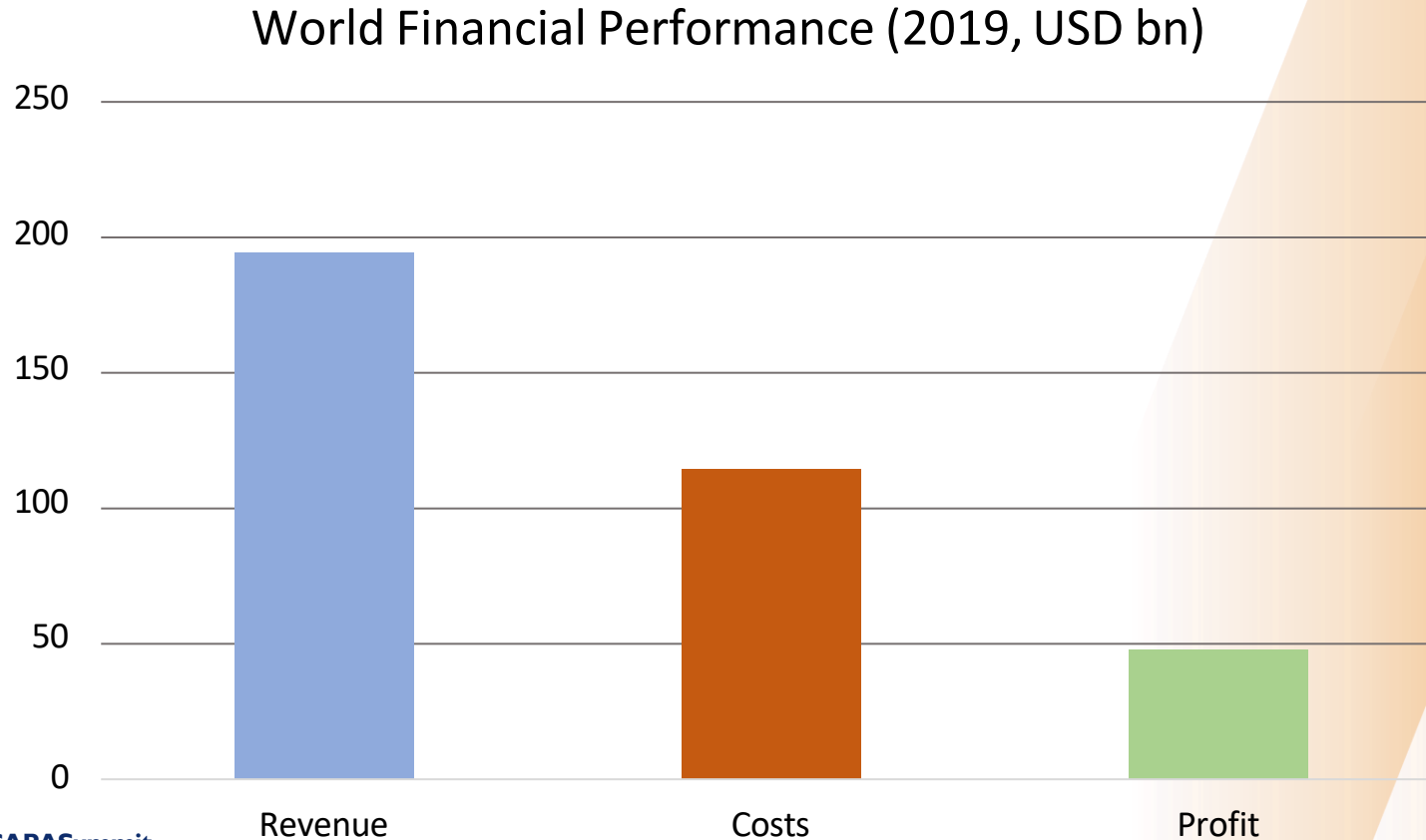


Shifts in the airport-airline relationship





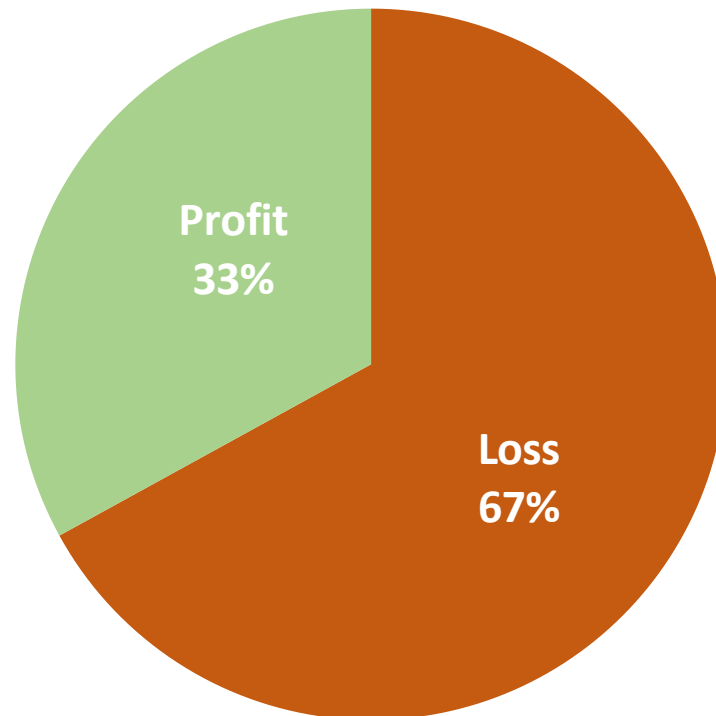
## The economic Paradox of the Airport Industry



## Paradox:

