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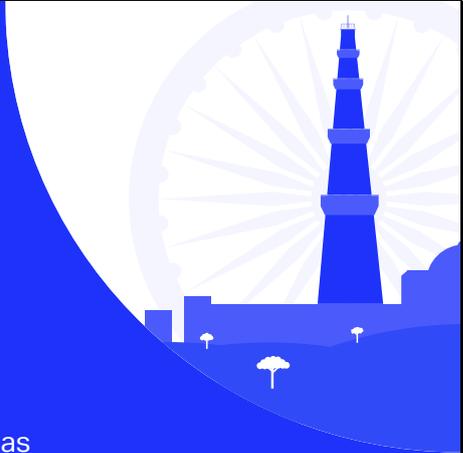
Americas Regional Update

Peter Cerdá
Regional Vice President - The Americas

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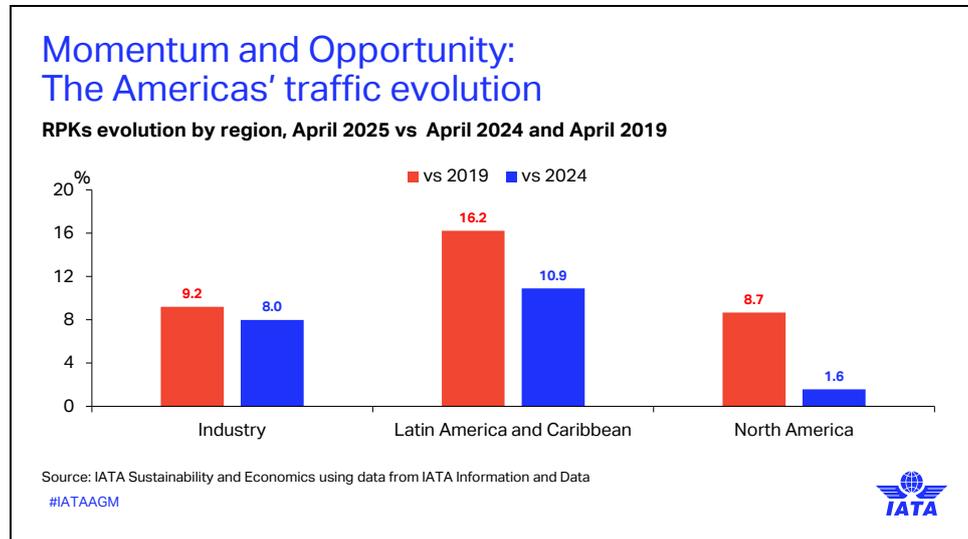
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Introduction: Value of Air Transport

- Good afternoon, and welcome to this year's regional update on the Americas.
- From the snow-covered runways of Canada to the tropical gateways of the Caribbean, and from the bustling hubs of the U.S. to the emerging markets of South America, aviation is a vital economic engine across our hemisphere and a pillar of prosperity:
 - In North America, aviation supports 8.4 million jobs and contributes 1.4 trillion USD to GDP.
 - In Latin America and the Caribbean, it supports 8.3 million jobs and contributes 240 billion USD to GDP.
- These numbers tell a powerful story: aviation is essential not just for travel,
 - but for trade, tourism, employment, economic development and the social wellbeing of humans.



2024–2025: A Strong Recovery:

