

Seat capacity on services to, from and within the Latin America and Caribbean region continues to increase. RJs are the fastest growing aircraft type. Trends in aircraft deployment on services to intra and extra-regional destinations are examined here.

Development of the Latin American & Caribbean markets

Seat capacity on all services to, from and within the Latin America and Caribbean region increased by almost 60% from 2004 to 2014. *Aircraft Commerce* has analysed fleet and seat capacity data on routes in all relevant markets for 2004 and 2014. Growth trends for intra-Latin America and Caribbean services, and for those linking this region, have been identified.

This analysis shows which Latin America and Caribbean services and routes have seen the most growth. It identifies developments in type and size of aircraft used, showing which ones may be needed in the future.

Market definition

For the purposes of this article, the Latin America and Caribbean region includes all countries in Central and South America, and the Caribbean, and Mexico is a Central American state.

Schedule capacity and frequency data used only include direct, non-stop routes.

New routes are categorised as any airport-pairs operated in 2014 and introduced since 2004.

The capacity provided by turboprops, regional jets (RJs), narrowbodies and widebodies is considered. Some small piston-engine aircraft have also been included in the turboprop category.

New airlines & mergers

There have been changes in Latin America- and Caribbean-based airlines over the past decade; several of the region's most established carriers ceased operations, including the Brazilian airlines VARIG and VASP, and the Mexican flag carrier Mexicana.

VARIG operated domestic and international services and was the region's largest airline by capacity in 2004, but

ceased operations in 2006. Although a new carrier was formed using the VARIG name, it was soon acquired by the expanding low-cost airline GOL.

New airlines have emerged, including low-cost carriers (LCCs). "Over the past 20 years, the LCC GOL and regional airline Azul in Brazil, the LCC VivaColombia, BQB Lineas Aéreas of Uruguay and Aruba Airlines have entered the market," says Rafael Alonso, president of the Latin America and Caribbean region at Airbus. "Chile's Sky Airline is now that country's second-largest carrier."

"There has been a considerable consolidation of Latin American airlines," says Simon Newitt, vice president of Embraer Commercial Aviation, Latin America.

"GOL acquired the VARIG brand, as well as fellow Brazilian LCC WebJet Linhas Aéreas," explains Alonso. "Air Jamaica was taken over by Caribbean Airlines, while AIREs of Colombia was taken over by LAN. In addition there have been several notable mergers. Chilean airline LAN merged with Brazilian operator TAM to form the LATAM Airlines Group; Colombian Airline Avianca with Salvadoran carrier TACA to form Avianca-TACA, now known simply as Avianca; and Azul with fellow Brazilian regional operator TRIP."

The result is that a small number of large airlines and airline groups now dominate capacity in the region in 2014 (see table, page 10).

Latin America & Caribbean capacity

In 2014 there are more than 450 million bi-directional seats available on services to, from and within Latin America and the Caribbean, an increase of 59% since 2004 (see table, page 12).

"The total number of cities served in the region has increased by 14% during the same period," says Alonso. Newitt claims that secondary markets will lead demand in Latin America.

The largest Latin American or Caribbean airline group in terms of capacity in 2014 is LATAM, with over 80 million seats, followed by GOL, Avianca, Azul, AeroMexico, Copa, Aerolineas Argentinas, Interjet, Volaris and VivaAerobus. Of Caribbean operators, Caribbean Airlines has the most capacity.

In 2004, GOL was the only LCC among the top 10 capacity providers. In 2014, four of the top 10 are LCCs.

"The rise of LCCs is a trend in Latin America," says Alonso. "They account for nearly 40% of total air traffic in the region, up from 12% in 2003. Moreover, Mexico and Brazil represent almost all of the LCC market."

Competition among LCCs has led them to seek efficient aircraft, driving down the average age of Latin America's in-service fleet by 42% since 2000.

"Latin American carriers will continue to acquire newer and more efficient aircraft to serve low- and mid-density markets and to maintain network connectivity," says Newitt.

For a more detailed assessment of capacity and aircraft deployment trends, Latin America and Caribbean services are divided into separate market segments: all intra-Latin America and Caribbean services; and all international markets served from Latin America and the Caribbean.

Intra-Latin America & Caribbean

There were more than 316 million seats available on intra-Latin America and Caribbean services in 2014, a rise of 69% from 2004 (see table, page 12).