# The financial health of the airport industry (pre-Covid)

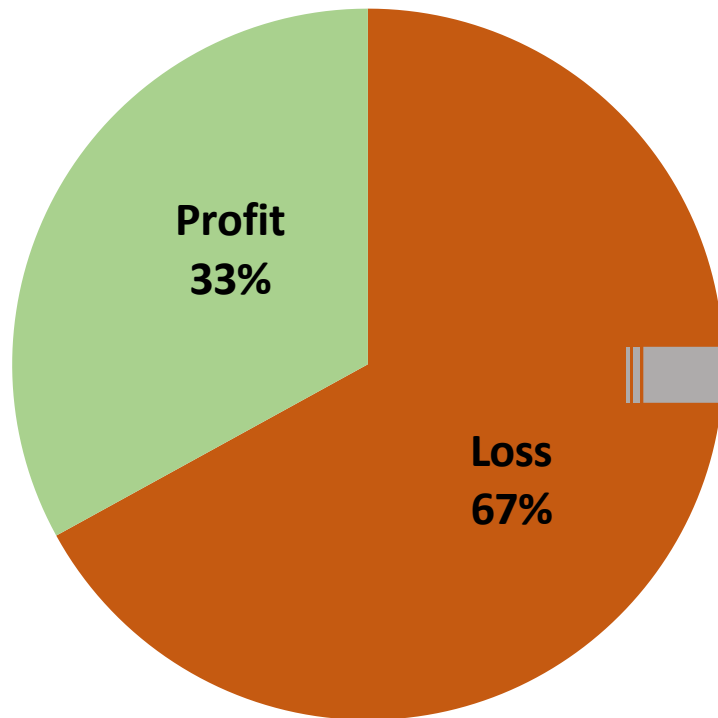
Distribution of Airports by profit/loss



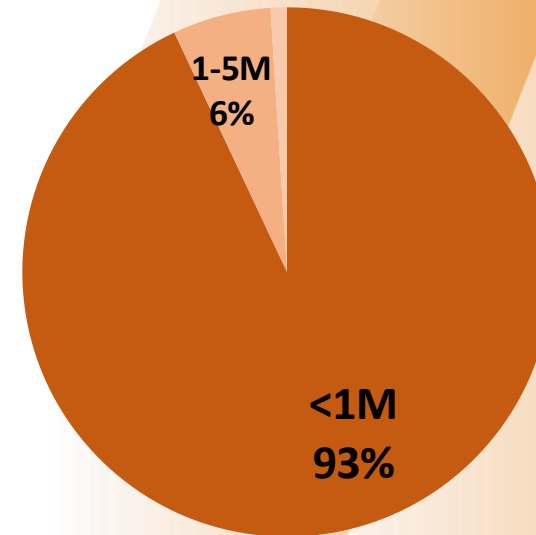
## Paradox:

