

WORKSHOP ON AIR INTEGRATION

September 10 and 11, 2014
Pestana Rio Atlântica Hotel
Rio de Janeiro, Brazil

1. BACKGROUND

One of the objectives of the COSIPLAN Strategic Action Plan (PAE) 2012-2022 is to “stimulate the application of methodologies and the development of sectoral processes and complementary actions in order to facilitate the design, execution and operation of physical integration projects,” and, in relation to the development of Sectoral Processes, the PAE sets forth the action to “promote the convergence of the regulations concerning the development and operation of regional infrastructure.”

Air integration is a challenge for the South American governments and it still faces important restrictions resulting not only from market operation but also from public sector regulations, both hindering the growth of air transportation in less developed regions. Today, freight and passenger air transport services are restricted to the main South American cities; thus, passengers from sub-regional places of departure or destination cannot benefit from those flights, which affects South American air integration. All this happens despite the efforts by the governments to implement sub-regional air services as provided for in bilateral agreements and in the Fortaleza Deal, signed in December 1996.

The economic feasibility of regional routes is another restriction to South American air integration. Airlines highlight the high airport costs, international exit export taxes, and acquisition costs, as well as the lack of incentives to the creation of new routes. Furthermore, there are no commercial incentives for air carriers to provide flight connections that are not in high demand, and there is a huge market yet to be explored, apart from the connection of big cities, which is regulated by bilateral agreements involving unlimited frequencies and traffic rights to operate flights to and from various places in the territories of both countries.

Other important issues are the possibility that market barriers make it difficult for small and medium companies to establish and operate regional routes (in a way that they do not become potential competitors in the existing markets); the lack of airport capacity for international flights; bureaucracy for airports to reach the international category; and the lack of knowledge of the great potential demand for regional routes.

Some of the solutions to overcome these challenges are as follows:

- simplification of rules and procedures for international routes between regional hubs, making airport and customs formalities more flexible;
- reduction of airport costs;
- easier procedures for acquiring appropriate aircrafts;
- public financing with subsidized interest;
- tax or operational incentives to airlines; and
- licensing of regional airports to operate international flights.

However, given the diversity of the actors involved, each one with its own particularities and interests, only a well-conceived action plan, set up and agreed among all the parties, can make South American international air integration progress. But this requires effective action by the governments involved to overcome market restrictions.

The Ministries of the South American Infrastructure and Planning Council, met in Santiago, Chile, in November 29, 2013, entrusted the Federative Republic of Brazil with the organization of a Workshop on South American Air Integration in 2014.

The purpose of this event is to deeply discuss the current status of regional aviation in South America, with emphasis on potentially granting greater freedom to operate special sub-regional routes, and to provide a new opportunity to reconsider some already-defined strategies for the actual implementation of the provisions of international agreements, which still requires the active involvement of the countries.

2. OBJECTIVES

- a) Analyze the (freight and passenger) airport network system as well as the operational trends for the purpose of South American integration and its financing sources;
- b) Assess South American interconnectivity by air and make a diagnosis of it;
- c) Analyze the policies shared by the border airports of the UNASUR Member Countries
- d) Exchange experiences, identifying best practices in passenger and freight transport in other regions.

3. EXPECTED RESULTS

- a) A diagnosis of the current status and trends of South American air transport of passengers and freight, highlighting the opportunity to create new services integrating the regional hubs of the continent.
- b) Identification of the actions necessary to promote air integration in South America, and mapping of regional hubs with the greatest potential demand for air transport of passengers and cargo that still remains unmet.
- c) A commitment to a greater promotion of the South American air integration and to the development of pilot projects, as well as to the identification of financing options.

4. PARTICIPANTS

- a) Authorities of the sector from the South American countries;
- b) Members of COSIPLAN-IIRSA, panelists, technical experts, and moderators;
- c) Representatives of national and regional banks.

5. AGENDA

Pestana Hotel, Avenida Atlântica, 2964, Copacabana – Rio de Janeiro

Wednesday, September 10, 2014

09:00 – 09:30 Reception and Coffee

09:30 – 10:00 Opening Session

Esther Bermeguy de Albuquerque – Planning and Strategic Investment Secretary - Ministry of Planning, Budget and Management

Moreira Franco – Chief Ministry of the Secretariat of Civil Aviation, Presidency of the Republic of Brazil

Ambassador **Antonio Simões** – Under-Secretary General for South and Central America and the Caribbean – Ministry of External Relations

10:00 – 12:30 BLOCK I: DIAGNOSIS OF AIR INTEGRATION AND CARGO TRANSPORT IN THE SOUTH AMERICAN COUNTRIES

Moderator – **Esther Bermeguy de Albuquerque** - Planning and Strategic Investment Secretary – COSIPLAN National Coordination Brazil

10:00 – 10:40 Technical Study – The Evolution of Air Integration in South America – **Andy Ricover** – IDB Technical Consultant

10:40 – 11:00 Commentator from Brazil – **Guilherme Ramalho** – Executive Secretary, Secretariat of Civil Aviation, Presidency of the Republic of Brazil

