

Larry Pascal for Latin Lawyer: Aviation Law Introduction

By Larry B. Pascal | January 29, 2018

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According to the World Bank, market analysts forecast GDP growth of 1.2 per cent for 2017 and 2.3 per cent for 2018 for Latin America and the Caribbean, with the recovery being led by improvements in Argentina and Brazil. In Argentina, where President Macri's party gained seats in a mid-term election, the country is expected to grow by approximately 3 per cent in 2018. Brazil is expected to grow 2.3 per cent in 2018, after contracting for several years and weathering corruption scandals from the Lava Jato investigation. Mexico is forecast to grow above 2 per cent in 2018, although historically the final year in a president's term leads to more modest growth as investors assess the economic direction of the country under a new president.

In Chile, former President Sebastian Pinera was re-elected to the highest office and the Chilean Central Bank has estimated economic growth for 2018 at between 2.5 and 3.5 per cent. Growth in the smaller countries representing Central America and the Caribbean is expected to remain at just below 4 per cent in 2018. Few analysts expect big improvements in Venezuela, the oil-blessed Andean country suffering from economic and political crisis. However, the price of oil is gradually creeping upwards (trading of West Texas Intermediate in late December 2017 was approximately US\$60 per barrel), and any increase will likely help the oil and gas producing countries of the region, albeit at the expense of the airlines in the region).

Historically, the region has had a mixed approach to the liberalisation of international airline services, sometimes referred to as "open skies". Some countries (such as Chile) have embraced it, while others (such as Argentina and Venezuela) have historically maintained restricted markets (perhaps in order to protect a national flag carrier). In contrast, the EU and the US have embraced open skies, with the EU having open skies within its 28-country territory and the U.S. having signed more than 110 such open skies agreements....

The aviation sector has always played a key role in bringing nations and people together, while at the same time being at the crossroads of commerce and politics. 2018 appears to be no different, as Latin America with its young population and great potential for growth for the airline sector collides with various economic, social, and political forces from around the world. In particular, the entering into force of a new Open Skies inspired bilateral aviation between the U.S. and Mexico, the congressional advancement of a similar agreement between Brazil and the U.S., and some preliminary but important steps by Argentina to modernise its aviation sector are all hopeful signs.

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