### The financial health of the airport industry (pre-Covid)

Distribution of Airports by profit/loss

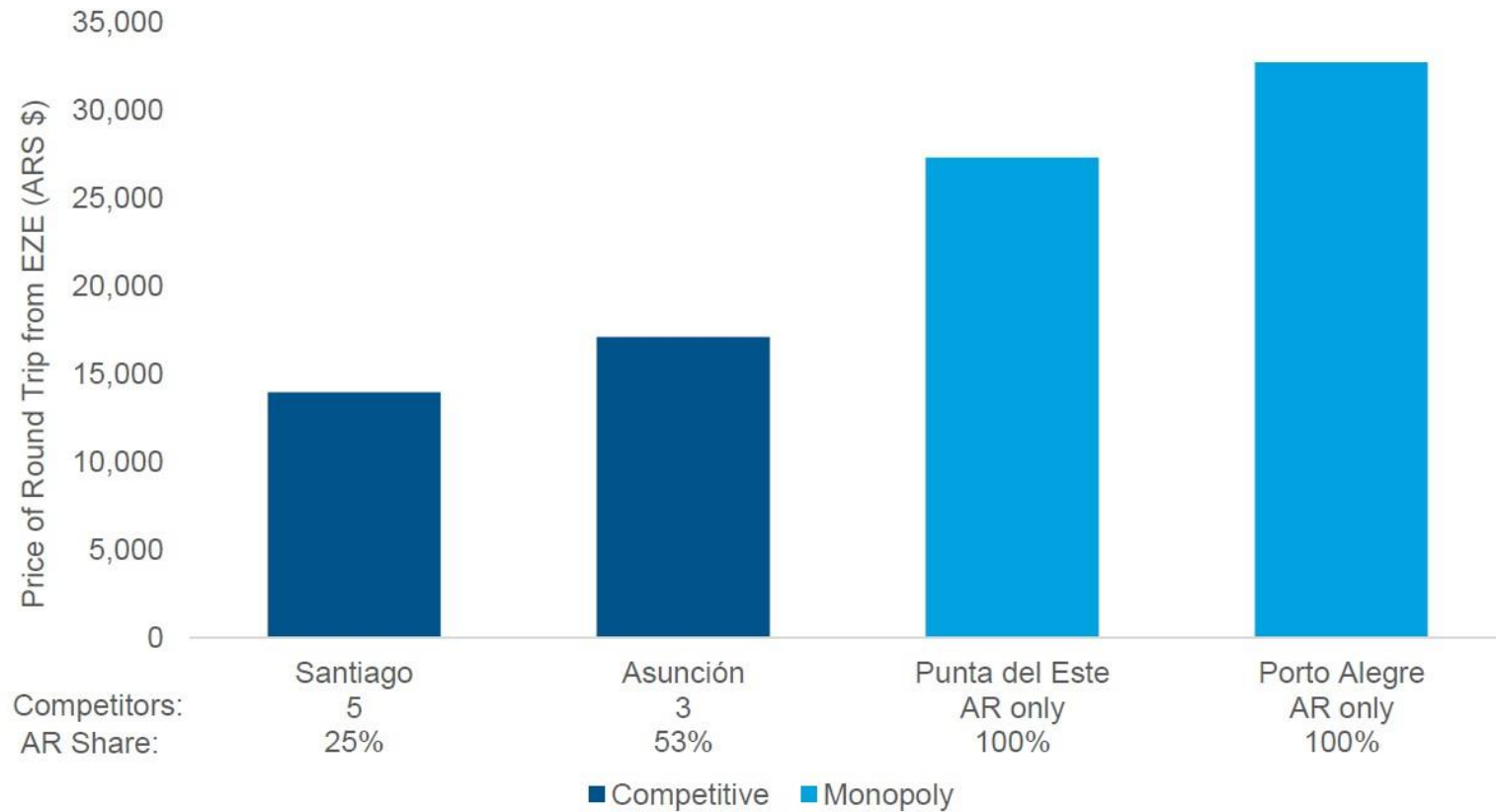


Distribution of Airports with a Net Loss



72% LAC < 1m  
87% LAC < 2m

## Few Airline Competitors = High Fares



Source: Aerolíneas Argentinas airline website, SRS Schedule Analyser

Notes: Ticket prices are for direct flights. Outbound on 4 Mar 2020 and inbound 11 Mar 2020. Fares accessed on 21 February 2020. AR share refers to its share of seat capacity on the route (12 months to Dec 2019). Route distances between 200 to 700 statute miles.