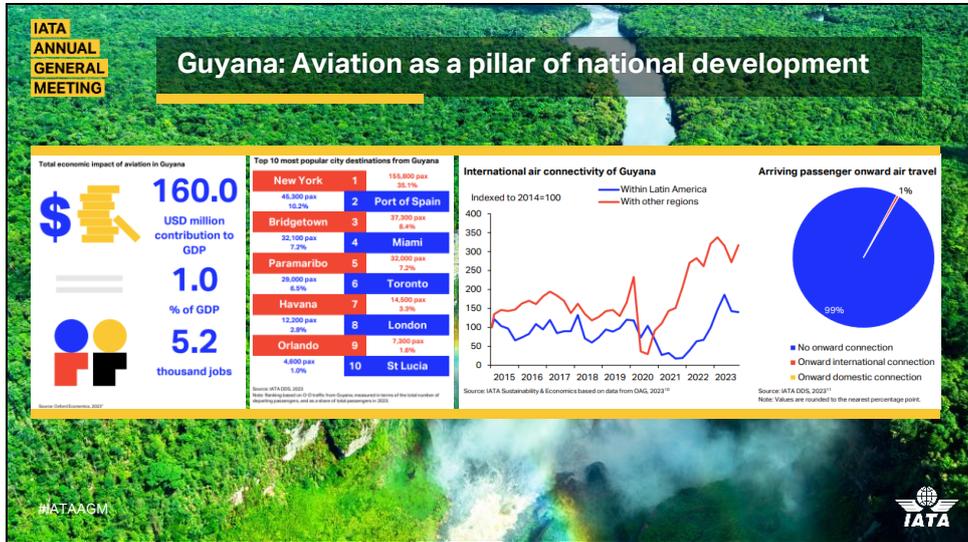
- Let's begin with the good news.
- Passenger and cargo volumes are rising across most of the region, signalling continued recovery and resilience.
- In April 2025, air travel in Latin America and the Caribbean surged by 10.9% year-over-year, reflecting strong demand and growing connectivity.
- North America also posted positive growth, with a 1.6% increase compared to last year.
- Notably, despite a moderation in U.S. demand, route capacity in North America still grew by 3.7% year-over-year,
 - even as global airlines strategically shift capacity southward—recognizing the expanding potential of Latin American markets.
- One region's slowdown has become another's opportunity.
- Countries like **Argentina**, **Guatemala**, and **Guyana** are showing what's possible when governments embrace aviation as a driver of economic and social progress.



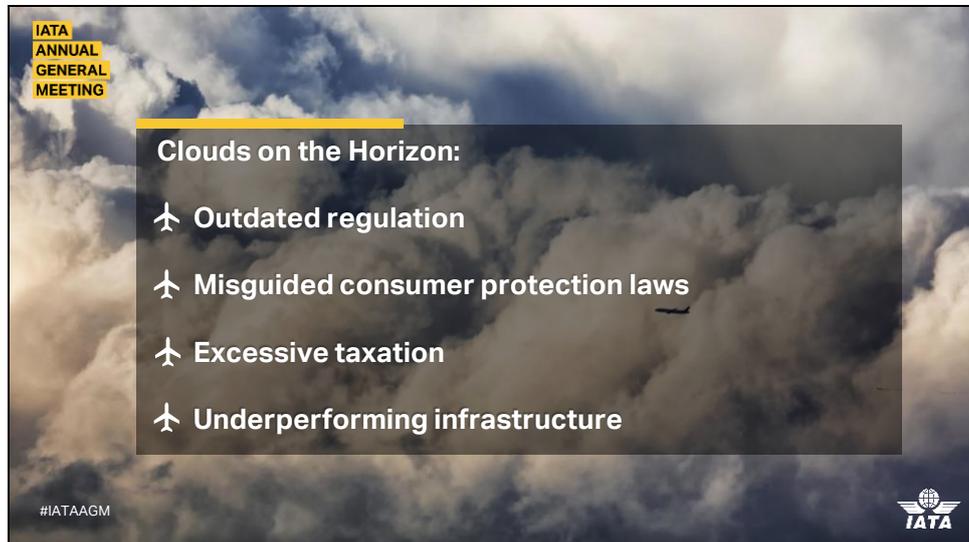
- Argentina's aviation sector has seen a remarkable resurgence under the leadership of President Milei,
 - whose administration has prioritized liberalization and competition as key drivers of growth.
- By significantly reducing regulatory barriers, signing or renegotiating 14 bilateral air service agreements with multiple countries,
 - including Brazil, Mexico, Canada, Türkiye, among others,
 - and opening up the ground handling market, the government has created a more level playing field for airlines.
- These reforms have not only attracted new entrants but also empowered existing carriers to expand their networks.
 - In April 2025, the international market increased routes by 10.5% YoY, equating to a 20.3% increase in frequencies and additional 18% YoY seat capacity.



- **Guatemala** is emerging as a regional success story, with international passenger traffic up 45% and domestic traffic soaring by 161.5% between March 2019 and March 2024, driven by expanded capacity & connectivity.
- To build on this momentum, we recently met with President Arévalo, who outlined an ambitious aviation reform agenda,
 - including new legislation, airport modernization, restoration of FAA Category 1 status, and
 - a commitment to resolving tax issues and strengthening safety and infrastructure nationwide.



- In **Guyana**, President Ali reaffirmed his commitment to making aviation a pillar of national development—backed by infrastructure investment and regulatory reform—opening the door to transformative opportunities for the oil rich nation.
- These countries are becoming regional leaders in aviation reform and a model for others to follow.



