

Regional Connectivity and Market Power in Latin America and the Caribbean

Deliverable 3. FINAL REPORT

ACI AIRPORTS COUNCIL INTERNATIONAL
LATIN AMERICA CARIBBEAN

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UNIVERSITAT DE BARCELONA

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1. EXECUTIVE SUMMARY

1.1 Background and Objectives

Air connectivity plays a fundamental role in the economic and social development of Latin America and the Caribbean (LAC), a region characterized by large geographical distances, extensive territories, island markets and significant differences in the size and maturity of national aviation systems. Against this background, ACI-LAC commissioned this study to provide a **comprehensive assessment of regional air connectivity and market power**, identifying the main characteristics and factors shaping the development of air transport across the region.

The study analyzes the structure and evolution of the LAC air transport market **from both a supply and demand perspective**. It examines the region's airport system, airline networks, scheduled capacity and passenger flows, with particular attention to direct connectivity and the role of regional aviation in supporting domestic and international services. The analysis also assesses market concentration at regional, country, airport and route levels, providing a detailed understanding of the competitive structure of the LAC aviation market.

To place these results in a broader international context, **LAC is benchmarked against the United States, Western Europe and Southeast Asia**, comparing key characteristics related to airport networks, air transport supply and demand, regional aviation and market concentration. In parallel, the study reviews the institutional and regulatory framework governing air connectivity in LAC, with particular attention to market liberalization and bilateral and multilateral air service agreements.

By integrating these different analytical dimensions, the study aims to identify the main challenges affecting air connectivity in LAC and provide an evidence-based foundation for the development of strategic recommendations and actions aimed at supporting a more connected, competitive and efficient air transport market across the region.

1.2 Key findings

The connectivity analysis reveals a large but highly heterogeneous air transport system across Latin America and the Caribbean. LAC comprises 546 commercial airports, although the network is characterized by a very broad base of small airports and a comparatively limited number of major gateways. Almost three quarters of airports handle fewer than one million annual seats, while only 23 exceed 10 million. These 23 airports nevertheless concentrate 55.7% of total scheduled capacity, illustrating the strongly hierarchical structure of the regional airport system. The largest aviation markets also account for a substantial proportion of activity, with Brazil, Mexico and Colombia jointly representing more than half of total scheduled seat capacity and passenger traffic across the region.

Air transport supply has **fully recovered from the COVID-19 shock at aggregate LAC level**, although recovery patterns have varied considerably across countries and market segments. Following the sharp contraction in 2020, scheduled capacity returned to pre-pandemic levels in 2023 and continued expanding thereafter, although growth is moderating in 2026. The international network is strongly oriented towards connectivity within LAC and with the United States: intra-LAC services account for 45.6% of international seat capacity and the United States for a further 35.3%. However, while overall capacity has recovered, the breadth of the network remains below pre-pandemic levels. LAC records 3,306 airport pairs in 2026 compared with 3,959 in 2019, with the contraction concentrated primarily in extra-LAC connectivity, while intra-LAC airport pairs have remained broadly stable.

The demand analysis provides an important additional perspective on these connectivity patterns. **LAC achieves a high level of direct connectivity for domestic travel, but dependence on connecting itineraries increases significantly for international journeys.** The Direct Connectivity Index reaches 91.4% for domestic O&D demand, compared with 68.5% for intra-LAC travel and 57.7% for extra-LAC travel. This means that almost one-third of passengers travelling between LAC countries require at least one intermediate connection, with the proportion increasing further for passengers travelling outside the region. The distinction between scheduled supply and true passenger O&D demand is also relevant: although intra-LAC services constitute the largest segment of international seat capacity, the United States becomes the largest international market when passengers are measured by their true origin and final destination, accounting for 42.4% of international O&D demand compared with 34.6% for intra-LAC flows.

Regional aviation continues to perform an important connectivity function, although its scale has declined substantially since 2019. Its share of scheduled seat capacity decreased from 11.8% in 2019 to 5.8% in 2026, while its share of operations fell from 29.8% to 20.9%. Its role varies significantly across LAC, with particularly high operational activity in the Caribbean and Central America and comparatively limited presence in several sizeable continental markets. Regional aviation is fundamentally short-haul — more than 80% of operations are performed on routes shorter than 500 km — and plays a particularly important role in connecting smaller markets. More than 96% of intra-LAC airport pairs operated with regional aircraft involve at least one Secondary Airport, underlining the role of this segment in connecting secondary airports with each other and with larger gateways.

Beyond connectivity itself, the market concentration analysis shows a heterogeneous competitive environment across LAC. Concentration varies substantially by market segment, country and airport. At regional level, intra-LAC international services are the most concentrated segment, whereas extra-LAC international services are the least concentrated, reflecting the broader presence of foreign carriers. Low-cost carriers have achieved their strongest penetration in domestic markets, where they account for nearly half of scheduled capacity, while their role remains considerably more limited in intra-LAC international services. At country level, Brazil and Mexico combine comparatively lower concentration with a strong LCC presence, whereas several medium-sized and smaller markets remain more concentrated and continue to be dominated by established network carriers.

Airport-level concentration also depends strongly on the function performed by each airport within airline networks. Major hubs tend to present relatively high concentration because of the presence of dominant network carriers, while tourism-oriented gateways generally accommodate a broader range of airlines. The highest concentration levels, however, emerge at **route level**. Across LAC, average route HHIs exceed **8,000**, the leading airline typically accounts for 85–90% of capacity and approximately two-thirds of routes are operated by a single carrier. This reflects the limited overlap between airline networks and the fact that many individual markets have sufficient demand to support only one or two operators.

The international benchmark places these results into perspective and shows that several characteristics observed in LAC are not unique to the region. LAC has an extensive airport network but a comparatively limited base of medium and large airports relative to population. At the same time, airport capacity is relatively well distributed across the network, with concentration among the largest airports broadly comparable to the United States and Western Europe and substantially lower than in Southeast Asia. LAC also combines a relatively balanced domestic and international capacity structure, although its network is less interconnected than those of the United States and Western Europe.

The benchmark reinforces the conclusion that **LAC's principal comparative connectivity gap lies in international rather than domestic travel**. Domestic direct connectivity is close to that observed in Western Europe and Southeast Asia, whereas international DCI is lower, particularly for intra-LAC connectivity. Western Europe and Southeast Asia serve a substantially higher proportion of their main intra-regional passenger flows non-stop. Regional aviation, meanwhile, plays a greater role in LAC than in Western Europe and Southeast Asia in terms of flight operations, but the LAC regional network remains less interconnected and operates at a smaller airline scale than the United States, which represents the strongest regional aviation market among the benchmark regions.

The market concentration benchmark also provides important context. **The aggregate competitive structure of LAC is broadly closer to Europe than to the United States**, although individual LAC markets present significant differences. Brazil and Mexico have developed competitive structures broadly comparable to major European markets, whereas other markets remain more concentrated. Most importantly, the very high concentration observed at route level in LAC is not exceptional: Europe and the United States also exhibit a large number of monopoly or highly asymmetric duopoly routes. Southeast Asia presents aggregate concentration and LCC penetration levels similar to LAC, although competition

appears stronger at airport and route level. The benchmark therefore suggests that concentration should be interpreted in the context of individual market characteristics rather than as a uniformly distinctive feature of the LAC aviation system.

Finally, the review of international agreements and market liberalization shows that LAC is undergoing a significant transformation in air transport policy, although the process remains heterogeneous across countries and subregions. The regional trend is moving beyond the traditional transition from restrictive bilateral agreements towards Open Skies and increasingly involves a broader expansion of traffic rights, including higher freedoms of the air and the progressive removal of capacity and frequency restrictions. South America currently presents the strongest momentum towards structural liberalization, with recent developments in Argentina and Brazil and emerging regional initiatives such as ALAS and the proposed "Andean Skies" framework. Mexico maintains an advanced but predominantly bilateral liberalization model, while Central America combines bilateral agreements, Open Skies and regional mechanisms and the Caribbean presents a comparatively advanced framework for intra-regional integration through CARICOM, albeit with heterogeneous approaches towards third countries.

At country level, the degree and form of liberalization remain diverse. Argentina and Brazil are moving towards broader traffic rights and deeper structural reform; Panama, Colombia, Peru and Ecuador operate within comparatively consolidated liberalization frameworks; and Mexico, Costa Rica and the Dominican Republic follow more selective or progressive approaches in which traditional, transitional and Open Skies instruments coexist. The overall direction is nevertheless towards **greater market opening and, increasingly, regional integration**, although implementation continues to depend on national regulatory frameworks and the specific bilateral or multilateral instruments applicable to each market.

Taken together, the findings show that LAC's connectivity outcomes reflect the interaction of several structural factors rather than a single regional constraint. The region combines an extensive airport system and strong domestic direct connectivity with a relatively concentrated distribution of traffic, lower direct connectivity in international markets, a regional aviation segment that has lost scale since the pandemic, and highly heterogeneous competitive structures across countries and routes. The international benchmark demonstrates that some of these characteristics are common to other aviation markets, while also identifying specific gaps in network breadth and international direct connectivity. At the same time, the ongoing evolution of air transport policy towards greater liberalization and regional integration is progressively changing the institutional environment in which these networks develop. Together, these elements provide the basis for identifying the principal strategic challenges and recommendations presented in the following sections.