**CAPA**

# Airline Leader Summit

Latin America & Caribbean



## The State of Air Transport Liberalization in Latin America and the Caribbean

August 2024



 Share your thoughts [#CAPASummit](#)

**AVIATION WEEK**  
NETWORK

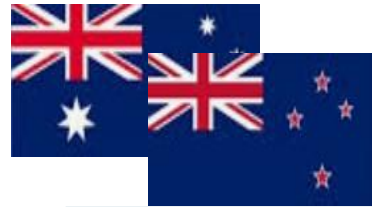
## Air transport liberalization and deregulation: patterns and benefits.



- Domestic deregulation and global open skies policy (U.S.)



- Liberalization of domestic and foreign aviation policies (EU)



- Synergistic liberalization between neighbors and partners (Aus-NZ)



- soft” regional integration supported by gradual liberalization (ASEAN)



- Other models: disorganized, selective liberalization, sub-regional approach



## **Air transport liberalization and deregulation: patterns and benefits.**

- Sustained reduction in average airfares adjusted for inflation.
- Stimulation of traffic growth in the main hubs and secondary markets.
- Increase in the number of city-pairs in the domestic or intra-regional market.
- Increase in the number of direct non-stop connections in markets considered secondary.
- Reactivation of the local tourism industry and increase in international inbound tourism.
- More options for consumers following the expansion of the LCC business model and subsequent adaptation of network airlines' revenue generation models.



## Examples of issues that neutralize or nullify the benefits of liberalization



(Source: NACO Analysis)



## Air connectivity of the continent and the contribution of the LCCs

Fig.41 LCC seat capacity in LAC region, evolution by market (million one-way seats), 2010-2023

