ANALYSIS: OPEN SKIES KEY TO UNLOCKING LATIN PARTNERSHIP POTENTIAL

News / Airlines

Latin American and Caribbean airline executives arrive in San Juan for this year's ALTA Airline Leaders forum with closer **partnerships** and investments firmly on the agenda.

In the past year United Airlines has invested in Brazilian carrier Azul while the latter's owner David Neeleman led a consortium that won the TAP Portugal privatisation tender. That deal has just been formally completed.

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Delta Air Lines meanwhile has embarked on a planned joint venture withAeromexico - in whom it already holds a small stake - and outlined its readiness to do something similar with another airline it has a minor stake in, its Brazilian partner Gol.

“We expect open skies with Brazil in the next year and intend to file for antitrust immunity shortly thereafter,” said Delta president Ed Bastian last month.

Delta's ambitions for immunised joint ventures with both Aeromexico and Gol hinge on respective

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new air service deals, the precise completion of which remains uncertain.

Open skies between the USA and Brazil were originally scheduled to begin at the start of last month, in line with an initial agreement in 2011. However, the treaty has yet to be ratified by Brazil’s National Congress, confirms the country's country’s civil aviation authority ANAC.

When asked when Delta anticipates US-Brazil open skies to begin, Bastian simply said in 2016.

Delta and Gol are not the only potential joint venture partners in the US-Brazil market. American Airlines has a close codeshare agreement with LATAM Airlines Group-subsidiary TAM, while United has its new equity partnership with Azul. United has previously said it would "explore" the possibility of forming an immunised joint venture between Brazil and the USA once open skies is in place.

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Air Teamlimages

Open skies would most notably ease restrictions on the number of US flights that carriers can fly from either Rio de Janeiro Galeao or Sao Paulo Guarulhos airports, as there are fewer restrictions on flights to and from other airports in Brazil.

These limits are unlikely to weigh heavily on airlines as the slowing Brazilian economy and strong US dollar has slowed traffic growth between the countries for the time being.

Meanwhile Aeromexico and Delta's immunised joint venture, announced in March this year, also awaits final approval - both from Mexico's competition regulator and completion of an expanded bilateral air services deal which was due to come into effect in January.

"Chances are, it will be the end of this year or first quarter next year," saysAeromexico chief executive Andres Conesa, asked when all the approvals would be in place. US authorities, responding to comments from JetBlue Airways, have sought more information on slot allocation processes atMexico City International and Toluca airports.

Conesa says the Mexican government has yet to forward the agreement to the Senate for debate, and it is not immediately clear when this would take place.

He acknowledges that this could slip into the first quarter of 2016, which could then potentially delay the implementation of the joint venture to the second quarter. However, he says: "If it happens a quarter later, it's fine. It's better to have these structural changes in place first."

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