1.3 Key recommendations

The findings of the study point to four complementary strategic priorities for the development of air connectivity in Latin America and the Caribbean: **deepening regional market integration, fostering competition and market entry, strengthening international connectivity, and improving connectivity across regional and secondary airport markets**. The appropriate policy mix should reflect the significant differences in market size, geography, traffic composition and airline structure across LAC countries.

Greater regional market integration represents a key opportunity for the region. Further liberalization of intra-LAC air services, including greater flexibility over market entry, pricing and capacity, together with reduced barriers to cross-border airline operations and ownership, could facilitate airline expansion across national markets, strengthen competition and support greater economies of scale.

Competition and market entry should be supported through continued oversight of potentially anticompetitive practices and regulatory conditions that facilitate the entry and expansion of airlines, including low-cost carriers, particularly in intra-LAC markets where their presence remains comparatively limited. Transparent and non-discriminatory airport charging and incentive schemes can also contribute to supporting new routes, additional frequencies and airline entry, provided that they are adapted to the characteristics and strategic priorities of individual airports.

International connectivity should be strengthened alongside the breadth of the regional airport network. Additional long-haul services and greater integration of LAC network carriers into global airline networks could reinforce the international role of the region's major hubs. At the same time, policies should recognize the connectivity role of regional aviation and Secondary Airports, facilitating the development and sustainability of thinner routes and helping preserve network coverage beyond the largest gateways.

Achieving these priorities will also require continued progress in **air transport liberalization and regulatory integration**. A flexible combination of bilateral, multilateral and regional instruments could progressively broaden traffic rights, increase flexibility in capacity and frequencies, facilitate airline entry and expansion, and reduce regulatory fragmentation. Greater coordination between States and convergence of air service frameworks, while maintaining appropriate competition, safety and national regulatory safeguards, would provide an enabling framework for a more integrated, competitive and internationally connected LAC aviation market.

2. CONNECTIVITY ANALYSIS

2.1 Airport system overview

The LAC airport system comprises 546 commercial airports offering scheduled air services in 2026. For the purposes of this study, commercial airports are defined as airports holding a valid three-letter IATA code and offering scheduled commercial services during the period analyzed. The distribution of this extensive airport network is highly heterogeneous across the region. Brazil has by far the largest network, with 144 commercial airports, followed by Colombia (61), Mexico (58) and Argentina (41). Together, these four countries account for 55.7% of all commercial airports in LAC and 64.2% of total scheduled seat capacity, highlighting the significant weight of the region's largest aviation markets.

To provide a consistent framework for assessing the structure of the airport system, airports were classified into **six categories** according to annual scheduled seat capacity. The resulting distribution reveals a highly hierarchical airport network, characterized by a small number of major gateways and a very extensive base of smaller commercial airports. Only three airports — Bogotá (BOG), São Paulo–Guarulhos (GRU) and Mexico City (MEX) — exceed 50 million annual seats, while a further 20 airports offer between 10 and 50 million seats. At the opposite end of the distribution, 399 airports, representing 73.0% of the regional network, offer fewer than one million annual seats. Overall, 504 airports, or 92.4% of all commercial airports in LAC, remain below 5 million annual seats.

Category (volume of seats)	Total Airports	Total Airport share (%)	Seats capacity share (%)
>50M	3	0,6%	16,3%
20-50M	10	1,8%	26,1%
10-20M	10	1,8%	13,3%
5-10M	18	3,3%	12,8%
1-5M	106	19,4%	23,9%
<1M	399	73%	7,6%
TOTAL	546	100%	100%

Fig 1. Airport classification by annual seat capacity in LAC (2026).

Despite representing the vast majority of the airport network, airports below 5 million annual seats account for a comparatively limited share of total capacity. Airports handling fewer than one million annual seats represent only 7.6% of scheduled seat capacity, whereas the **23 airports exceeding 10 million annual seats concentrate 55.7% of total capacity**. The airport hierarchy has remained broadly stable since 2019, although the two largest airport categories have increased their combined share of regional capacity, from 34.9% in 2019 to 42.4% in 2026. This evolution has been accompanied by a moderate reduction in the relative capacity share of airport categories below 20 million annual seats.

The geographical distribution of airport categories further illustrates the diversity of the LAC airport system. The largest airports are concentrated in the region's major aviation markets, particularly Brazil, Mexico and Colombia, while other major gateways are located in Argentina, Chile, Peru, Panama and the Dominican Republic. By contrast, airports handling fewer than 5 million annual seats are widely distributed throughout the region and constitute

the predominant airport category across most countries. This pattern is particularly pronounced in the Caribbean, where the airport system is overwhelmingly composed of smaller commercial airports.

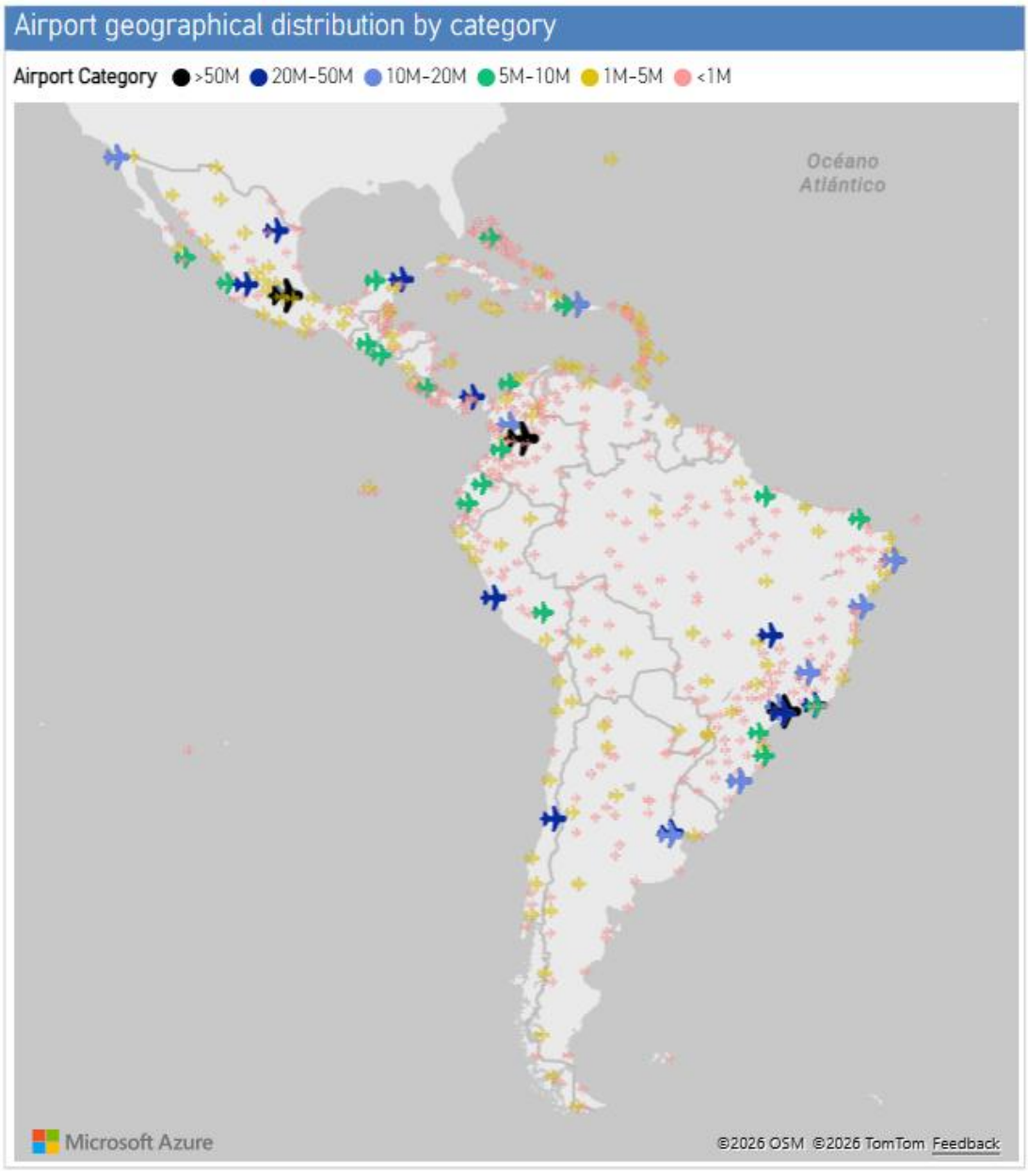


Fig 2. Airport geographical distribution in LAC by category (2026).

2.2 Offer analysis

The analysis of scheduled air transport supply in LAC distinguishes between three main market segments: **domestic services, intra-LAC international services and extra-LAC international services**. This segmentation provides a consistent framework for assessing both the overall structure of the regional market and the different connectivity patterns observed within and beyond LAC. In 2026, domestic services account for almost half of total scheduled seat capacity (49.5%), followed by extra-LAC international services (27.5%) and intra-LAC international services (23.0%). However, the relative importance of these segments varies considerably across subregions: domestic capacity predominates in South America and Mexico, extra-LAC international services are particularly important in the Caribbean, while intra-LAC international connectivity represents the largest component of capacity in Central America.