MAIN AIRLINES/AIRLINE GROUPS IN LATIN AMERICA & CARIBBEAN REGION

Airline/Airline group	Passenger airline subsidiaries
1). LATAM Airlines Group	LAN Airlines(Chile) LAN Express LAN Argentina LAN Colombia LAN Ecuador LAN Peru TAM Airlines (Brazil) TAM Airlines Paraguay
2). GOL	GOL (Brazil) VARIG
3). Avianca (Formerly Avianca-TACA)	Avianca (Colombia) Avianca El Salvador (formerly TACA) LACSA (Costa Rica) AeroGal (Ecuador) Trans American Airlines (Peru) ISLEÑA (Honduras) SANSÁ (Costa Rica) Aviateca (Guatemala) (DOES NOT INCLUDE AVIANCA BRAZIL)
4). Azul	Azul (Brazil) TRIP (now merged with Azul)
5). AeroMexico	AeroMexico AeroMexico Connect (formerly Aeroliteral)
6). Copa	Copa Airlines (Panama) Copa Airlines Colombia (formerly Aero Republica)
7). Aerolineas Argentinas	Aerolineas Argentinas Austral

Capacity grew faster than the number of flights from 2004 to 2014, resulting in a 19-seat increase in the average aircraft size to 112 seats.

The number of seats provided by narrowbody, RJ and turboprop aircraft increased from 2004 to 2014, so the number of seats provided by widebodies, decreased over the same period (*see table, page 16*). More than 560 new routes have been launched in the intra-Latin America and Caribbean market since 2004 (*see table, page 18*).

For a more detailed analysis, intra-Latin America and Caribbean capacity can be subdivided into regional markets.

Intra-South America

The intra-South American market represents 74% of all intra-Latin America and Caribbean capacity in 2014. More than 234 million seats are available on intra-South American services in 2014, an increase of 96% compared to 2004 (*see table, page 12*).

During the same period, the average aircraft size on intra-South American services increased from 115 to 132 seats.

In 2014, nine of the top 10 intra-Latin America and Caribbean country traffic flows are within South America. The largest is the Brazilian domestic

market, with a capacity of more than 131 million seats. The next largest are domestic services within Colombia, Argentina, Chile, Peru, Venezuela and Ecuador. The largest intracontinental traffic flows are between Brazil and Argentina, and Argentina and Chile.

Six of the largest origin airports for departing seats on intra-South American services are in Brazil. Sao Paulo's two main airports, Guarulhos (GRU) and Congonhas (CGH), are two of the top three departure points. GRU handles international and regional services, while CGH focuses purely on domestic flights.

Rio de Janeiro's two airports are also in the top 10 for departing intra-South American capacity. Galeao (GIG) handles international and regional flights, but downtown airport Santos Dumont (SDU) only processes domestic services. Brasilia (BSB) and Belo Horizonte (CNF) are the other Brazilian airports in the top 10.

The other main departure points for intra-South American flights are Bogota (BOG) in Colombia, Santiago (SCL) in Chile, Lima (LIM) in Peru and Buenos Aires-Jorge Newbery (AEP) in Argentina.

Buenos Aires has two main airports: AEP is focused on domestic and regional services; Buenos Aires-Ministro Pistarini (EZE) handles international flights.

The intra-South American route with

the largest capacity in 2014 is CGH-SDU, followed by BOG to Medellin (MDE) in Colombia, BOG to Cali (CLO) in Colombia, CGH-BSB, and GRU to Salvador (SSA) in Brazil.

There are about 358 new routes operating in the intra-South American market in 2014 (*see table, page 16*).

The airline group with the most intra-South American capacity in 2014 is LATAM, with more than 74 million seats. The next largest are GOL, Azul, Avianca, Aerolineas Argentinas and Avianca Brazil.

The capacity provided by turboprops, RJs and narrowbodies on intra-South American routes rose from 2004 to 2014. Only widebodies saw a reduction in the number of services during this period.

The seats available on intra-South American turboprop services increased by more than 100% from 2004 to 2014.

The average size of turboprops increased from 34 to 56 seats.

Flights by types, including the Do 328, EMB-120 Brasilia and J31 have been phased out. In 2014 the larger ATR 72 is the dominant turboprop.

The emergence of Brazilian regional carrier Azul, and its introduction of new domestic routes, has contributed to the growth in turboprop capacity. Following its merger with TRIP, the airline's combined fleet includes nine ATR 42s and 48 ATR 72s. These aircraft provide about 50% of all turboprop capacity on intra-South American services in 2014.

Azul's largest base for departing flights is Viracopos (VCP) in Campinas, Brazil. It has opened a number of new domestic routes from VCP. Some are served exclusively with ATR turboprops, including VCP to Aracatuba (ARU), Bonito (BYO) and Tres Lagoas (TJL).

