

Virtual roundtable meeting promoted by the South American Regional Office of the International Civil Aviation Organization

Assistants:

1. Luis Felipe de Olivera, Executive Director of ALTA, the Latin American and Caribbean Air Transport Association;
2. Mr. Rafael Echevarne, General Director for Latin America and the Caribbean of the International Airport Council; and
3. Mr. Javier Vanegas, Director for Latin America and the Caribbean of the Civil and Navigation Services Organization (CANSO).

Fabio Rabbani: Greetings to all our listeners. This is a virtual roundtable meeting promoted by the South American Regional Office of the International Civil Aviation Organization. I am Fabio Rabbani, Regional Director of the office, and today we have with us the international associations representing the aviation industry to give us their insight and views regarding the global crisis produced by the COVID-19 outbreak.

Now, I would like to introduce our very special guests: Luis Felipe de Olivera, Executive Director of ALTA, the Latin American and Caribbean Air Transport Association; Mr. Rafael Echevarne, General Director for Latin America and the Caribbean of the International Airport Council; and, Mr. Javier Vanegas, Director for Latin America and the Caribbean of the Civil and Navigation Services Organization (CANSO).

What we have noticed in the current situation is that several measures have been adopted in order to protect the health of people, but that these measures have seriously affected the aviation sector. When the authorities issued the most important health safety measures, we had to understand them and adopt some other measures to guarantee the operations and survival of our sector. Now, we will have the opportunity to hear the opinion of our guests who will talk about the impact caused and the main priorities of our sector at this point. Let's start with Luis Felipe, representative of the Latin American and Caribbean Airline Operators. Luis Felipe, could you please give us your input?

Luis Felipe de Olivera: Well, thank you for the invitation, Fabio. I think that this roundtable is very important to share some ideas to reactivate our industry in our region. What I would like to say to start with, is that this is the first time in the history of aviation that there is an actual global crisis. This is the strongest crisis we are going through, and it involves not only the airlines, it involves the whole chain of service providers: airports, air traffic, government, and other industries as well. So, we are going through a global crisis and there is no doubt that the most seriously affected sector is the aviation sector due to globalization and because it is actually a global sector. All the events that took place after COVID-19 was found in China began to generate a lot of uncertainty. People did not know whether to fly or not, our governments did not know whether to accept the arrival of passengers from other regions or not. And, thus, restrictions began.

In our region, which is in Latin America and the Caribbean, our air traffic was growing until February. Our growth rate in February was around 4.5%, and in this last year, our growth rate has ranged between 4.5 and 5%. This was going to be the seventeenth consecutive year of growth for the aviation sector in the region. So, we began the year in a very good position, with a great growth rate, especially in the domestic markets. Look at the markets of Mexico, Brazil, Chile and Colombia. However, some decreasing trends began to appear in the international market around February. In early March, the international market began to feel this crisis and, as you all know, when on the 12th of March, the World Health Organization declared that this was a global pandemic, the figures plummeted. So today, April 15th, if we analyze Latin America and the Caribbean, we will see that we have very few domestic flights in markets that are still operating, like those of Brazil and Mexico.

The fact is that 91% of the aviation sector is not operating. There are airports in complete lockdown; they don't even accept cargo flights or repatriation flights. And, if we do not take into account any domestic markets, but rather just international markets, we will see that 97% of aviation in the region is in lockdown. So, just think about all the revenues that airlines, airports, air traffic controllers, industry, ground handling service providers, fuel suppliers, all those people, they are losing, they are not making any money in the mid of a financial crisis. Just by way of example, airline operators are still incurring in around 50% of the expenses they would have if they were actually flying. So, as a result of this crisis, 50% of the costs are still there, while revenues have dropped down to zero.

Then, the question is: What do we need from our governments? Many of our governments are already making huge efforts, of course, they do not reach the levels of the American or European governments that have made substantial contributions of capital to the airlines, but we do get some support. However, we will be needing some capital injection in the short term. We need to see how to reduce taxes. This is one of the most expensive regions to fly. We need to cut down fuel costs. All this could help us become stronger. Besides, I think we should get all together: associations, airports, governments, ICAO, to discuss how to create a joint recovery plan. These would be my first thoughts about this issue, Fabio.