Clouds on the Horizon:

- But let's not lose sight of the challenges that could stall this momentum.
- We continue to face the usual suspects: outdated regulation, misguided consumer protection laws, excessive taxation, and underperforming infrastructure.
- Challenges that can turn into opportunities.



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Regulatory Environment & Consumer Protection

“In too many countries, we’re seeing a flood of legislative proposals that claim to protect consumers but fail to align with global standards.

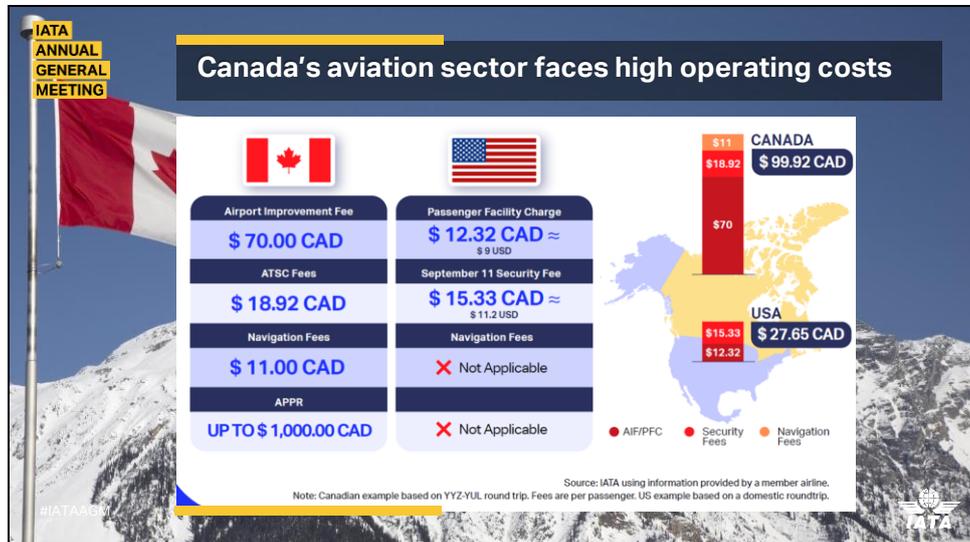
The result? Higher costs, reduced connectivity, and frustrated passengers.”

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Regulatory Environment and Consumer Protection:

- In too many countries, we’re seeing a flood of legislative proposals—often well-intentioned—that claim to protect consumers but fail to align with global standards.
- The result? Higher costs, reduced connectivity, and frustrated passengers.



- In the North, **Canada's** aviation sector faces high operating costs and
 - a proposed revision of the Air Passenger Protection Regulations (APPR) that would unfairly burden airlines.
 - We urge the new government to ensure shared accountability across the value chain.

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Opportunities and Challenges in the USA

Strongly support the long-overdue modernization of Air Traffic Control in the U.S

Engaging the Trump administration to revisit:

- Compensation mandates for delays
- Restrictions on antitrust immunity
- Potential tariffs on aircraft parts

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- In the **U.S.**, industry is engaging with the Trump administration to revisit:
 - Compensation mandates for delays,
 - Restrictions on antitrust immunity,
 - And potential tariffs on aircraft parts.
- We also strongly support the modernization of Air Traffic Control, a reform long overdue.

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Concerning Consumer Protection Proposals

Peru

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Active Bills in 2025

Subjects:

- Free seat selection
- Prohibition of overbooking
- Free 10 kg carry-on
- Transferability of tickets
- Animal transportation
- Additional compensation in case of delays and cancellations of flights

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Colombia

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Active Bills in 2025

Subjects:

- Price control
- Prohibition of overbooking
- Free baggage allowance
- Transferability of tickets
- Seat pitch
- Animal transportation

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- Further South, we are concerned with the most recent developments in **Peru**, including a proposal of allowing changes to the passenger’s name until 24 hours prior to the flight.
- In **Colombia**, airlines face proposed legislation on overbooking, fare caps, and compensation which all could drive up costs.
- Contrast that with countries like **Ecuador, Mexico** and the **Dominican Republic**, where stable, aviation-friendly policies are helping the industry thrive.