Other new routes from VCP are served by a mixture of Azul's ATR turboprops and E-Jet RJs; Azul also operates new routes exclusively with RJs.

RJ capacity on intra-South American services has increased by 414% since 2004 to nearly 33.5 million seats in 2014.

During the same period, the average size of aircraft operating RJ services has increased from 85 to 103 seats.

In 2004 the only RJs used on intra-South American services were the Fokker 100, ERJ-145 and Fokker 28. In 2014 far fewer seats are provided by these types, and the E-190 and E-195 account for 87% of all intra-South American RJ capacity. Some of the growth in RJ services is due to carriers using E-Jets to open new routes.

Azul provides the most intra-South American capacity on RJ services in 2014, using E-175s, E-190s and E-195s on new routes, including VCP to Goiania (GYN) and Natal (NAT).

Airlines have also used RJs on existing South American airport-pairs, in some cases replacing capacity previously

TWO-WAY CAPACITY ON SCHEDULED NON-STOP FLIGHTS BY REGION

Market	2004			2014			Change 2004-2014		
	Seats	Flights	Av Seats	Seats	Flights	Av Seats	Seats	Flights	Av Seats
Intra-Latin America & Caribbean									
Intra-South America	119,643,293	1,038,080	115	234,145,734	1,775,816	132	96%	71%	17
Intra-Central America	43,367,064	539,920	80	53,038,417	624,173	85	22%	16%	5
Intra-Caribbean	16,726,631	381,852	44	11,903,163	303,576	39	-29%	-20%	-5
South-America - Central America	3,578,451	24,197	148	10,924,251	78,709	139	205%	225%	-9
South America - Caribbean	2,425,237	24,863	98	3,688,326	30,076	123	52%	21%	25
Central America - Caribbean	1,193,121	9,643	124	3,093,477	23,623	131	159%	145%	7
Total	186,933,797	2,018,555	93	316,793,368	2,835,973	112	69%	40%	19
Latin America & Caribbean - Extra-regional									
Caribbean - Rest of World	41,722,133	280,846	149	49,516,424	300,213	165	19%	7%	16
Central America - Rest of World	34,493,834	251,490	137	49,475,223	342,977	144	43%	36%	7
South America - Rest of World	21,432,748	98,684	217	35,936,217	151,179	238	68%	53%	21
Total	97,648,715	631,020	155	134,927,864	794,369	170	38%	26%	15
Total - all flights	284,582,512	2,649,575	107	451,721,232	3,630,342	124	59%	37%	17

operated by narrowbodies.

Large RJs are being used to replace narrowbodies and reduce capacity on certain routes, or to replace narrowbodies while operating at higher frequencies to maintain or increase overall seat capacity.

Aerolíneas Argentinas has used both strategies. Since 2004 it has reduced narrowbody services on certain routes, and replaced them with E-190s operated by regional subsidiary Austral. On its domestic service between AEP and Mar Del Plata (MDQ), Aerolíneas has replaced 737s and MD-80s with Austral E-190s, reducing the number of flights and seats since 2004.

Aerolíneas has also replaced 737 and MD-80 services with Austral E-190s from AEP to Montevideo (MVD), Uruguay. On this route the carrier has increased its overall capacity since 2004 owing to an increase in frequencies.

Increasing frequencies with smaller aircraft rather than operating a reduced schedule with larger types, may appeal to business travellers. Narrowbodies provide the most capacity on intra-South American services, and the number of seats they operate has increased by 84% since 2004. The average narrowbody size has increased from 134 to 153 seats.

The A320 is the most popular narrowbody type on intra-South American services in 2014. Since 2004 the trend has been to replace older narrowbodies with larger A320s and 737-800s. The 727 has been completely removed from service, while flights by variants of the DC-9, MD-80 and older 737s have been scaled back.

Narrowbodies have been used to open new routes and add capacity to existing airport-pairs since 2004.

The LATAM group carriers and GOL are the largest narrowbody operators in

South America.

The capacity provided by widebodies on intra-South American routes has fallen by 28% since 2004, mainly due to the demise of VARIG and VASP.

Intra-Central America

Domestic Mexican services represent over 80% of total traffic within Central America in 2014. The Mexican domestic market is second only to Brazil in terms of traffic flow by country in the intra-Latin America and Caribbean market.

Capacity on intra-Central American services has increased by 22% since 2004, with 53 million seats available in 2014 (*see table, this page*).

The average aircraft size has increased from 80 to 85 seats.