Fabio Rabbani: Thank you very much, Luis Felipe. I think that you have touched upon some very important issues. We need to understand that there is a chain that has been affected and that there is a sector in the region that is almost completely inactive, though they still have to cover the fixed costs that are still there. This is a sector that is trying to protect its jobs in order to restart activities as soon as possible. Likewise, we need to understand that a very important element in this sector is made up by airports. So, I would like to ask Rafael Echevarne to talk about the impact on the sector, the data available, the opportunities for improvement and the priorities the airport's council international has. Rafael, you have the floor.

Rafael Echevarne: Thank you for allowing me to participate in this meeting. Indeed, the situation of the airports in the region is as dramatic as that of the airline operations, a complete traffic collapse in spite of the fact that early this year they were showing very interesting growth rates. At this point, the drop in traffic volume in the region is 95%. In those countries where there is no passenger traffic, neither domestic nor international, there is a drop of more than 97%. In late March, some countries still had some activities: domestic activities and a bit of international activities in the case of Mexico, and a bit of domestic activities in the case of Brazil and Chile, but still at very low levels. This is, then, what makes the whole region reach collapse levels of almost 99%.

This, obviously has a direct impact on airport revenues. We have estimated that during the first quarter of this year, revenues have dropped by at least 700 million dollars, and during the rest of the year 2020 we estimate there will be a 52% drop, depending of course on when activities will be resumed and how fast their recovery process will be. In other words, we estimate a drop of more than 5 billion dollars. Obviously, these figures will have to be frequently revised because of what I was just saying, that we still do not know when we will be resuming our activities and how long the recovery process will take.

Now, regarding what we are asking governments to do, well, some actions will have to be taken immediately or in the short term, while there are others that will have to be taken in order to reactivate the industry. And, as Luis Felipe was saying, there is a difference between those activities that will be conducted within the countries and the international activities.

As far as immediate actions are concerned, what I would ask the governments in the region is flexibility, that is what airports require to become adapted to the current situation. In some cases, they have to invest in infrastructure because it is a requirement under other concession contracts. However, they should be given some flexibility because there is some infrastructure work that does not have to be completed immediately in view of the circumstances we are living in. And, there are some other aspects as those related to the quality of the services offered in an airport. As you know, there is the issue of concessions. Many airports in the region are privatized, and the governments impose on them a certain level of service

quality requirements. We think they should be flexible in this aspect as well. Regarding measures to reactivate the industry, well, we would need some flexibility with taxes, as Luis Felipe was saying. We are the region in the world where state taxes are really high, and there is one more thing that is very important, in my opinion: unity. Unity is of the essence. If we want to set protocols that may be common to all the countries in the region, protocols that may help us reactivate international operations. What we need, then, is unity.

Fabio Rabbani: Great, Rafael! thank you for your comments. There are some important aspects that should be taken into account. What ACI-LAC describes, for example, flexibility, even in a sector where there is a large number of concession contracts in the region. This flexibility will give them some response capacity at least while we overcome this crisis.

Another very critical issue you highlight is the adoption of harmonized measures, that the protocols adopted may allow the sector to react to the possible reopening without any repetitive actions, any redundancy or without knowing what procedures all the states have adopted during the first moments after the crisis. Airport infrastructure, as well as the air navigation services, have to be available even during the crisis. Here, the role played by air navigation service providers is also critical. In this context, there is an area, a sector that is seriously affected. It is the air navigation service sector.

So, now I would like to ask Javier Vanegas to give us his insight about the impact and priorities identified in this first stage of the crisis that we are going through. Javier, please.

Javier Vanegas: Yes, thank you very much, Fabio. Thanks for the invitation. This is a great privilege for me to share this space with such prestigious colleagues. As we all know, these are very difficult times. We commend the authorities in all their effort. Nevertheless, it is of utmost importance that governments support continuity of the services provided by aviation because these services also support and guarantee the economic and financial sustainability of a country. Governments should also understand the criticality of the aeronautical sector and include it in any national plan or special aid program to give it some relief in this dire situation. Our personnel is vital to keep the aeronautical system alive and safe.