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Taxes, Fees & Charges: Brazil's Tax Reform

Impact of Brazil's
Proposed 26.5% VAT
on Aviation

- Average airfares to rise:
 - Domestic from USD 130 → 160
 - International from USD 740 → 935
- Passenger demand could drop by nearly 30%
- Threatens billions in tourism revenue and regional connectivity

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Taxes, Fees and Charges:

- Aviation is often seen as a convenient target for taxation. But let's be clear: taxing connectivity is taxing opportunity.
- **Brazil's** proposed 26.5% VAT will raise airline tickets fares, slashing passenger demand by nearly 30% and threatening billions in tourism revenue, regional connectivity, and economic inclusion.
- In this scenario, the proposed reform will increase the average cost of flying from USD 130 to USD 160 for domestic traffic, and from USD 740 to USD 935 for international traffic.
- In a country with a population of over 200 million, air transport has done its part over the past decade, bringing down fares, increasing access, and connecting communities.
- To give you an example, since March 2015, international airfares have dropped by 15.3%, and domestic fares by 14.9%—a clear sign that airlines are delivering real value to their passengers.
- It's time for the government to do their part and look at the long-term competitiveness of air transport in Brazil.
- And remember that in addition to this tax reform,
 - airlines operating in Brazil already face excessive litigation (the highest in the world) and
- And Brazil is not alone. Across the region, we must resist the temptation to treat aviation as a cash cow rather than a catalyst for growth.
- We will continue advocating to ensure that both airport and ANSP charging schemes are comprehensively reviewed, transparently consulted,
 - and aligned with investment plans that address the industry's needs, driving cost efficiency and fostering aviation growth.



Infrastructure:

- We've seen significant improvements in airport infrastructure, but too often, new terminals open already saturated.
- In **Chile**, long queues and passenger flow issues—must be urgently addressed.
 - In the international terminal (two years opened), check-in counters are already operating at full capacity during peak times,
 - creating a bottleneck that threatens to constrain future growth.
- In **Colombia**, we strongly urge the government to fully implement the airspace optimization study for El Dorado International Airport in Bogotá—
 - developed collaboratively by IATA, the industry, and the government over two years ago.
 - To date, only a handful of its recommendations have been adopted.
 - That is not just disappointing—it's a missed opportunity to unlock efficiency, reduce delays, and enhance capacity at one of the region's most critical hubs.
- Meanwhile, growth in Medellín is being limited due to infrastructure constraints.
 - In a country that has experienced the fastest aviation growth in Latin America, such limitations are simply unacceptable.
- The Colombian government and airports must act decisively and
 - work hand-in-hand with the industry to remove these bottlenecks and
 - ensure Colombia's aviation sector can continue to thrive.

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Peru: After a six-month delay, the new terminal at Lima International Airport is finally open