Mexico City (MEX) is the largest origin airport for intra-Central American services in 2014. The next main departure points are Monterrey (MTY), Guadalajara (GDL), Cancun (CUN) and Tijuana (TIJ) in Mexico, Panama City (PTY), and San Jose (SJO) in Costa Rica.

Nine of the 10 largest intra-Central American routes in 2014 are domestic Mexican services. MEX-MTY is the route with the most capacity.

Today there are 94 new intra-Central American routes that have been opened over the decade (*see table, page 18*).

The airline groups with the most intra-Central American capacity in 2014 are AeroMexico, Interjet, Volaris, VivaAerobus and Copa.

The capacity provided by RJs and widebodies on intra-Central American services has increased since 2004.

Narrowbody capacity remained fairly stable, while there was a reduction in the number of services flown by turboprops.

The number of seats on turboprop

services has reduced by 21% since 2004.

AeroMexico Connect has phased out Saab 340s. These accounted for one-third of all intra-Central American turboprop capacity in 2004. They have since been replaced by a fleet of RJs, including ERJ-145s, E-170s, E-175s and E-190s.

RJ services within Central America will account for nearly 13.2 million seats in 2014, an increase of 392% since 2004.

Average RJ size has decreased from 91 to 76 seats over the past decade.

The Fokker 100 provided 89% of all RJ capacity on services within Central America in 2004. In 2014, slightly smaller RJs, including the E-170, E-175, E-190 and SSJ100, are being widely used.

RJs have also been used to open new routes, such as PTY-MTY, PTY to San Salvador (SAL) in El Salvador, and PTY to San Pedro Sula (SAP) in Honduras. RJs have also replaced narrowbodies on existing airport-pairs, in some cases resulting in a capacity reduction and in others maintaining or increasing capacity by operating at higher frequencies than the previous narrowbody schedule.

AeroMexico has used both strategies, reducing narrowbody capacity in favour of AeroMexico Connect RJs on certain routes.

In 2014 35 million seats will be offered on narrowbodies, practically unchanged since 2004. The number of flights operated by narrowbodies has, however, fallen by 16% during the same period, indicating that larger aircraft are being used on fewer frequencies. The average number of seats on intra-Central American narrowbody services has risen by 25 since 2004.

In 2004, variants of the MD-80 provided the most narrowbody capacity on services within Central America. AeroMexico was the largest operator of



MD-80s in the region, with 44 in its fleet.

In 2014 the larger A320 and 737-800 are the main narrowbody types. AeroMexico has replaced its MD-80s with 737-700s and 737-800s.

Widebody capacity on intra-Central American routes increased from 40,000 to 320,000 seats from 2004 to 2014.

The routes with the most widebody capacity in 2014 are MEX-CUN and MEX-TIJ. Here AeroMexico has added widebodies using a mix of 767s, 777s and 787s; before it had used narrowbodies.

Intra-Caribbean

The reduction in capacity on intra-Caribbean routes since 2004 is a result of airline consolidation and network cuts.

The number of intra-Caribbean seats is 11.9 million in 2014, a fall of 29% since 2004 (see table, page 12). The average aircraft size has also fallen from 44 to 39 seats.

The largest provider of intra-Caribbean capacity in 2004 was American Eagle. Executive Airlines provided 2.7 million intra-Caribbean seats in 2004 with ATR turboprops under the American Eagle brand. These services, with those of American Airline's mainline fleet, have since been withdrawn.

Air Jamaica and Caribbean Star Airlines both provided more than one million intra-Caribbean seats in 2004. Air Jamaica has since been acquired by Caribbean Airlines, and Caribbean Star Airlines by LIAT.

Turboprop operator LIAT, and Caribbean Airlines are the two largest airlines in terms of intra-Caribbean capacity in 2014.

Caribbean Airlines was established after British West Indies Airways (BWIA)

ceased operations. In 2014 it is offering about half of the combined seats offered by BWIA and Air Jamaica in 2004. The capacity offered by LIAT in 2014 will be 30% less than the combined seats provided by LIAT and Caribbean Star Airlines in 2004.

The largest intra-Caribbean traffic flows by country are domestic services in the Bahamas followed by the domestic markets in Trinidad & Tobago and Cuba. The largest market for international services is between Guadeloupe and Martinique.

Port of Spain (POS) in Trinidad and Tobago is the largest origin point for departing intra-Caribbean traffic in 2014. The next largest are San Juan (SJU) in Puerto Rico, Saint Maarten (SXM), Pointe A Pitre (PTP) in Guadeloupe and Nassau (NAS) in the Bahamas.