As we know, the aeronautical system is made up of several entities in the national, regional and international levels. We are interconnected. The whole apparatus must work as a Swiss watch, and to do so, we need very close cooperation, collaboration and coordination between the governments and the aviation industry. This should be paramount in moments like these, especially when they start discussing the possibility of reopening the countries. The aeronautical community must be kept updated on the reopening of plans.

In this regard, the aviation industry has shown that we are ready to take up that challenge. Though the downturn of aeronautical operations is significant, we have not stopped working hard to facilitate the transport of medical material and food and to have repatriation flights amongst other activities. The ANSPs are making sure that the essential operating and managerial personnel keep healthy by implementing all the necessary measures in accordance with the guidelines and recommendations given by the health authorities.

Moreover, they have developed new shifts and schedules to face demand. To keep their essential personnel in good health conditions, they are regularly cleaning the workplaces and ensuring social distancing. These are some of the measures adopted and implemented during this crisis. The ANSPs are ready to guarantee the continuity, but we cannot do it if the governments do not support not only the ANSPs, but also the whole aeronautical system. As our colleagues have said, we are a community that needs to work jointly, but we also need some government support. We are facilitating excellent flight routes that offer environmental and economic benefits, as they reduce fuel consumption, emissions and noise, among others.

In CANSO, we support each other as much as possible. For example, we have signed a collaboration agreement with AIRON in order to have a better understanding of the impact of COVID-19 on air traffic management and the flow of essential goods and services. AIRON data helps us analyze performance patterns. Just to give you an idea: since March 2020, the aviation industry, due to the decrease of air traffic

from a daily average of about 100,000 flights, the number dropped to only 32,000 flights by April 4th 2020. Daily flights have dropped by 78% of the typical global averages captured in January 2020. We are also trying to do this at a regional level, and we make an appeal to governments to work jointly and support the aeronautical industry as a whole. Thank you.

Fabio Rabbani: Thank you very much, Javier. I think that what you have described here and the figures related to the daily operations we had, clearly show us the level of criticality we are facing. This is something we should discuss here: the decision-making chain. How can we guarantee a proper level of communication in this whole process once we resume operations? Obviously, following the instructions of sanitary organizations. And, how could this ensure that aviation may not be regarded as a vector that disseminates the virus? So, there are decisions that would have to be made regarding the start of operations, and at the same time, we need to show that aviation can take all the necessary measures to protect the health of passengers and that it will not represent an additional risk to society when operations are resumed.

I would also like to ask you to tell us what possible actions could be taken into account by our sector now that the authorities are about to decide to reopen aeronautical activities. I would like to point out that it is not our intention here to get a firm commitment from the organizations that are participating in this virtual roundtable, because what the COVID-19 crisis has demanded from all of us is to evaluate our decisions in a dynamic environment. Rather, our purpose here is to discuss and identify opportunities where the civil aviation sector can be proactive.

Luis Felipe, what communication measures could be taken in order to inspire confidence amongst the government authorities, aviation authorities and society in general? Luis Felipe, you have the floor, please.

Luis Felipe de Olivera: Thank you, Fabio. Thank you, Javier and Rafael, for your comments. When we analyze this global crisis, we realize that this is an unprecedented crisis. We have a very large number of people who have tested positive. Some countries have an appalling number of deaths. But, what we must understand is that most people who, unfortunately, succumb in this battle, belong to a certain group with a risk factor. So, I think that when governments decide to begin lifting the lockdown measures, they will have to understand that this disease mainly affects a risk group which should be kept under control and be given proper care so that they do not pass the disease on to others.

And, there is something that I think is fundamental, that the barriers will be lifted by groups, and at that point, what I think is that certain groups would be able to return into their workplaces while some others will be allowed to fly. Some easy controls will have to be conducted at airports, some records will have to be kept easy to complete but at the same time with reliable information declared by passengers. This can be done gradually. As countries begin to open up, they can start implementing similar measures. It is crucial that countries agree on the type of measures they will be adopting. They should not have measures that vary from country to country, so whatever measures they decide to adopt they should be agreed upon within the industry, airports, airlines and with the other states, otherwise, it will be terrible if we have to fly trying to comply with different flight requirements. Therefore, we need to see what the best option is. We want to have the best controls, controls that are efficient, effective, and easy to implement, and thus control the risk groups that will require more time before they are eligible to fly again.