11:00 – 11:15 Coffee Break

11:15 – 11:35 Commentator from Chile – **Jaime Binder** – Secretary General, Civil Aviation Board, Ministry of Transport and Communications, Chile

11:35 – 11:55 Commentator from Colombia – **Claudia Esguerra Barragán** – Head, Air Transportation International and Regulatory Affairs Group, Colombia

11:55 – 12:30 Discussion

12:30 – 14:30 Lunch (on your own)

14:30 – 17:45 BLOCK II: CHALLENGES TO THE PROMOTION OF THE INTEGRATION OF THE SOUTH AMERICAN AIR TRANSPORT OF PASSENGERS

Moderator – **Ángela Guariglia** – National Director of International Territorial Integration Planning – COSIPLAN National Coordination Argentina

14:30 – 15:00 The Role of National Governments in the Promotions of South American Integration – **Bruno Dalcomo** – Superintendent of International Relations, National Civil Aviation Agency, Brazil

- 15:00 – 15:30 Bilateral and Multilateral Agreements concerning the Promotion of South American Integration – **Jaime Binder** – Secretary General, Civil Aviation Board, Ministry of Transport and Communications, Chile
- 15:30 – 16:00 Multi-stakeholder Approach to Air Transport Development: Guyana’s Experience – **Saheed Sulaman** – Expert in Air Transport, Civil Aviation Authority, Guyana

16:00 – 16:30 Coffee Break

16:30 – 17:45 Discussion

17:45 – 18:00 Conclusions of the First Day

Jorge Abrahao de Castro – Planning Director – COSIPLAN National Coordination Brazil

Thursday, September 11, 2014

09:00 – 12:00 BLOCK III: THE ROLE OF AIR TRANSPORT IN THE INTEGRATION OF REGIONAL LOGISTICS CHAINS

Moderator – **Aurora Torres de Rodríguez** – Advisor to the National Directorate of Civil Aviation, Paraguay

09:00 – 09:30 Promoting the Air Transport of Cargo as a Factor for Regional Trade Growth in South America – **Adriana Sanclemente** – Head of the Air Transport Office, Colombia

09:30 – 10:00 Air Cargo Transportation: The Case of Paraguay – **Víctor Velázquez** – Director of Aeropuertos Paraguay

10:00 – 10:15 Coffee Break

10:15 – 10:45 The Experience of the Brazilian Postal Service in the Transportation of Air Cargo – **Aluísio Paiva Gomes** – Head of the Department of Fleet Routing and Management, Correios, Brazil

10:45 – 11:15 Technical Study – Case Studies on Air Cargo Transport: Air Cargo Terminals in Lima, Santiago, Manaus and Viracopos) – **Juan Pablo Antun** and **Rodrigo Alarcon**, IDB Technical Consultants

11:15 – 12:00 Discussion

12:00 – 14:00 Lunch Break

14:00 – 16:00 BLOCK IV: PROPOSALS CONCERNING PILOT PROJECTS FOR INTEGRATION OF SUB-REGIONAL AND BORDER AIRPORTS IN SOUTH AMERICA

Moderator – **Jesica Alomía Méndez** – Advisor, Under-Secretariat of Civil Air

	Transportation, Ecuador
14:00 – 14:20	Airport Infrastructure Needs for Properly Serving the Border Control Agencies – Renato Pires de Lacerda Abreu – Superintendent of Operational Management, Infraero, Brazil
14:20 – 15:00	Challenges for Suriname’s Air Integration with South America: The Way Forward – Timothy Mendonça – Advisor, Airport Management Limited, Suriname
15:00 – 15:30	Challenges to Air Connectivity in the Southern and Extreme Areas of Chile – Marta Campusano – Head of the Department of Planning, Directorate for Airports, Ministry of Public Works, Chile
15:30 – 15:45	Discussion
15:45 – 16:00	Coffee Break

16:00 – 17:50 BLOCK V: FINANCING OF AIR INTEGRATION AND INFRASTRUCTURE PROJECTS

	Moderator – Jorge Abrahao de Castro – Planning Director, COSIPLAN National Coordination Brazil
	Representatives from National and Regional Banks
16:00 – 16:20	IDB – Víctor Salgado – Lead Expert in Corporate Finance, and Patricio Mansilla – Expert in Infrastructure
16:20 – 16:40	CAF – José Manuel Vasallo – Consultant on Airports, and Sebastián Abbatemarco – Chief Executive, Project Direction, Southern Region
16:40 – 17:00	Banco do Brasil – Rogério Santana – Capital Market and Infrastructure Directorate
17:00 – 17:20	BNDES – Cleverson Aroeira Da Silva – Head of the Department of Transport and Logistics
17:20 – 17:50	Discussion

17:50 – 18:20 BLOCK VI: CONCLUSIONS AND NEXT STEPS

Main Conclusions of the Workshop. Suggested Lines of Action for 2015.

Jorge Abrahao de Castro – Planning Director – COSIPLAN National Coordination Brazil