The largest route in the Caribbean in 2014 is POS to Tobago (TAB). There were 46 new routes operating within the Caribbean in 2014 (see table, page 18).

Intra-Caribbean turboprop, narrowbody and widebody capacity has declined since 2004. Only RJs have been used in increasing numbers.

Turboprops still provide the most intra-Caribbean capacity by aircraft category in 2014. Despite this, the number of seats operated on turboprops has reduced by 24% since 2004 due to the loss of American Eagle services.

There are some short sectors between neighbouring islands in the Caribbean. Turboprops' fuel burn performance means they are more efficient than jets over shorter distances of up to 350-400nm (see *The fuel burn performance & costs of turboprops versus RJs*, Aircraft Commerce June/July 2013, page 13). Some of the island airports have

Rio de Janeiro's Santos Dumont airport handles Brazilian domestic services. Santos-Dumont-Sao Paulo Conhongas is intra South America's heaviest route. Santos Dumont is also base to a large portion of GOL's operation, which is part of the LATAM Group.

restrictively short runways, so the only option for services to such airports is small propeller aircraft, such as the DHC-6 Twin Otter, and Britten Norman Islander and Trislander

In 2014 the ATR 72 provides the most intra-Caribbean turboprop capacity.

Capacity on RJ services has increased from 144,000 seats in 2004 to more than one million in 2014, an increase in seat numbers by a factor of seven. The average size of RJs used has increased from 49 to 100 seats.

In 2004 ERJ-145s were the main RJ type used on intra-Caribbean services.

In 2014 the E-190s of JetBlue and AN-158s of Cubana account for the majority of intra-Caribbean RJ capacity.

Cubana has used AN-158s on new and existing routes, in some cases to replace turboprop or widebody services.

JetBlue has replaced some of the American Eagle turboprop capacity from SJU with E-190s and A320s.

Intra-Caribbean narrowbody capacity has declined by 57% since 2004; narrowbodies will account for 1.9 million seats within the region during 2014.

About 523,000 seats will be provided by widebodies in 2014, a reduction of 50% since 2004.

The demise of BWIA, establishment of Caribbean Airlines, and that carrier's acquisition of Air Jamaica, have contributed to the fall in intra-Caribbean narrowbody and widebody capacity.

In 2004 the combined BWIA and Air Jamaica fleets comprised five widebody A350s and 24 narrowbodies, including A320s, A321s and 737-800s. In 2014 the combined Caribbean Airlines and Air Jamaica fleet comprises 15 narrowbodies, two widebodies and five turboprops.

South America-Central America

Copa's 'Hub of the Americas' strategy is a primary factor in the capacity hike between South and Central America.

This market has grown from about 3.5 million seats in 2004 to just under 11 million in 2014 (see table, page 12).

Copa uses Panama's central location to connect passengers between destinations in North, South and Central America, and the Caribbean, via its hub at PTY. PTY is the largest hub for flights between South and Central America, followed by BOG, MEX and LIM.

In 2014 eight of the 10 largest routes between South and Central America

TWO-WAY CAPACITY ON SCHEDULED NON-STOP FLIGHTS BY AIRCRAFT CATEGORY

Market & Aircraft type	2004			2014			Change 2004-2014		
	Seats	Flights	Av Seats	Seats	Flights	Av Seats	Seats	Flights	Av Seats
Intra-Latin America & Caribbean									
Narrowbody	143,645,707	1,083,149	133	231,690,936	1,524,433	152	61%	41%	19
Regional Jet	9,394,120	109,871	86	50,443,765	535,300	94	437%	387%	8
Turboprop	23,632,309	783,475	30	26,655,763	743,093	36	13%	-5%	6
Widebody	10,261,661	42,060	244	8,002,904	33,147	241	-22%	-21%	-3
Total	186,933,797	2,018,555	93	316,793,368	2,835,973	112	69%	40%	19
Latin America & Caribbean - Extra regional									
Narrowbody	55,605,366	364,343	153	80,773,440	525,177	154	45%	44%	1
Widebody	37,100,172	138,967	267	48,046,387	171,125	281	30%	23%	14
Regional Jet	2,150,003	41,204	52	5,673,893	87,361	65	164%	112%	13
Turboprop	2,793,174	86,506	32	434,144	10,706	41	-84%	-88%	9
Total	97,648,715	631,020	155	134,927,864	794,369	170	38%	26%	15
Total all markets & aircraft	284,582,512	2,649,575	107	451,721,232	3,630,342	124	59%	37%	17

operate to or from PTY. The largest is PTY-BOG.