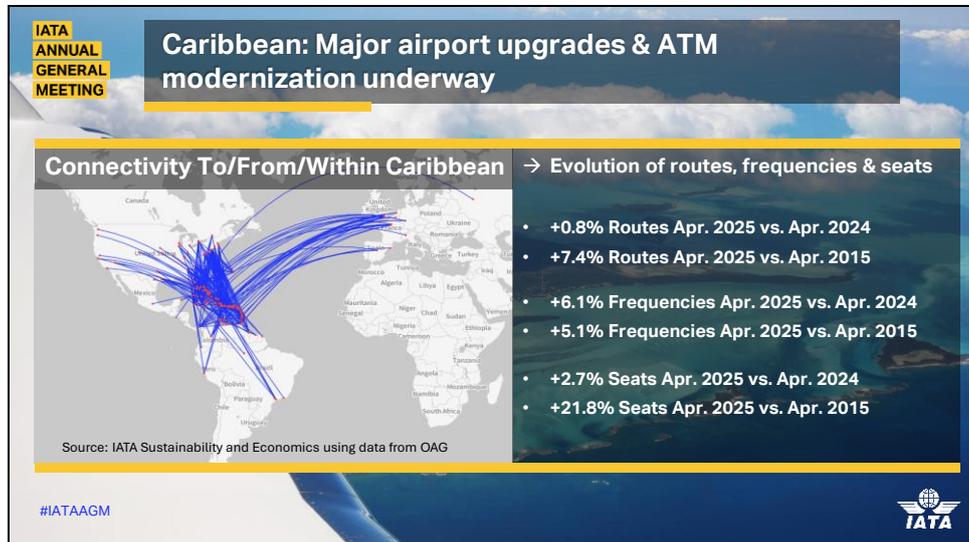


Provides capacity to receive up to 40 million passengers annually by 2035

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- In **Lima**, we're pleased to see the new terminal open—but let's not forget the six-month delay and its impact on connectivity.
- Transparency and collaboration are key for these types of major projects to meet deadlines, work collaboratively with airlines and
 - deliver an improved travel experience for the passengers.
- And in **Mexico**, hosting some of the FIFA 2026 World Cup futbol games, the spotlight is on.
 - The Mexico City International Airport (AICM) has suffered from over 15 years of neglect, and
 - although cosmetic improvements have begun,
 - now is the time to invest in infrastructure and efficiency—not just for this global event, but for the long-term.
- Meanwhile, greater transparency, coordination and alignment is needed from the concessioned airport operators throughout Mexico with regards to cost and infrastructure.



- And the **Caribbean** is one of the world's most aviation-dependent regions.
 - Major airport upgrades and ATM modernization are underway.
 - But governments must balance infrastructure funding with affordability and competitiveness.
 - By the way, passengers and airlines should not be paying the bill for the construction of new G.A. terminals so the rich and famous can enjoy privacy and comfort.
- In summary, it is vital that airlines are engaged from the very start in discussions around airport and air traffic control development.
- When governments and operators proceed with one-on-one negotiations without airline input,
 - the outcome is often suboptimal infrastructure—paid for by airlines and passengers—that fails to deliver efficiency or long-term sustainability.

One Thing is Clear:

- Where aviation is used for short-term political or fiscal gain, we see stagnation.
- Where governments understand that aviation is a strategic enabler, we see progress.



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Closing Remarks:

- Across the Americas, aviation is ready to deliver safe, efficient, and affordable air transport. But we need:
 - Regulation that follows global best practices,
 - Fairer taxation,
 - Better infrastructure,
 - And above all, stronger partnerships.
- Let's not forget: in many parts of this continent, there is no alternative to air travel.
 - Whether it's the Arctic North or the Amazon jungle, aviation is not a luxury—it's a public need and service.



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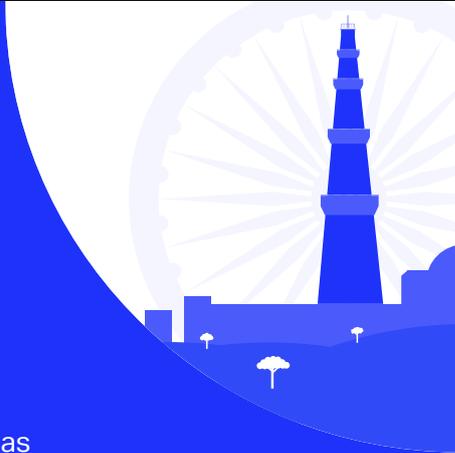
Q&A

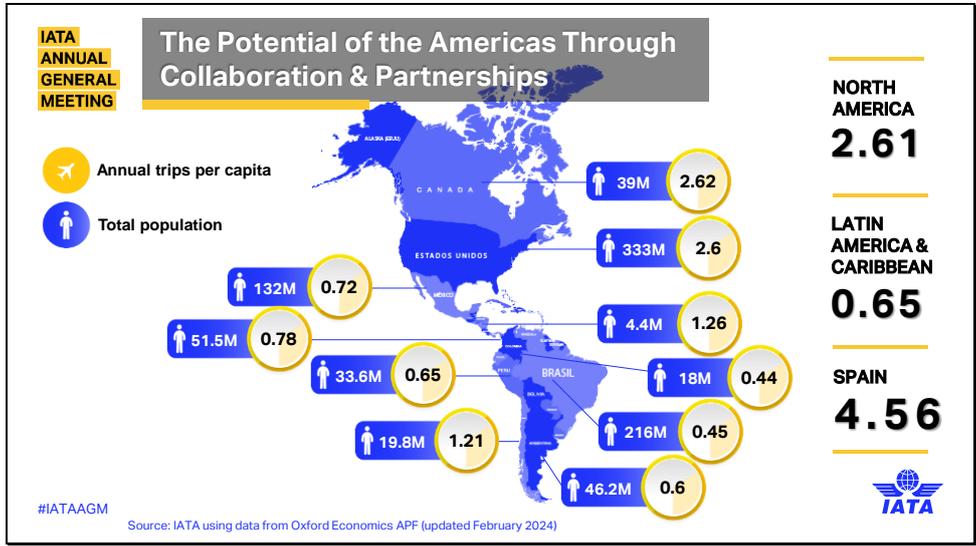
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