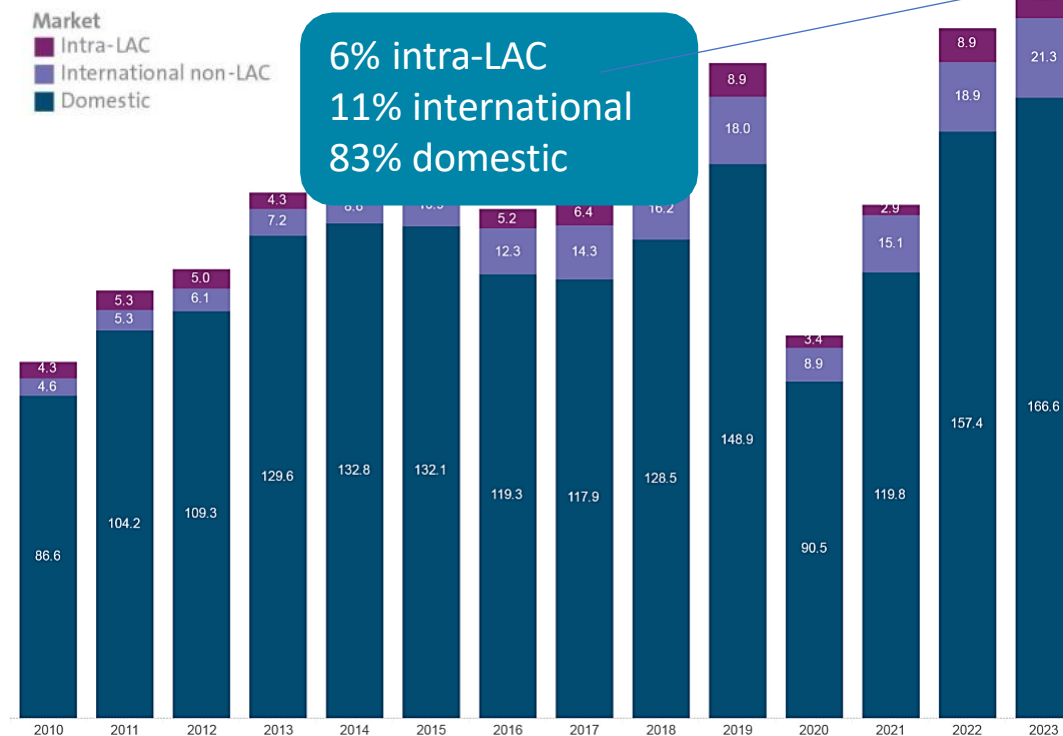


Fig.40 Comparison of LCC capacity deployed in intra-regional routes, selected world regions, 2019

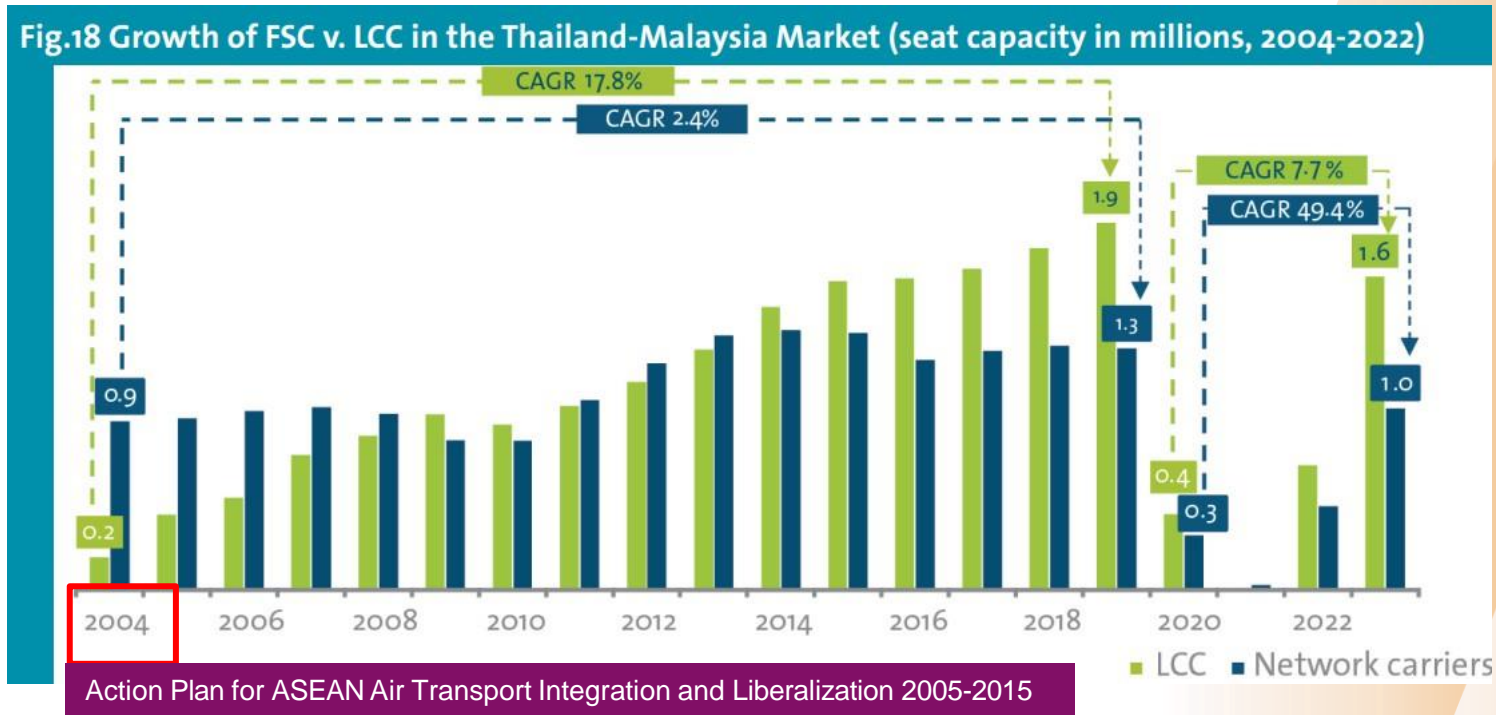


(Source: Cirium, NACO Analysis)

LCCs contribution lags behind other regions of the world (8.2%), strong presence in domestic markets, regional expansion with national AOCs

## ASEAN: Intraregional connectivity and activation of regional airports

Liberalization process focuses on subregions, 3th/4th/5th, leaving the large hubs last.