At aggregate level, scheduled seat capacity in LAC has shown a sustained recovery following the sharp contraction caused by the COVID-19 pandemic. After declining by -53.3% in 2020, regional capacity progressively recovered to pre-pandemic levels in 2023 and has continued to expand since then, growing by +5.3% in both 2024 and 2025, with a further +2.7% increase projected for 2026. Air transport supply is strongly concentrated in a relatively small number of markets: Brazil (24.2%), Mexico (22.1%) and Colombia (11.5%) together account for more than half of total LAC scheduled seat capacity. Including Argentina (6.4%), Chile (5.4%), Peru (5.0%) and Panama (4.1%), **the seven largest markets account for more than 75% of the regional total.**

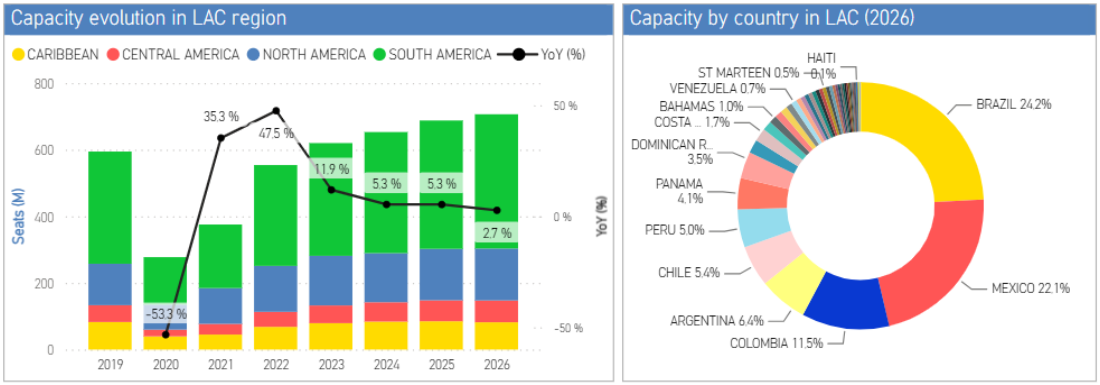


Fig 3. LEFT: Capacity evolution in LAC (2019-2026). RIGHT: Offer market share in LAC by country (2026).

The airline structure is also characterized by a relatively limited number of large airline groups. **LATAM Airlines is the largest operator** in the region, with more than 128 million scheduled seats in 2026 and an 18.2% share of total capacity, followed by Avianca (9.0%), Copa Airlines (7.2%), GOL (7.1%), Volaris (5.9%) and Viva Aerobus (5.6%). Together, these **six airline groups account for more than half of all scheduled seat capacity in LAC**. Their relative importance, however, varies considerably across market segments, reflecting different airline structures in domestic, intra-LAC international and extra-LAC international markets.

The **domestic market**, which represents the largest segment of LAC's air transport supply, has shown a particularly strong post-pandemic recovery. Following a -47.2% decline in scheduled seat capacity in 2020, the market surpassed 2019 levels as early as 2022 and has continued to expand, with a further +3.8% increase projected for 2026. Domestic

capacity is highly concentrated in the region's largest aviation markets: Brazil accounts for 38.1% of total domestic capacity, followed by Mexico (23.8%) and Colombia (14.2%), with these three countries together representing more than three quarters of the LAC domestic market. At airline level, LATAM is the largest operator, accounting for 26.0% of domestic capacity, while the six largest airline groups — LATAM, GOL, Azul, Viva Aerobus, Volaris and Avianca — collectively account for approximately 75% of the market.

International air connectivity in LAC comprises both services between countries within the region and services linking LAC with markets outside the region. In 2026, intra-LAC services represent the largest component of international scheduled seat capacity, accounting for 45.6% of the total. The United States represents a further 35.3%, making it by far the largest individual external market, followed by Europe (12.8%) and Canada (4.5%), while other extra-LAC markets account for only 1.9%. Overall, the distribution highlights the strong concentration of LAC's international air connectivity within the Americas, with **intra-LAC services and the United States together accounting for more than 80% of total international seat capacity.**

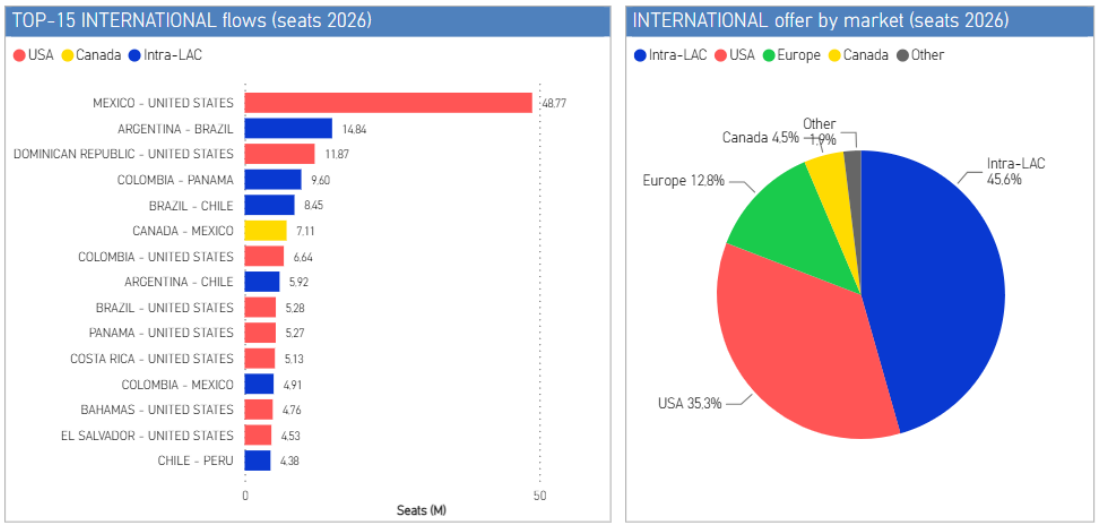


Fig 4. LEFT: TOP-15 International flows by capacity (2026). RIGHT: Total International offer by market (2026).

Focusing specifically on connectivity within the region, the **intra-LAC international market** experienced the most severe impact of the COVID-19 pandemic, with scheduled seat capacity declining by -66.0% in 2020. Recovery was more gradual than in the domestic market, with pre-pandemic capacity only being surpassed in 2024. Since then, the market has expanded strongly, growing by +12.5% in 2024 and +12.0% in 2025, with a further +4.2% increase projected for 2026. Capacity is more geographically balanced than in the domestic market: Panama is the largest market with 13.0% of total intra-LAC capacity, followed by Colombia (12.0%), Brazil (11.7%), Argentina (10.5%) and Chile (7.8%). Together, these five countries account for more than half of all scheduled intra-LAC international capacity.

At country-pair level, **Argentina–Brazil is the largest intra-LAC market**, with almost 15 million scheduled seats in 2026 and 9.1% of total capacity, followed by Colombia–Panama (9.6 million; 5.9%) and Brazil–Chile (8.5 million; 5.2%). Overall, the five largest country pairs account for more than 25% of intra-LAC capacity. Airline supply is similarly concentrated around the region's three principal network groups: Copa Airlines leads with

26.0% of capacity, followed by LATAM Airlines (17.9%) and Avianca (16.5%), which together account for approximately 60% of the intra-LAC international market.

Extra-LAC international capacity recovered comparatively faster, despite declining by -54.2% in 2020. Pre-pandemic capacity was surpassed in 2023, followed by growth of +11.8% in 2023, +7.7% in 2024 and +2.2% in 2025. Based on current schedules, capacity is expected to remain broadly stable in 2026 (-0.3%). Mexico is by far the largest LAC market for extra-regional connectivity, accounting for 32.6% of total extra-LAC capacity, followed by Brazil (9.7%) and the Dominican Republic (9.2%). Together, these three countries account for more than half of all scheduled capacity between LAC and destinations outside the region.

Extra-LAC connectivity is even more concentrated at country-pair level. **Mexico–United States is by far the largest market**, with almost 49 million scheduled seats in 2026, representing 25.1% of total extra-LAC capacity. This single corridor therefore accounts for one quarter of LAC's scheduled capacity with destinations outside the region. It is followed by Dominican Republic–United States (11.9 million seats; 6.1%), Canada–Mexico (7.1 million; 3.7%) and Colombia–United States (6.6 million; 3.4%), further illustrating the dominant role of North America, and particularly the United States, in LAC's external connectivity.

The **geographical reach of LAC's extra-regional** network also varies significantly across world regions. In 2026, LAC airports are connected to 110 airports in the United States and Canada, compared with 34 in Europe, 10 in Asia, 8 in Africa and only 3 in Oceania, further illustrating the strong orientation of the region's external connectivity towards North America. Beyond non-stop connectivity, **via services** also play a relevant role in linking LAC with more distant markets. These operations are particularly present on connections with Europe and Asia and are operated by carriers including Turkish Airlines, KLM, British Airways and Iberia, as well as Emirates and several Chinese airlines. Major LAC gateways, particularly São Paulo–Guarulhos, but also Rio de Janeiro, Buenos Aires and Mexico City, serve as intermediate points for some of these services.

The **airline structure of the extra-LAC market** differs markedly from the domestic and intra-LAC segments, with a strong presence of airlines based outside the region. U.S. carriers occupy the leading positions: American Airlines is the largest operator, with almost 28 million scheduled seats and 14.4% of total extra-LAC capacity, followed by United Airlines (9.3%), Delta Air Lines (6.5%) and JetBlue Airways (6.2%). LAC-based airline groups such as Volaris (5.5%), Avianca (5.0%) and LATAM Airlines (4.4%) also rank among the principal operators. Overall, the **seven largest airline groups account for more than half of extra-LAC international capacity**, highlighting both the concentration of supply and the prominent role of U.S. carriers in connecting LAC with markets outside the region.