It must be pointed out that airline operators do have very strict and effective sanitation controls, so their aircraft and so do airports. I have seen videos that show that airports are thoroughly cleaned every day; likewise there is the requirement of wearing masks, well, we have filters on our aircraft that track up to 98% of particles, so there are many things that our industry has already been doing and that may be continued in the future with some additional measures to protect passengers travelling from to city A, city B or from country A to country B. I guess that is the idea: to adapt certain standard measures that will become effective in each country in accordance to the sanitary rules. Thank you Fabio.

Fabio Rabbani: Thank you Luis Felipe. You have touched upon some very important issues. Of course, they will have to be assessed. However, it is good to highlight that the aviation industry already had some

measures of this kind for its air transport activities and now is deciding some more to face the global outbreak of COVID-19. Airports play a key role in this whole process to generate harmonized measures. This is where the ACI can give us an approach to this matter. What are the operational measures that can show that aviation is safe, that it is not affected? What are the communication methods used to convey this message that the air transport sector can go on with its activities without creating any problems to society while, at the same time, it is contributing to the economy of the peoples?

Rafael, could you please give us your input on this issue?

Rafael Echevarne: Yes, of course. Thank you very much, Fabio.

Well, many of the important aspects have already been mentioned by Luis Felipe, but indeed it must be pointed out that airports do continue operating. Though there are no flights, they are still open because there are certainly cargo flights, repatriation flights, sanitary emergency flights, and we are accommodating all performance to the current situation while the airports remain open.

As Luis Felipe said, harmonization is critical. International harmonization is of utmost importance. Here, in this regard, ICAO will play a key role. What I wanted to underscore is the importance of technology. Technology is there! I think we need to give that step that maybe we have not been sure of giving in recent years. That is going to be a major step. To customize the technology is already available, or that touchless, contactless technology. I think all those things will play an instrumental role.

Finally, our airports have created a number of committees at a regional level. We have ACI LAC, and at a global level, we have ACI World in order to exchange knowledge that we are putting into practice in countries that are beginning their recovery period with at least some few domestic flights, as is the case of China, for example, right? These committees are integrating all those practices in order to adapt them and use them at a regional and a global level. Once more, allow me to insist on the importance of harmonization and the introduction of technology.

Obviously, we are following cleaning protocols, protocols for the protection of public workers, airport personnel and there is one more thing of great importance: coordination. Coordination should not only take place within the aviation world but also with the sanitary authorities. I reckon this is of the essence. As airports, we would like to start implementing a number of procedures, for example, to take different types of sanitary tests. But there, we will have to coordinate actions with help authorities to get their consent to conduct them. We know that now there are some tests that can be taken relatively fast, but coordination is a must.

Fabio Rabbani: Thank you, Rafael, I think that you have identified an underpinning element in all this. Coordination with sanitary authorities, a fundamental aspect if we do not want any delays in the resumption of activities. Once we coordinate action with civil aviation authorities, as usual, we must make sure that this flow of communication reaches the sanitary authorities and other authorities involved in this process of regaining the confidence in the sector and of adopting measures to guarantee the health of passengers.

On the other hand, we should also remember that just as airports should be available at all times, so should air navigation services. However, we have noticed that in some countries, air navigation services are subject to a certain level of exposure that has resulted in a potential interruption of services due to some inspection procedures in their offices or control centers. Likewise, we should also understand the measures adopted by the authorities and air navigation service providers.

So, let me give the floor to Javier Vanegas. Javier, what measures can be adopted when resuming activities in order to avoid any interruptions in this type of service? Javier, your input, please.