The largest traffic flows by country are between Panama and Colombia, Panama and Brazil, Mexico and Colombia, Panama and Ecuador, and Panama and Venezuela.

Copa Airlines and unit Copa Airlines Colombia provide the most capacity on flights between South and Central America. The next largest airline groups by capacity are Avianca and AeroMexico.

There are no flights operated by turboprops on services between South and Central America in 2014.

In 2004 RJs operated no flights between South and Central America. In 2014 there are nearly 1.9 million seats available on RJ services. About 80% of this capacity is provided by Copa Airlines and Copa Airlines Colombia, with the majority feeding the group's hub at PTY.

Copa Airlines operates 12 E-190s and Copa Airlines Colombia has 14. Copa has deployed E-190 RJs on new routes. Some, such as PTY to Pereira (PEI) in Colombia, are operated solely by E-190s. Other new routes, including PTY to Maracaibo (MAR) in Venezuela, are operated by a mix of E-190s and 737s.

Copa has also used E-190s to add capacity to existing routes, generally supplementing narrowbody operations, but in at least one case, replacing them.

There are about 7.7 million seats available on narrowbody flights between South and Central America in 2014, an increase of nearly 200% since 2004.

The average narrowbody size operating in this market increased by six seats to 143. In 2004 the 737-700 contributed the most narrowbody capacity. In 2014 the 737-800 is the most popular narrowbody on services between South and Central America.

Copa Airlines and Copa Airlines

Colombia account for about two-thirds of all narrowbody seats between South and Central America in 2014.

In 2004, the Copa Airlines fleet consisted of six 737-200s, 16 737-700s and two 737-800s, but has since expanded to 14 737-700s and 49 737-800s. Copa Airlines Colombia operates a further four 737-700s.

Copa has used 737s to open new routes such as PTY-GIG and PTY-BSB, and to add capacity to existing ones, such as PTY to Caracas (CCS) in Venezuela.

The use of widebodies on services between South and Central America has increased by 40% since 2004 with more than 1.2 million seats available on these aircraft in 2014; the 767-300 is the most popular widebody on services between South and Central America.

AeroMexico has increased its widebody capacity from MEX to South America, using a mix of 767s and 777s. Some of this increase can be attributed to replacing the defunct carriers VARIG, on MEX-GRU, and Mexicana on MEX-EZE. It also used widebody aircraft to open a new route from MEX-GIG and to increase the number of seats available on established services, such as MEX-LIM.

South America-Caribbean

A capacity increase by Caribbean Airlines and Avianca plus the start of low-cost services by GOL contribute to a 52% increase in seats available between South America and the Caribbean since 2004 (see table, page 12).

The average size of aircraft used has increased from 98 to 123 seats over the same period.

In 2014 the largest traffic flows by country market are between: Trinidad & Tobago and Guyana; Venezuela and Aruba; Venezuela and Curacao; the

Dominican Republic and Brazil; and the Dominican Republic and Colombia.

The largest origin points for traffic between South America and the Caribbean in 2014 are CCS, POS, Aruba (AUA), Georgetown (GEO), BOG, Curacao (CUR) and Havana (HAV).

The largest routes are POS-GEO and AUA-CCS. There are 18 new routes operating between South America and the Caribbean in 2014 (see table, page 18).

Narrowbodies provide more than 80% of the capacity between South America and the Caribbean in 2014. The capacity provided by narrowbodies and RJs has increased since 2004, but the number of services operated by turboprops and widebodies has reduced.

The most popular turboprop in this market is the ATR 42. Turboprop capacity has reduced by 29% since 2004.

There are about 216,000 seats available on RJ services between South America and the Caribbean in 2014, an increase of 240% compared to 2004.

The only RJ type operating in this market in 2004 was the ERJ-145. These have now been replaced by larger types including the E-170 and E-190.

In 2014 CONVIASA is the sole operator between Porlamar (PMV) in Venezuela and POS, using E-190s on the route previously served by carriers using turboprops and narrowbodies.

RJs are also being used on new routes and to add further capacity on existing airport-pairs.

Capacity on narrowbody services between South America and the Caribbean has jumped by 97% since 2004 to nearly three million seats in 2014. The average narrowbody size in this market has increased by six seats due to the greater use of larger types, such as the 737-800, thanks to new services from GOL and extra services from Avianca.