The evolution of **airport pairs** provides an additional perspective on the breadth of LAC's air transport network. Overall, the region remains below its pre-pandemic connectivity level, with 3,306 airport pairs in 2026 compared with 3,959 in 2019. This gap is primarily explained by extra-LAC connectivity, which declined from 1,967 to 1,417 airport pairs over the period, while domestic connectivity has also contracted moderately. By contrast, intra-LAC connectivity has fully recovered and slightly exceeded its pre-pandemic level, increasing from 586 airport pairs in 2019 to 603 in 2026. Within the international network,

the **United States remains by far the largest individual market**, accounting for 44.2% of international airport pairs in 2026, while the United States and Canada combined represent 54.9%. However, LAC–US connectivity remains significantly below pre-pandemic levels, with the number of airport pairs declining by -32.5% since 2019, whereas intra-LAC connectivity has remained comparatively resilient and now accounts for 29.9% of all international airport pairs.

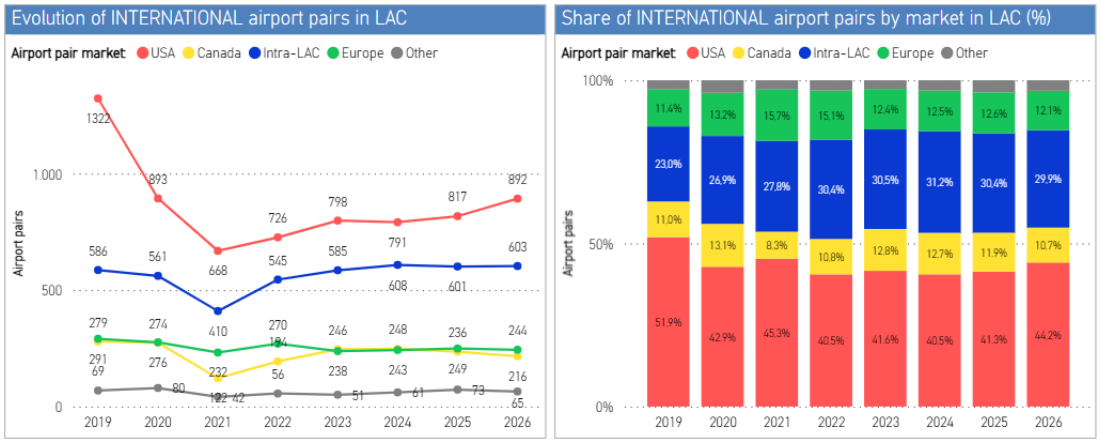


Fig 5. LEFT: Evolution of International airport pairs in LAC (2019-2026). RIGHT: Share of International airport pairs by market in LAC (2019-2026).

Finally, the following analysis provides a more detailed overview of the **eight largest aviation markets** in LAC in terms of scheduled seat capacity in 2026: Brazil, Mexico, Colombia, Argentina, Chile, Peru, Panama and the Dominican Republic. Together, these markets account for approximately 82% of total scheduled seat capacity across the region. The following summary highlights the main characteristics of each market in terms of capacity evolution, airline structure and domestic and international connectivity:

- **Brazil.** Brazil's aviation market has maintained sustained growth following its post-pandemic recovery, with capacity increasing by +7.5% in 2025 and a further +4.8% in 2026. The market is strongly domestic-oriented, with domestic services accounting for 77.9% of capacity, and is highly concentrated among LATAM, GOL and Azul, which together represent 86.5% of total capacity. The domestic network is strongly centered on São Paulo, particularly GRU and CGH, while international connectivity is more diversified: Argentina is the largest international market (19.7%), followed by the United States (14.0%), Chile (11.2%) and Portugal (10.1%).
- **Mexico.** Mexico experienced one of the fastest post-pandemic recoveries among the major LAC markets, surpassing 2019 capacity by 2022. Unlike Brazil, it has a much stronger extra-regional profile: domestic services represent 53.3% of capacity and extra-LAC services 40.6%, while intra-LAC accounts for only 6.1%. Volaris, Viva Aerobus and Aeroméxico jointly account for 68.6% of capacity. Mexico City is the principal domestic gateway, while international connectivity is overwhelmingly oriented towards North America, with the United States alone accounting for 67.0% of international capacity.
- **Colombia.** Colombia recovered to pre-pandemic capacity levels by 2022 and continues to expand strongly, with growth of +6.9% in 2025 and a further +8.4% projected for 2026. Domestic services account for 61.0% of capacity, although the

country also has significant intra-LAC (24.0%) and extra-LAC (15.1%) connectivity. Avianca is the clear market leader with 47.9% of capacity, while Bogota concentrates 38.5% of domestic capacity and serves as the principal international gateway. The United States, Panama, Spain and Mexico together account for more than half of Colombia's international capacity.

- **Argentina.** Argentina has recorded particularly strong recent growth, with scheduled capacity increasing by +12.6% in 2025 and a further +7.1% projected for 2026. Its market has a comparatively balanced domestic and intra-LAC profile, representing 48.8% and 37.7% of capacity, respectively. Aerolíneas Argentinas leads with 35.9%, followed by JetSMART (15.2%) and Flybondi (11.5%). Buenos Aires–Aeroparque dominates domestic connectivity, while Ezeiza is the main international gateway; Brazil is by far Argentina's largest international market, accounting for 32.0% of capacity.
- **Chile.** Chile recovered to pre-pandemic capacity levels by 2023, although recent growth has moderated and current schedules indicate a slight decline of -1.4% in 2026. Domestic services represent 56.0% of capacity and intra-LAC connectivity a further 33.4%. LATAM holds a dominant 57.7% market share, followed by Sky Airline (17.7%) and JetSMART (12.6%). Santiago is the clear center of both the domestic and international networks, while Brazil, Argentina and Peru are the three largest international markets and underline Chile's strong orientation towards intra-LAC connectivity.
- **Peru.** Peru surpassed pre-pandemic capacity only in 2024 and has subsequently maintained moderate growth, with a further +3.1% increase projected for 2026. Domestic services account for 57.8% of capacity and intra-LAC services for 30.3%, while LATAM dominates the airline market with an identical 57.8% share. Lima is the clear center of the network, accounting for 47.7% of domestic capacity and serving as the country's principal international gateway. Peru's international network is relatively diversified, with the United States (15.2%), Chile (14.7%) and Colombia (12.0%) as its three largest markets.
- **Panama.** Panama presents a fundamentally different market structure from most of the region's largest aviation markets. Domestic services represent only 2.2% of capacity, compared with 73.5% for intra-LAC and 24.4% for extra-LAC services, reflecting Tocumen's role as a major connecting hub. Copa Airlines accounts for 85.9% of total capacity and is the central operator underpinning this network structure. Panama has also maintained strong recent growth, with capacity increasing by +9.0% in 2025 and a further +11.3% projected for 2026; the United States and Colombia are its two largest international markets.
- **Dominican Republic.** The Dominican Republic is the most internationally oriented of the eight major markets, with extra-LAC services accounting for 72.7% of total capacity and domestic services only 0.2%. It also has a comparatively diversified airline structure: JetBlue is the largest carrier but accounts for only 18.3% of capacity, followed by Arajet (12.7%) and American Airlines (10.7%). The United States alone represents 48.3% of international capacity, while Punta Cana and Santo Domingo are the country's principal international gateways. Capacity recovered rapidly after the pandemic and is projected to grow by a further +4.4% in 2026.

2.3 Demand analysis

Passenger demand and traffic across LAC are analyzed using 2025 data from two complementary perspectives. First, passenger traffic is assessed on a **segment (leg) basis**, measuring the number of passengers transported on individual flight segments and therefore providing an overview of the traffic handled by LAC countries and airports, irrespective of the passengers' true origin and final destination. Second, **Origin-Destination (O&D)** data are used to identify the true origin and final destination of passenger journeys, including itineraries involving one or more intermediate connections. Together, these two perspectives provide a complementary view of both the passenger volumes handled across the regional airport system and the underlying travel demand between markets.

At country level, passenger traffic is relatively concentrated among LAC's largest aviation markets. Brazil handled 130.7 million passengers in 2025 (24.4% of the regional total), followed by Mexico with 122.9 million (23.0%) and Colombia with 58.6 million (10.9%), meaning that **these three countries together accounted for 58.3% of total LAC passenger traffic**. Concentration is substantially higher in the domestic market, where Brazil (38.0%), Mexico (23.8%) and Colombia (13.5%) jointly represent 75.3% of all passengers. International traffic is more geographically diversified: Mexico leads with 59.6 million international passengers (22.1%), followed by Brazil (11.0%) and Colombia (8.4%), with the three largest markets accounting for a considerably lower combined share of 41.5%. Panama and the Dominican Republic also gain prominence in the international market, accounting for 7.3% and 7.0% of traffic, respectively.