Javier Vanegas: Yes, thank you very much, Fabio. As Luis Felipe and the other colleagues have said, our countries need to understand how they want to do the reopening of their countries. To this end, we need to understand as much as possible, as Luis Felipe was saying that there should be no major differences in this

process. This is extremely important because if the measures vary from country A to country B, that could break up the whole scheme in the region. As we were saying before, this is like a machine that should work like a Swiss watch. The ANSPs have developed new scheduling methods; they have organized work teams, ATC and technician teams, where they do not have any personal interaction to avoid catching the disease. No visits to control centers or control towers are allowed, not even management staff is allowed to the control towers or control centers in order to reduce any contamination risk. This is something the ANSPs are doing.

As Rafael pointed out, we are also using best practice methods. On Friday we will be having a webinar where we will exchange best practices among different ANSPs, adopt them in the region and learn ways to reduce contamination. As I have also mentioned, a number of sanitary instructions, guidelines and recommendations are being followed at this time. Therefore, all the air navigation system including operational and administrative personnel, are ready for the reactivation process. Nationally, all this will have to be done in close coordination among all stakeholders; otherwise, the whole chain will be damaged or we will have more delays and risks. Thank you, Fabio.

Fabio Rabbani: Thank you very much, Javier. We now understand what measures have been adopted and what to expect in terms of communication with the states. I think this interaction required between the industry and the states in the resumption of operations is critical. After listening to our guests, I would like to have one final round to hear the last remarks.

Let's give the floor to Luis Felipe. Luis Felipe, please.

Luis Felipe de Olivera: Let me tell you once again, Fabio, that this is an excellent initiative. I think that this is a way to show that we are working jointly, to show that together we are stronger. It is one more way to show that we are making all kinds of efforts to lift up our industry. So, the last thing I would like to say is that governments can count on us to do whatever is necessary to reactivate the industry. We are here to help them, we are here to work jointly, we are here to work as a united industry and not only thinking about our own benefit. What we want at the end of the day is the social and economic development of our countries, we want that the value chain generated by the aviation industry may bring back revenues and hope to those countries badly hit by this pandemic.

So, you can count on our support. In my case, that is, you can count on the support of ALTA and on my personal assistance. The whole industry is suffering and we are in a position where we can provide an effective support to the countries because we account for almost 10% of the region's GDP and almost 10% of existing jobs. Those would be my final thoughts, thank you very much for this initiative.

Fabio Rabbani: Thank you Luis Felipe, you are right, we must work on a collaborative fashion. Rafael, your final remarks, please.

Rafael Echevarne: Thank you Fabio. What this situation certainly shows us is that we are all equally important in the air transport industry. Unity, harmony in our actions, as well as coordination with other sectors are fundamental matters as well. There is light at the end of the tunnel as we have seen, but it is essential to be in coordination in order to be able to successfully implement all these actions. Domestic flights will most likely be reactivated before international flights, which makes sense. But the real contribution to the world economy will come with the reactivation of international flights. ICAO is key in that aspect. I would like to reiterate the support of the airport to all the governments in the region, and obviously to organizations such as ICAO. Thank you.

Fabio Rabbani: Thank you very much Rafael. It is true. The role of multilateral organization is very important in all this process of collaboration. Javier, your final thoughts please.

Javier Vanegas: I think that Rafael and Luis Felipe have summed it up quite well. I just want to underscore that coordination, collaboration and cooperation are of utmost importance, not only in this crisis but always.

As they said, we are one. We are not different areas within aviation. Aviation is just one and we need to help each other. Therefore, we make ourselves available to help the whole aeronautical system come out of this crisis successfully. Thank you, Fabio.

Fabio Rabbani: Thank you very much Javier. Very well then, this has been the core message of our talk today: “collaboration and coordination.” We are basically saying that we need to guarantee the proper flow of communication between the organizations involved in the decision-making process taking into account the measures adopted by the aviation sector in order to guarantee the health of their passengers.

Moreover, there is another critical aspect when talking about collaboration and coordination: that the measures adopted must be harmonized in order to facilitate prompt air transport operations.

Gentlemen, thank you very much for your time, thank you very much for your insights. We will be tapping all the information provided. I would like to say to all our listeners that this broadcast and other recordings are posted on our website: www.icao.int/SAM. There, you would also find a lot of information about the measures taken by the International Civil Aviation Organization. May you all stay healthy and with your families.

Thank you.