Roadmap for Integration of the Air Travel Sector (RIATS) and their Implementation Protocols with specific objectives defined by subregion and deadlines.

## ASEAN: Benefits of effective liberalization and (intra-)regional connectivity

From 9 airports to 15 airports, increased intra-regional connectivity and new tourist regions, less dependence on BKK and KUL, opening to international markets (6th freedom airlines).



## Georgia: Opening to European markets puts the country on the tourism map

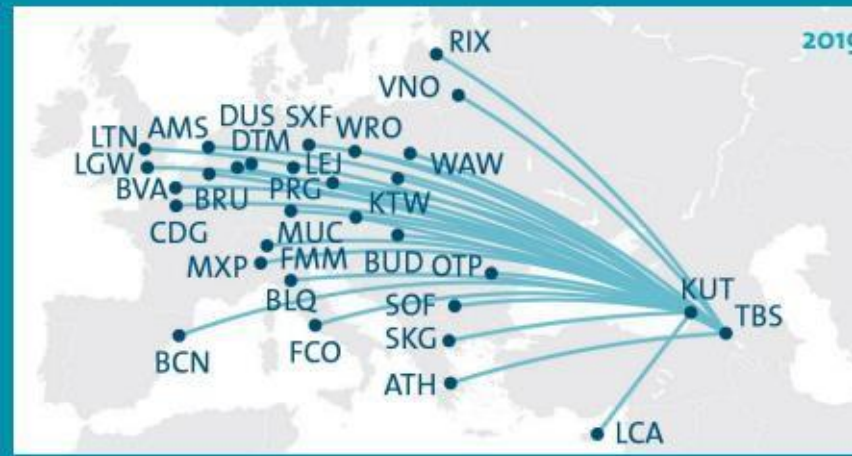
Liberalization process focuses initially on attracting Europeans and selling the tourism brand, creating local jobs, and fostering connectivity with European capitals.



## Georgia: Diversification, connectivity, and regional repositioning

- Diversification of tourism segments,
- Explosion of connectivity between secondary and regional markets