TOP-25 LAC countries by TOTAL PAX 2025

Country	Passengers (M)	Share vs Total LAC (%)
BRAZIL	130.7	24.4 %
MEXICO	122.9	23.0 %
COLOMBIA	58.6	10.9 %
ARGENTINA	33.2	6.2 %
PERU	28.4	5.3 %
CHILE	28.2	5.3 %
PANAMA	20.3	3.8 %
DOMINICAN REPUBLIC	19.0	3.6 %
COSTA RICA	9.1	1.7 %
ECUADOR	8.1	1.5 %
EL SALVADOR	6.1	1.1 %
JAMAICA	6.0	1.1 %
GUATEMALA	5.3	1.0 %
BOLIVIA	5.2	1.0 %
BAHAMAS	5.1	0.9 %
VENEZUELA	4.4	0.8 %
CUBA	4.2	0.8 %
ARUBA	3.3	0.6 %
HONDURAS	3.0	0.6 %
BELIZE	2.7	0.5 %
TRINIDAD AND TOBAGO	2.6	0.5 %
GUADELOUPE	2.5	0.5 %
CURAÇAO	2.3	0.4 %
BARBADOS	2.3	0.4 %
URUGUAY	2.3	0.4 %

TOP-25 LAC countries by DOMESTIC PAX 2025

Country	Passengers (M)	Share vs Total LAC (%)
BRAZIL	101.1	38.0 %
MEXICO	63.3	23.8 %
COLOMBIA	35.8	13.5 %
ARGENTINA	17.1	6.4 %
CHILE	16.0	6.0 %
PERU	15.9	6.0 %
ECUADOR	4.0	1.5 %
BOLIVIA	3.8	1.4 %
VENEZUELA	2.8	1.0 %
BELIZE	1.7	0.7 %
BAHAMAS	0.9	0.3 %
COSTA RICA	0.6	0.2 %
TRINIDAD AND TOBAGO	0.6	0.2 %
HONDURAS	0.5	0.2 %
PANAMA	0.5	0.2 %
GUATEMALA	0.4	0.2 %
CAYMAN ISLAND	0.3	0.1 %
TURKS AND CAICOS ISLANDS	0.1	0.0 %
NICARAGUA	0.1	0.0 %
HAITI	0.1	0.0 %
GUADELOUPE	0.1	0.0 %
CUBA	0.0	0.0 %
DOMINICAN REPUBLIC	0.0	0.0 %
URUGUAY	0.0	0.0 %
PARAGUAY	0.0	0.0 %

TOP-25 LAC countries by INTERNAT. PAX 2025

Country	Passengers (M)	Share vs Total LAC (%)
MEXICO	59.6	22.1 %
BRAZIL	29.6	11.0 %
COLOMBIA	22.7	8.4 %
PANAMA	19.8	7.3 %
DOMINICAN REPUBLIC	19.0	7.0 %
ARGENTINA	16.2	6.0 %
PERU	12.5	4.6 %
CHILE	12.2	4.5 %
COSTA RICA	8.5	3.2 %
EL SALVADOR	6.1	2.3 %
JAMAICA	6.0	2.2 %
GUATEMALA	4.9	1.8 %
BAHAMAS	4.2	1.6 %
CUBA	4.1	1.5 %
ECUADOR	4.0	1.5 %
ARUBA	3.3	1.2 %
GUADELOUPE	2.5	0.9 %
HONDURAS	2.5	0.9 %
CURAÇAO	2.3	0.9 %
BARBADOS	2.3	0.8 %
URUGUAY	2.3	0.8 %
ST MARTEEN	2.1	0.8 %
TRINIDAD AND TOBAGO	2.0	0.7 %
MARTINIQUE	2.0	0.7 %
VENEZUELA	1.6	0.6 %

Fig 6. Passenger Traffic by country in LAC: Total, Domestic and International (2025).

At airport level, passenger traffic is significantly less concentrated, reflecting its distribution across a broad regional airport network. São Paulo–Guarulhos (GRU) was the largest LAC airport in 2025, handling 47.0 million passengers (5.9% of the regional total), followed by Bogotá (42.2 million; 5.3%) and Mexico City (40.4 million; 5.0%). Together, the **three largest airports accounted for only 16.2% of total passenger traffic**. The ranking differs by market segment: GRU, BOG and São Paulo–Congonhas (CGH) lead domestic traffic and jointly account for 15.2%, while Panama City (PTY), Cancún (CUN) and GRU are the three

largest international gateways, together representing 20.6% of LAC's international passenger traffic.

Focusing specifically on **international passenger (leg) traffic**, intra-LAC services represent the largest market, accounting for 41.8% of international leg traffic in 2025, closely followed by the United States with 39.0%. Europe represents a further 13.3%, Canada 5.0%, and other international markets less than 1%. The geographical composition of international traffic, however, varies substantially across countries. Mexico and several Caribbean markets are strongly oriented towards the United States and Canada, while South American markets generally show a more balanced distribution between intra-LAC, North American and European traffic. Panama stands out for the predominance of intra-LAC traffic, consistent with the role of Tocumen as a major connecting hub within the region.



Fig 7. International passenger traffic distribution by market 2025 (LEFT: by country, RIGHT: by airport).

The analysis now shifts from segment (leg) traffic to **Origin-Destination (O&D) passenger demand**, which identifies the true origin and final destination of each journey regardless of any intermediate connections. This perspective makes it possible to assess not only the size and distribution of passenger demand across LAC markets, but also the extent to which this demand is served by non-stop services. For this purpose, the analysis uses the **Direct Connectivity Index,** defined as the share of total O&D passenger demand travelling non-stop to its final destination. An index of 100% would indicate that all passenger demand is served by non-stop services, while lower values indicate a greater reliance on connecting itineraries.

Total O&D passenger demand is strongly concentrated in the region's largest aviation markets. **Mexico** and **Brazil** each generated more than 110 million O&D passengers in 2025, more than twice the volume recorded by Colombia, the third-largest market with 49 million passengers. Argentina (31 million), Chile (25 million), Peru (24 million) and the Dominican Republic (19 million) follow, while all remaining LAC markets recorded fewer

than 10 million O&D passengers. **LATAM is the largest airline in terms of O&D passenger** demand, although the analysis also reveals differences between airline business models: network carriers such as LATAM, Avianca and Copa carry a comparatively significant proportion of passengers through connecting itineraries, whereas carriers such as GOL, Volaris and Viva Aerobus predominantly serve point-to-point demand, resulting in a higher proportion of non-stop passengers.

At regional level, **76.1% of total O&D passenger demand was served by non-stop itineraries** in 2025, while 23.9% required at least one intermediate connection. Direct connectivity is relatively high and similar across most of the largest LAC markets, with approximately four out of every five passengers travelling non-stop in Mexico (79.1%), Brazil (79.2%), Chile (80.3%), Peru (79.4%) and Panama (81.4%). Colombia (75.4%), Argentina (73.1%) and the Dominican Republic (71.9%) also record comparatively high levels. Greater reliance on indirect itineraries is observed in several medium-sized and smaller markets: Costa Rica, for example, records a Direct Connectivity Index of 59.3%, while Ecuador, Jamaica, Guatemala and the Bahamas also show a higher dependence on connecting services. This dependence becomes more pronounced in several smaller LAC and Caribbean markets.

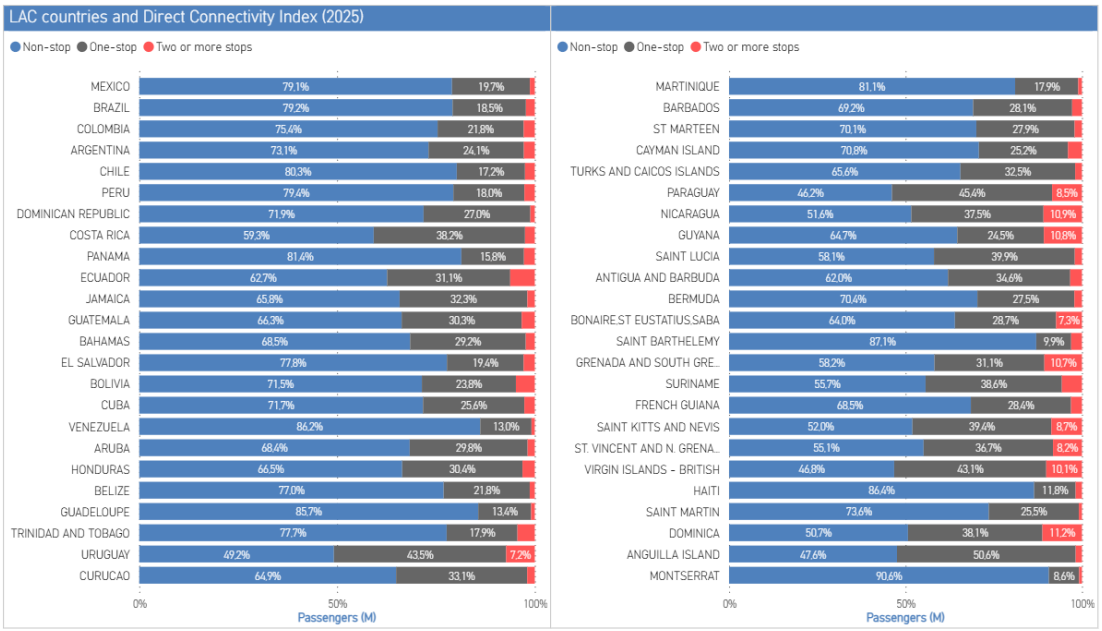


Fig 8. Direct connectivity Index by LAC countries (2025).