NEW SCHEDULED NON-STOP ROUTES FROM LATIN AMERICA & CARIBBEAN

Market	New Routes
Intra-Latin America & Caribbean	
Intra-South America	358
Intra-Central America	94
Intra-Caribbean	46
South America - Central America	32
South America - Caribbean	18
Central America - Caribbean	15
Total	563
Latin America & Caribbean - Extra regional	
Caribbean - extra-regional	176
Central America - extra-regional	164
South America - extra-regional	77
Total	417

Both operators have introduced new routes and added capacity to existing airport-pairs using narrowbodies. GOL flies 737-800s and Avianca a mix of A318s, A319s and A320s on services from South America to the Caribbean. Avianca has replaced widebodies with narrowbodies on BOG-AUA services.

The number of seats on widebody services between South America and the Caribbean fell by more than 50% from 2004 to 2014.

Central America-Caribbean

The expansion of Copa's network is one reason for the 159% increase in capacity on services between Central America and the Caribbean since 2004 (see table, page 12).

The combined capacity of Copa Airlines and its Colombian subsidiary accounts for more than 75% of the seats available between Central America and the Caribbean in 2014.

Copa's PTY hub is the largest origin point for services between Central America and the Caribbean in 2014.

The routes with the most capacity are PTY-HAV, and PTY to Santo Domingo (SDQ) and Punta Cana (PUJ) in the Dominican Republic. There are 15 new routes operating between Central America and the Caribbean in 2014 (see table, this page). Many of these link the Caribbean with PTY.

In 2004 there were no flights operated by RJs in this market. In 2014 more than 660,000 seats are supplied by E-190s operated by Copa Airlines and Copa Airlines Colombia. These link PTY with various Caribbean destinations. Many of these routes have been opened since 2004 and are operated by a combination of E-190s and 737-700s and 737-800s.

The capacity on narrowbody services between Central America and the

Caribbean increased by more than 100% from 2004 to 2014. Copa Airlines increased its use of narrowbodies, using 737-700s and 737-800s to add capacity to existing services and open new routes.

Turboprops and widebodies account for less than 4% of the capacity between Central America and the Caribbean in 2014.

Extra-regional operations

There are more than 134 million seats available on services between Latin America and the Caribbean, and extra-regional or international destinations in 2014. This is a rise of 38% since 2004 (see table, page 12). This market includes intra-regional services between Latin America and the Caribbean, and international ones from South America, Central America and the Caribbean.

There were 417 new routes opened between the whole Latin America and Caribbean region and the rest of the world in 2014 (see table, this page).

The average aircraft size has increased from 155 to 170 seats since 2004.

The capacity available from the Caribbean or Central America to extra-regional locations in 2014 is similar at 49.5 million seats. Historically, the Caribbean has been the largest market for flights to extra-regional destinations, but services to and from Central America have grown at a higher rate since 2004.

There are nearly 36 million seats available between South America and extra-regional locations in 2014. The South American market has seen stronger growth to extra-regional destinations than Central America and the Caribbean.

In 2014 the US is by far the largest extra-regional destination market for services to and from Latin America and the Caribbean. The next largest country markets are Canada, Spain, France and

the United Kingdom (UK).

Mexico is the largest Latin America or Caribbean origin market for services to international destinations, followed by Brazil, the Dominican Republic and Puerto Rico.

The largest traffic flow by country for extra-regional services to and from Latin America and the Caribbean is between the US and Mexico. The next largest traffic flows are between the US and Puerto Rico, the US and the Dominican Republic, and the US and Brazil.

The number of seats between the Latin America and Caribbean regions and the US is unsurprising due to their proximity, and the importance of the US economy to the region. Puerto Rico is a US commonwealth, which explains the seat capacity operating between those two countries.

The largest hubs for traffic between South America and extra-regional destinations are GRU and Miami (MIA). Eight of the 10 largest routes in 2014 operate via one of these two airports. The largest route by capacity is GRU-MIA.

"More than 40% of South America's long-haul traffic arrives through three Brazilian airports," explains Alonso. "This includes GRU in Sao Paulo, which is the number one international airport for long-haul traffic in Latin America."

The largest hubs for traffic between Central America and extra-regional locations are MEX and CUN in Mexico and MIA, Houston (IAH) and Los Angeles (LAX) in the US. The top 10 routes by capacity all originate or terminate at one of these airports. The largest route is MIA-PTY.

PTY is a large hub for flights between Central America and extra-regional destinations due to Copa's strategy. The main hubs for flights between the Caribbean and extra-regional destinations are New York (JFK), SJU and MIA the largest route is JFK-SJU.

