

Larry Pascal in Latinvex: Latin America Aviation Bucks Global Trend

January 17, 2019 Larry Pascal

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While much of the world contemplates a more inward and protectionist trade policy, the Latin American aviation sector highlighted more openness and opportunities than expected in 2018 on several fronts. The year also had some important highlights in international alliances that were announced, although ongoing challenges to Latin American aviation infrastructure remain a persistent issue.

Open Sky Developments

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, although Argentina has recently taken steps to permit more market entrants to obtain their operating certificate, thereby increasing local competition. In contrast, the EU and the US have traditionally embraced open skies, with the EU having open skies within its 28-country territory and the US having signed more than 110 such open skies agreements (nevertheless, the ongoing Brexit controversy poses challenges and uncertainty for the British and their EU counterparts in this sector).

However, in August 2016, Latin America took an important step forward when the US and Mexico adopted an Open Skies Agreement. The adoption of the Open Skies Agreement was closely linked to the approval of the Delta-Aeromexico Joint Business Agreement, which was made possible by the willingness of the two airlines (but particularly Aeromexico) to give up highly coveted slots at the current Mexico City International Airport in exchange for regulatory approval of their joint business. The new alliance is likely to compete more vigorously and challenge American Airlines and United Airlines which both have a strong presence in the country in the cross-border market between the countries. ...

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