Within the **domestic O&D market**, Brazil and Mexico remain by far the largest markets in LAC, followed by Colombia and Argentina, reflecting the importance of domestic air travel across the region's largest countries. LATAM is the leading airline group in terms of domestic O&D passenger demand, followed by GOL, Volaris, Viva Aerobus and Azul, confirming the significant role of both network and low-cost carriers in the region's domestic markets. Direct connectivity is particularly high: **91.4% of domestic O&D passenger demand in LAC travels non-stop to its final destination**, indicating that only a relatively small proportion of domestic journeys require an intermediate connection.

Turning to **international O&D passenger demand**, the analysis first considers intra-LAC and extra-LAC flows together to provide an overall view of LAC's international passenger markets. International demand is strongly concentrated within the Americas: in 2025, the

United States accounted for 42.4% of total international O&D passenger demand, followed by intra-LAC flows with 34.6% and Canada with 5.6%. Together, these markets represented 82.6% of LAC's international passenger demand. Outside the Americas, Europe was by far the largest market, accounting for 15.0% of total demand, while Asia represented only 1.8% and other markets less than 1%. The country-flow analysis further highlights the dominant position of the United States, particularly the Mexico–United States market, while also identifying the main passenger flows within LAC and between the region and Europe, Canada and Asia.

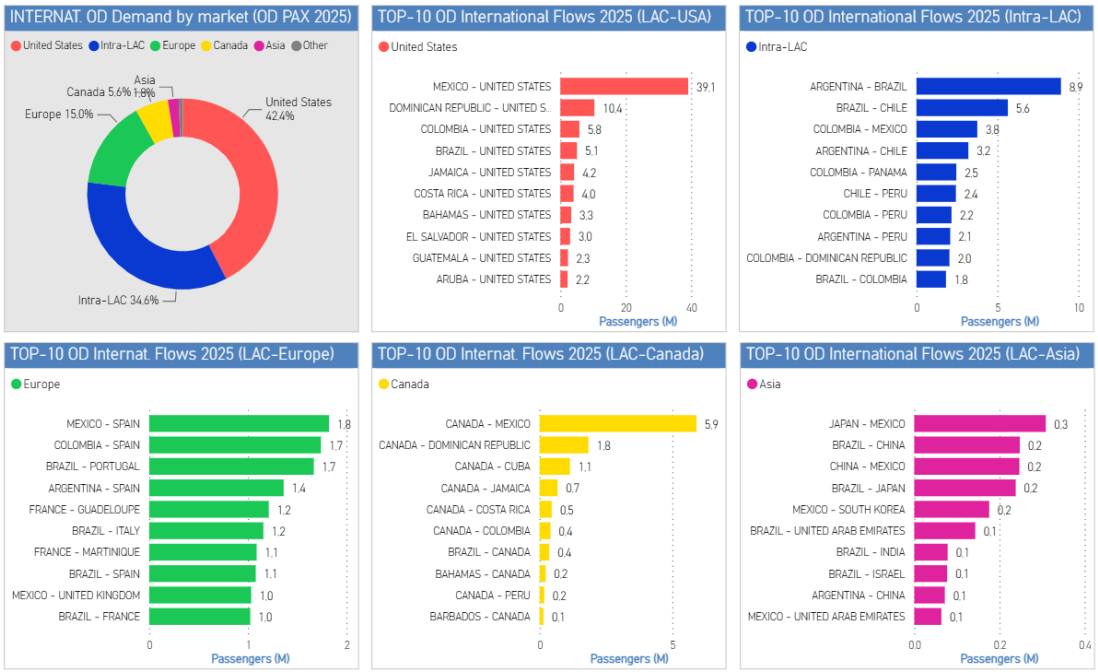


Fig 9. Total International Origin-Destination Demand by market and main flows (2025).

In the **intra-LAC international market**, O&D passenger demand is more evenly distributed across the region's major markets. Brazil is the largest market, with 11.4 million O&D passengers in 2025, followed closely by Argentina (10.4 million), Colombia (9.6 million) and Chile (7.7 million), while Mexico falls to fifth position with 6.7 million passengers. LATAM remains the leading airline, accounting for 18.1% of intra-LAC O&D demand, closely followed by Copa (16.5%) and Avianca (12.7%). The **importance of connecting traffic increases considerably** in this market, particularly for the major network carriers: LATAM, Copa and Avianca carry a significant proportion of passengers through connecting itineraries, while almost half of Copa's intra-LAC O&D passengers travel indirectly, reflecting the central role of its hub-and-spoke network at Tocumen. Overall, the **Direct Connectivity Index declines to 68.5%**, compared with 91.4% for domestic demand, meaning that almost one third of intra-LAC O&D passengers require at least one intermediate connection. Panama stands out with a particularly high Direct Connectivity Index of 93.0%, reflecting the extensive intra-LAC network available through Tocumen and Copa Airlines.

Intra-LAC demand is also relatively concentrated around a limited number of major country pairs, with the **25 largest flows accounting for more than 60% of total O&D demand** and Argentina–Brazil representing the largest individual market. For passengers travelling indirectly, connections are concentrated around a limited number of regional hubs.

Panama City–Tocumen (PTY), Bogotá (BOG), Lima (LIM) and São Paulo–Guarulhos (GRU) are the principal intermediate airports and together account for more than half of intra-LAC connecting passenger flows. Their roles nevertheless differ: PTY primarily functions as a regional connecting hub linking markets across LAC, while GRU's connecting role is more closely associated with the size of the Brazilian network and the distribution of passengers between international and domestic services.

Extra-LAC O&D passenger demand is considerably more concentrated than intra-LAC demand, with **Mexico clearly dominating the market**. In 2025, Mexico generated more than 52 million extra-LAC O&D passengers, more than three times the volume recorded by Brazil (14.9 million), the second-largest market, closely followed by the Dominican Republic (14.5 million) and Colombia (10.0 million). The airline structure is dominated by North American carriers: American Airlines leads the market with 14.6% of O&D passenger demand, followed by United Airlines (9.6%), Delta Air Lines (7.1%) and JetBlue Airways (6.4%), with these four airlines together accounting for almost 40% of the market. Connecting traffic is particularly relevant among the major network carriers, whose hub-and-spoke networks play an important role in distributing extra-LAC passenger demand through their respective hubs.

Direct connectivity declines substantially when considering extra-LAC demand. **Only 57.7% of extra-LAC O&D passengers travelled non-stop to their final destination** in 2025, compared with 68.5% in the intra-LAC market and 91.4% in the domestic market. Differences across LAC countries are also significant: Mexico (67.4%) and the Dominican Republic (72.8%) record comparatively high levels of direct connectivity, supported by their extensive direct networks to North America, whereas major South American markets such as Brazil (32.3%), Argentina (33.4%), Peru (32.1%) and Chile (25.1%) rely much more heavily on connecting itineraries.

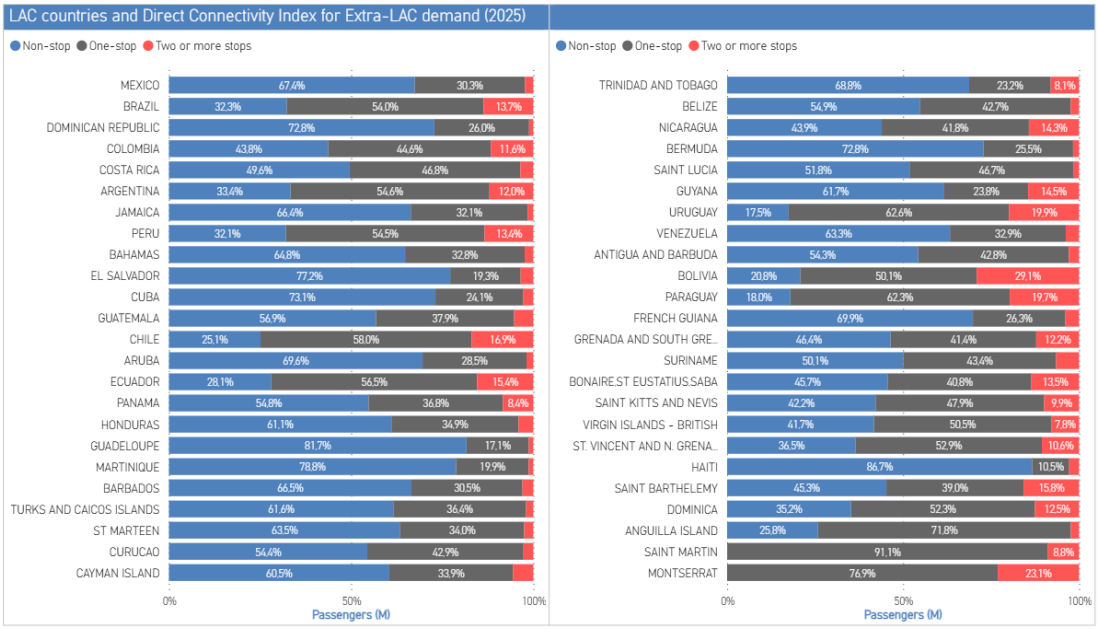


Fig 10. Direct connectivity Index by LAC countries for Extra-LAC demand (2025).

This pattern also varies substantially by destination region. North America, which represents 73.3% of total extra-LAC O&D demand, records the highest Direct Connectivity Index

(64.7%), while Western Europe shows a more balanced distribution between non-stop (45.2%) and one-stop (44.7%) itineraries. Connectivity with more distant markets is substantially more dependent on intermediate connections: only 9.5% of O&D passengers travelling between LAC and Far East Asia use non-stop services.