Airlines

MIA is a hub for flights between the US and Latin America and the Caribbean. It is also a hub for American Airlines, which provides the most capacity by an airline group from Latin America and the Caribbean to extra-regional destinations; the next largest are United Airlines, Delta Airlines and JetBlue Airways. LATAM is the largest Latin American airline group on services to extra-regional destinations.

Turboprops

In 2014 turboprops will operate less than 1% of the capacity between Latin America and the Caribbean, and extra-regional destinations. This is unsurprising given some of the long sector lengths.

Turboprop capacity in this market has

Since 2004, Aerolíneas Argentinas has reduced a lot of its narrowbody services and replaced them with E-190s operated by its regional subsidiary Austral.

fallen by 84% since 2004. The largest sub-market for turboprop services to extra-regional destinations is the Caribbean.

RJs

RJs will only provide 4% of total capacity between Latin America and the Caribbean, and extra-regional destinations in 2014. The sector distances involved undoubtedly influence this. Even so, RJs are the fastest growing type for services to extra-regional locations.

The largest origin market for RJ flights to extra-regional locations is Central America, but South America and the Caribbean have seen larger growth rates. The average capacity of RJ services to extra-regional locations has increased since 2004.

There are examples of RJs being used to operate new routes and to supplement narrowbody capacity on airport-pairs.

In some cases airlines have maintained or increased overall capacity on a route by reducing narrowbody operations and replacing them with higher frequency RJ services.

Narrowbodies

Narrowbodies provide the most capacity by category on services between Latin America and the Caribbean, and extra-regional locations in 2014.

More than 80 million seats are available on narrowbodies in this market in 2014, an increase of 45% since 2004 (see table, page 16).

Central America is the sub-market with the most narrowbody capacity to extra-regional destinations in 2014.

The average capacity of narrowbodies on services to international destinations has increased on flights from Central America, but reduced on those from South America and the Caribbean.

Some growth in narrowbody capacity is due to expansion of point-to-point services by LCC operators including JetBlue, WestJet, Sunwing Airlines, Volaris, Southwest Airlines and Interjet.

These carriers have used the A319, A320, A321, 737-700 and 737-800 to open new routes, or to add capacity to existing airport-pairs since 2004.

Some carriers, including American, Air Canada and Delta, have replaced widebodies with narrowbodies on routes



between the Latin America and Caribbean region and North America.

Widebodies

Widebodies provide just over one-third of the capacity between Latin America and the Caribbean, and extra-regional destinations in 2014.

The number of seats flown on widebody services has increased by 30% since 2014 (see table, page 16).

The largest market for widebody services to extra-regional countries is South America, in part due to the extra range needed to certain destinations. South America has also seen the fastest growth in widebody services from Latin America and the Caribbean; some of the growth in widebody capacity is a result of airlines introducing new services. LATAM Group has opened new routes from Brazil to extra-regional destinations since 2004. TAM now links MIA with Brazilian destinations including Belem (BEL), BSB, and CNF using 767-300s.

European carriers including Air France-KLM and Lufthansa have opened new routes with widebodies to link Latin America and the Caribbean to their respective hubs at Amsterdam (AMS), Paris (CDG) and FRA. Some airlines have replaced narrowbody capacity with widebodies between Latin America and the Caribbean, and North America. American, United and US Airways have replaced 757 rotations with 767s or A330s on routes since 2004.

Summary

Capacity in Latin America and the Caribbean has increased to intra-and extra-regional destinations since 2004. A

growing number of new routes has been established, with the strongest growth coming from South and Central America.

Intra-regional flights represent 70% of all Latin America and Caribbean capacity in 2014. South America is the largest market for intra-regional flights. Brazil and Mexico are the largest domestic country markets.

The Caribbean saw a reduction in the capacity offered on intra-regional routes, but is the largest market for services to extra-regional destinations. The US is the largest extra-regional destination market.

Narrowbodies operate the most seats, but RJs have had the largest growth in capacity. Narrowbodies have been used to replace widebodies, open new routes and increase capacity on existing services. The growth of LCCs has contributed to a rise in narrowbody capacity.

RJs have been used to replace turboprops, open new routes and reduce the capacity on existing routes, and to maintain or increase capacity while increasing frequencies.

Turboprop capacity has fallen in some markets, but risen in Brazil. Certain Caribbean island-hopping routes will always need small propeller-powered aircraft.

There has been a shift towards the use of larger aircraft on services to both intra-regional and international destinations. This is subject to some variation by sub-market and aircraft category.

The largest growth potential in the region is likely to be for large RJs and narrowbodies on services from South and Central America.

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