Fig.13 EU-Georgia city pairs, 2010 vs 2019

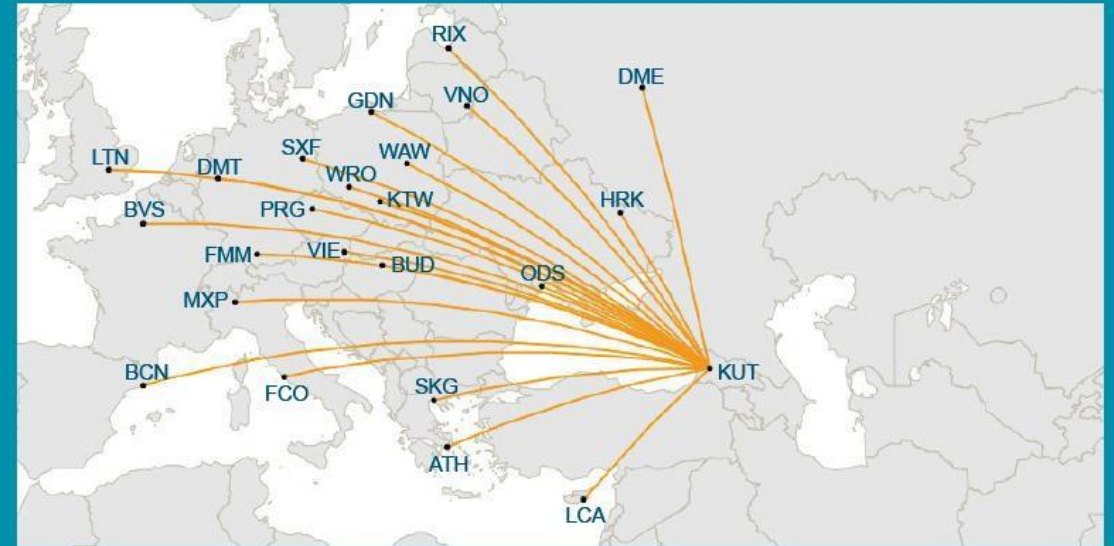


## Georgia: Diversification, connectivity, and regional repositioning

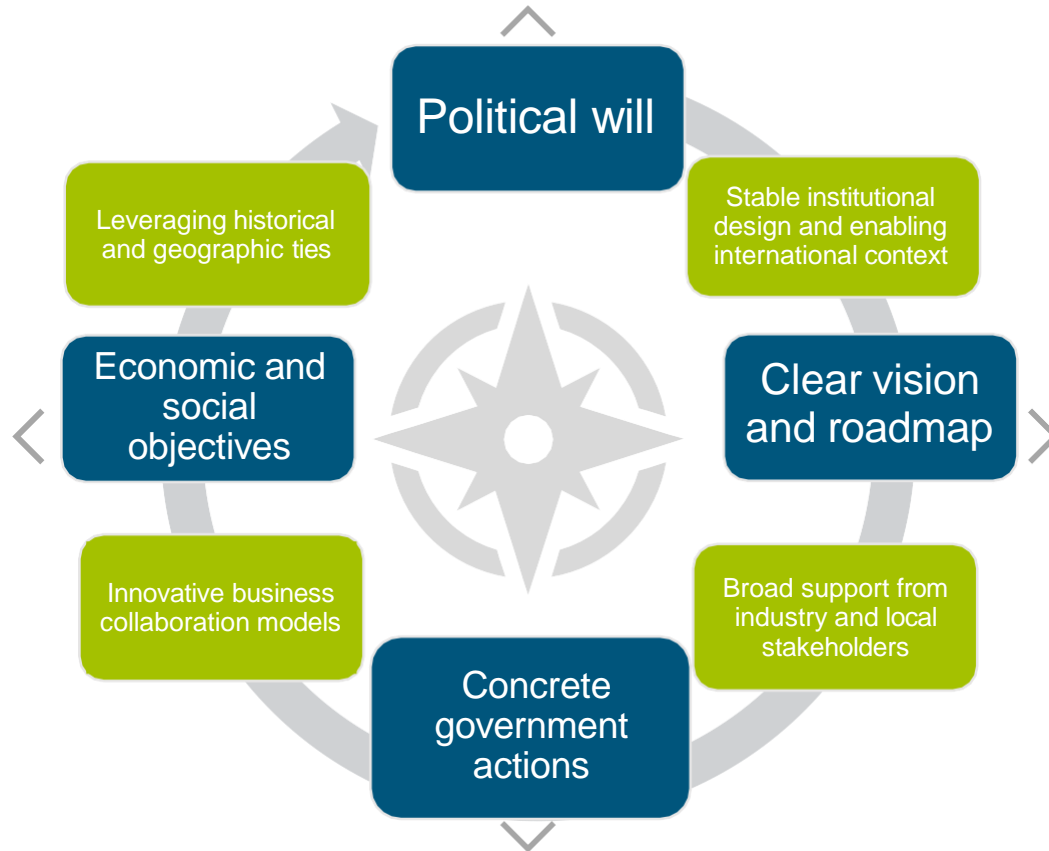
EU-Kutaisi (KUT) (June 2010)



EU-Kutaisi (KUT) (June 2019)



## Cardinal points to promote regional connectivity in Latin America



### ACI-LAC Conference concludes calling on governments to liberalize air transport

The Assembly and Conference of the International Council of Airports of Latin America and the Caribbean 2023 ended with the request for the implementation of urgent measures to guarantee the total liberalization of air transport

Airport industry leadership is key to fostering the development of regions and their airports

- ✓ Contributions to the local economy
- ✓ Collaboration models
- ✓ Concrete proposals to governments
- ✓ Ecosystem approach