Extra-LAC demand is also highly concentrated around a limited number of major country pairs. The **five largest O&D flows account for almost half of total extra-LAC demand**, led by Mexico–United States, which alone represents 25.3%, followed by Dominican Republic–United States (6.7%), Canada–Mexico (3.8%), Colombia–United States (3.8%) and Brazil–United States (3.3%). The United States dominates the ranking, accounting for 12 of the 13 largest extra-LAC passenger flows. For passengers travelling indirectly, connecting traffic is distributed across a broader range of global hubs than in the intra-LAC market. Miami is the largest intermediate hub, accounting for 9.7% of indirect extra-LAC journeys, followed by Madrid (7.7%), Atlanta (7.3%), Houston (6.7%) and Dallas/Fort Worth (5.5%), while Panama City–Tocumen (4.8%), São Paulo–Guarulhos (4.7%) and Paris Charles de Gaulle (3.3%) also play significant connecting roles.

Finally, the analysis provides a more detailed overview of the **eight largest O&D passenger markets** in LAC in 2025: Mexico, Brazil, Colombia, Argentina, Chile, Peru, the Dominican Republic and Costa Rica. Together, these markets account for more than 80% of total O&D passenger demand across the region. The following summary highlights the main characteristics of each market, including the distribution of domestic and international demand, the principal airlines and passenger flows, Direct Connectivity Index levels across different market segments, and the role of the main intermediate hubs in serving indirect passenger demand.

- **Mexico.** Mexico is the largest O&D passenger market in LAC and has a comparatively balanced domestic and international demand structure. Domestic demand accounts for 48.4% of the total, while the United States alone represents 34.3%, confirming the exceptional importance of the US market for Mexican passenger demand. Volaris and Viva Aerobus are the two largest airlines, followed by Aeromexico. Direct connectivity is high overall (79.1%) and particularly strong domestically (92.9%), but declines to 55.7% for intra-LAC demand. Major US and Mexican airports, together with Panama City, act as the principal hubs for indirect international journeys.
- **Brazil.** Brazil's O&D market is overwhelmingly domestic, with domestic demand accounting for 76.6% of the total. Intra-LAC is the second-largest segment (10.2%), followed by Europe (6.8%), while the United States represents only 4.5% of total O&D demand. LATAM, GOL and Azul dominate the market. Overall direct connectivity is high (79.2%), particularly domestically (89.4%), but declines to 63.6% for intra-LAC and only 32.3% for extra-LAC demand. São Paulo–Guarulhos is the principal hub for indirect international demand, complemented by major European and regional hubs.
- **Colombia.** Colombia's O&D market is primarily domestic, accounting for 60.1% of total demand, followed by intra-LAC services (19.6%), the United States (12.5%) and Europe (6.3%). Avianca clearly leads the airline market, followed by LATAM. Colombia records an overall Direct Connectivity Index of 75.4%, rising to 90.0% domestically but declining to 63.6% for intra-LAC and 43.8% for extra-LAC demand. Bogota plays

a central role in connecting traffic, while Panama City is also an important intermediate hub for international journeys.

- **Argentina.** Argentina has one of the most balanced domestic and international demand structures among the major LAC markets. Domestic demand represents 48.7% of the total and intra-LAC demand a further 33.7%, followed by Europe (9.2%) and the United States (6.7%). Aerolíneas Argentinas is the leading airline. The overall Direct Connectivity Index reaches 73.1%, including 92.5% domestically and 66.0% for intra-LAC demand, but falls to 33.4% for extra-LAC markets. Indirect international demand is primarily channeled through major South American and European hubs.
- **Chile.** Chile's O&D market is predominantly domestic (57.7%), while intra-LAC demand represents a further 31.5%. Extra-regional demand is comparatively limited, with Europe accounting for 4.7% of total O&D demand and the United States for 4.0%. LATAM is the dominant airline, followed by Sky Airline and JetSMART. Chile records one of the highest overall Direct Connectivity Index values among the major markets (80.3%), reaching 95.5% domestically and 71.3% within LAC, but falling sharply to 25.1% for extra-LAC demand.
- **Peru.** Peru's O&D market is also predominantly domestic, accounting for 59.9% of total demand, followed by intra-LAC services (23.7%), the United States (8.0%) and Europe (6.6%). LATAM has a particularly strong position in the market. Peru records a high overall Direct Connectivity Index of 79.4%, including 94.3% domestically and 74.3% for intra-LAC demand, but only 32.1% for extra-LAC markets. Lima plays the central role in both domestic and international connecting traffic, complemented by major regional, European and US hubs.
- **Dominican Republic.** The Dominican Republic has a markedly different demand structure from the other major LAC markets, with virtually all O&D demand being international. The United States alone accounts for 55.8% of total passenger demand, followed by intra-LAC markets (22.0%), Europe (11.8%) and Canada (9.9%). Its airline structure is comparatively diversified, with JetBlue as the largest operator. Despite its strong international orientation, the country records a relatively high overall Direct Connectivity Index of 71.9%, including 72.8% for extra-LAC and 68.4% for intra-LAC demand.
- **Costa Rica.** Costa Rica is similarly international-oriented, with the United States representing 46.7% of total O&D demand, followed by intra-LAC markets (30.0%), Europe (10.5%), domestic demand (6.4%) and Canada (5.2%). Its airline structure is highly diversified, with United, American, Avianca and Copa among the principal operators. Costa Rica records the lowest overall Direct Connectivity Index among the eight largest markets (59.3%), despite very high domestic connectivity (90.9%); extra-LAC direct connectivity falls to 49.6%, reflecting a substantially greater reliance on connecting itineraries.

2.4 Regional aviation

Regional aviation plays an important role in the LAC air transport system, supporting connectivity between secondary cities and remote communities and complementing services operated with larger commercial aircraft. As there is no universally accepted definition of regional aviation, this study adopts a consistent aircraft-capacity criterion: **regional aviation is defined as scheduled operations performed with aircraft configured with fewer than 100 seats**. This definition is applied consistently throughout the analysis to assess the evolution, geographical distribution and network characteristics of regional aviation across LAC.

For analytical purposes, scheduled operations are classified into four aircraft categories according to seating capacity: Regional Aircraft (fewer than 100 seats), Narrow-body Aircraft (100–199 seats), Medium Wide-body Aircraft (200–299 seats) and Large Wide-body Aircraft (300 seats or more). This classification allows the relative role of regional aviation to be assessed consistently against the other aircraft categories operating across the region.

Regional aviation has experienced a significantly slower post-pandemic recovery than the overall LAC air transport market. Scheduled seat capacity operated by regional aircraft declined from approximately 70 million seats in 2019 to around 40 million in 2026, and its share of total scheduled capacity fell from 11.8% to 5.8% over the same period. The role of regional aircraft is substantially greater when measured in terms of **flight operations**, reflecting their lower average seating capacity: in 2026, **regional aircraft account for 20.9% of scheduled commercial operations in LAC**, compared with only 5.8% of seat capacity. Nevertheless, the operational share of regional aviation has also declined significantly from pre-pandemic levels, confirming that its recovery has lagged behind that of larger aircraft categories and that the post-pandemic expansion of the LAC market has been driven primarily by narrow-body aircraft.

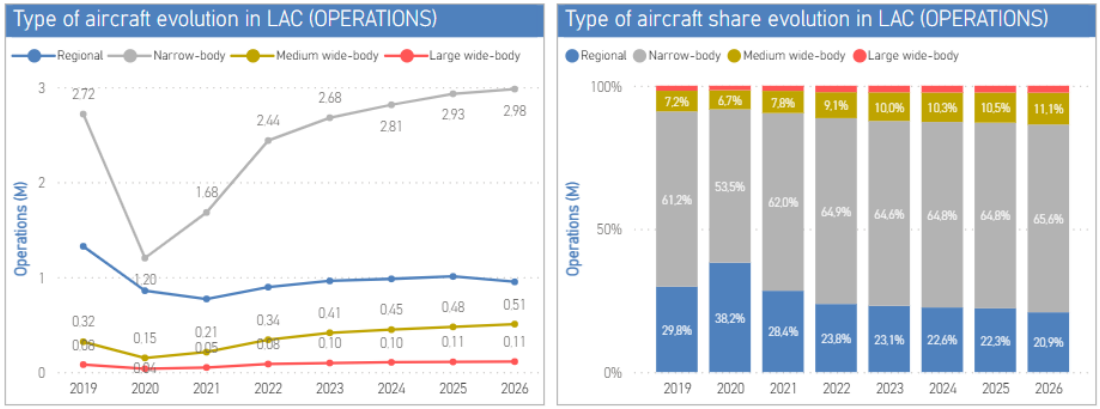


Fig 11. Type of aircraft evolution in LAC by operations (2019-2026) (LEFT: Absolut figures; RIGHT: Market share).

The **geographic distribution of regional aviation** varies considerably across LAC. In terms of scheduled seat capacity, the Caribbean represents the largest regional aviation market, accounting for 35.1% of the regional total in 2026, followed by South America (33.1%), Mexico (18.8%) and Central America (12.9%). At country level, Mexico, Colombia, Argentina and Brazil account for the largest volumes of regional seat capacity, largely supported by their extensive domestic markets. However, regional aviation is also particularly significant across the Caribbean, where smaller aircraft play an important role

in connecting island states and territories. The type of services operated also differs geographically: regional aircraft are predominantly used for intra-LAC international services in the Caribbean, whereas domestic operations are more prominent in South and Central America. Mexico presents a distinct profile, combining a predominantly domestic regional network with a significant extra-LAC component, mainly serving the southern United States.

The distribution becomes even more pronounced when regional aviation is measured in terms of **flight operations**. The Caribbean accounts for 42.5% of all regional aircraft operations in LAC, followed by Central America (23.8%), South America (23.7%) and Mexico (10.0%), reinforcing the importance of smaller aircraft and high-frequency services in the Caribbean and Central American markets. At country level, Belize becomes the largest regional aviation market in terms of flight operations, overtaking Mexico, with almost all of its regional activity dedicated to domestic services. Colombia, Brazil and Costa Rica also rank among the largest markets by number of regional operations. By contrast, Argentina, despite ranking among the leading countries in terms of regional seat capacity, falls significantly in the ranking by operations. This contrast reflects the different operating models across LAC, with smaller Caribbean and Central American markets relying on a larger number of movements using smaller aircraft, while larger South American markets tend to concentrate capacity in fewer operations with higher-capacity regional aircraft.

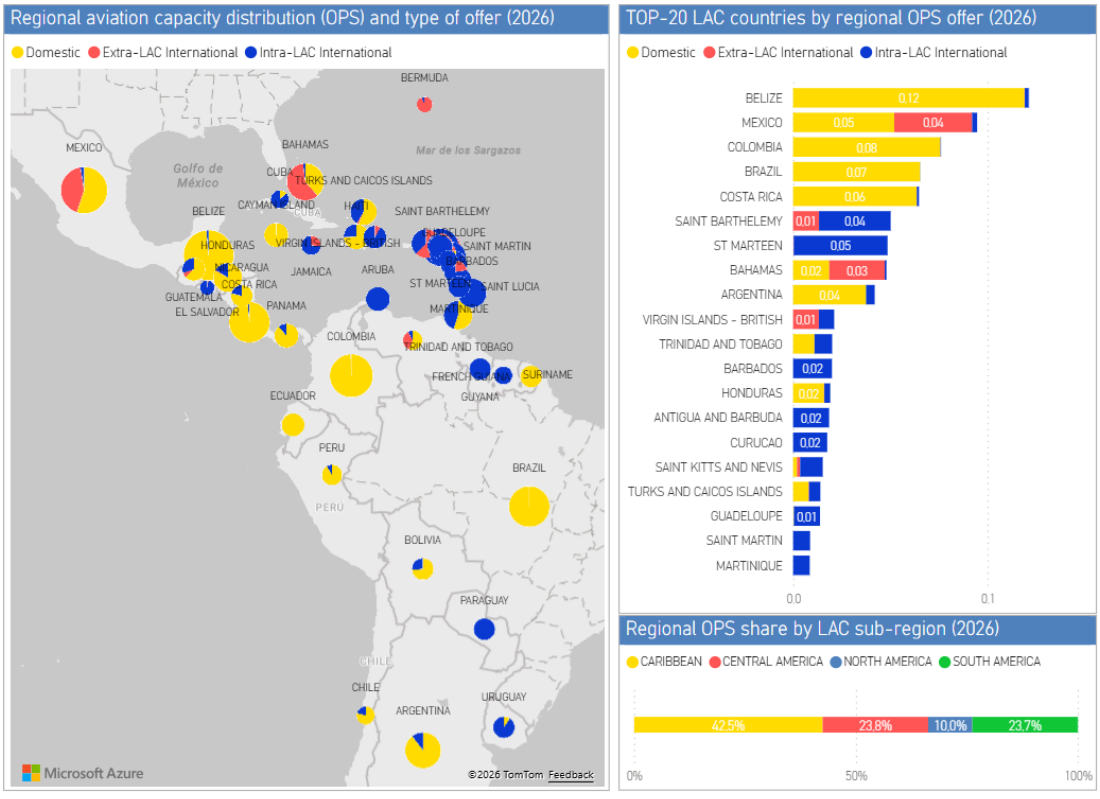


Fig 12. Regional aviation distribution in LAC, in terms of operations (2026).

When regional aviation capacity is normalized by population, significant differences also emerge among continental LAC markets. **Peru**, **Venezuela**, **Chile** and **Ecuador** record particularly low levels of regional aviation relative to their population. These ratios are substantially lower than those observed in countries such as Costa Rica, Panama, Uruguay,

Argentina, Colombia or Honduras. The comparison highlights the comparatively limited presence of regional aircraft operations in several sizeable continental LAC markets.

Regional aviation in LAC is primarily oriented **towards domestic connectivity**, which accounts for 55.5% of all regional aircraft operations, followed by intra-LAC international services (33.4%) and extra-LAC international services (11.1%). This pattern is also reflected among the busiest regional routes: 14 of the 25 busiest regional routes are domestic. Domestic regional networks are particularly relevant in countries such as Belize, Brazil, Colombia and Argentina, while intra-LAC regional routes are especially prominent across the Caribbean and parts of Central America. Extra-LAC regional services are much more geographically concentrated, primarily linking Mexico with the United States and, to a lesser extent, Florida with Caribbean markets. The following graphic shows the busiest regional routes, selected from a network of **more than 900 airport pairs**:

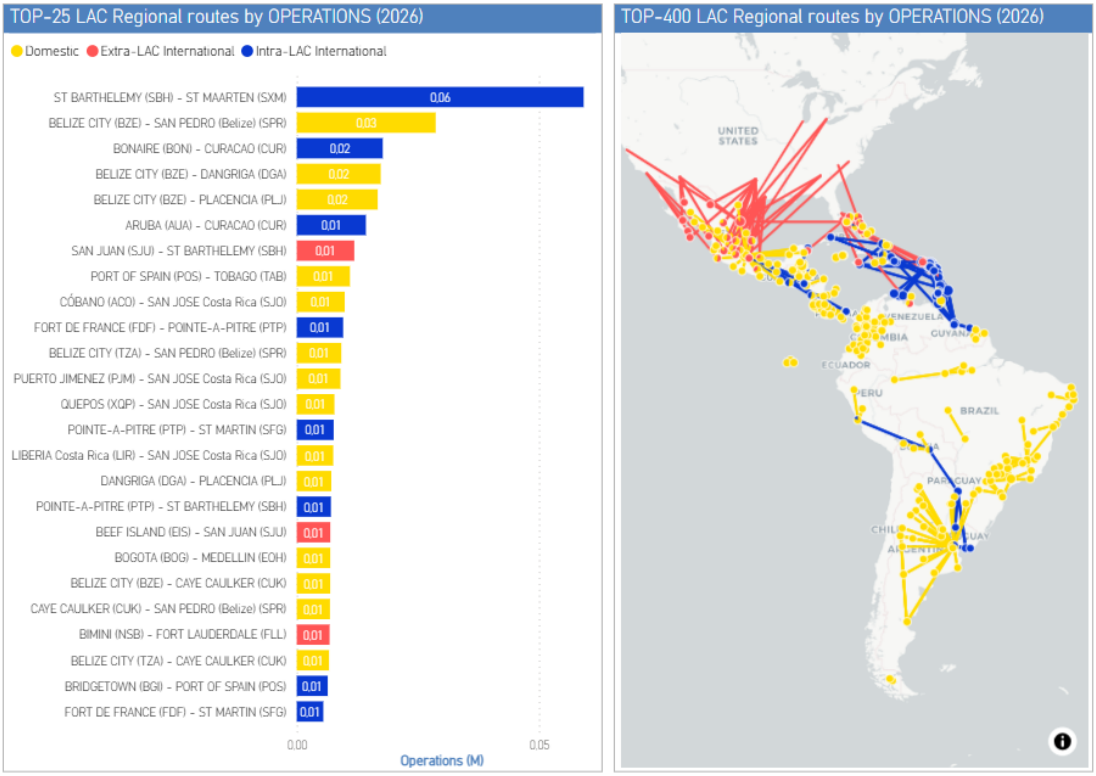


Fig 13. Main regional routes in LAC in terms of operations (2026).

Regional aviation in LAC is fundamentally a short-haul activity, with **more than 80% of all regional aircraft operations performed on routes shorter than 500 km**. This is also reflected in average stage lengths, which reach only 325 km for domestic services and 335 km for intra-LAC international services. By contrast, extra-LAC regional services have a substantially longer average stage length of 933 km, largely reflecting cross-border operations between Mexico and the United States.

Within the regional aircraft segment, defined in this study as aircraft with fewer than 100 seats, **four subcategories are distinguished** according to seating capacity: commuter aircraft (fewer than 20 seats), small regional aircraft (20–49 seats), medium regional aircraft (50–79 seats) and large regional aircraft (80–99 seats). The fleet mix is highly diverse: commuter aircraft represent the largest category, accounting for 42.5% of all regional aircraft operations in LAC, followed by medium regional aircraft (27.8%), small

regional aircraft (17.4%) and large regional aircraft (12.2%). Typical aircraft range from Cessna Caravan in the commuter segment to ATR 42 and ATR 72 turboprops in the small and medium categories, and Embraer E-Jets in the large regional segment. Fleet composition also varies significantly across markets, with smaller aircraft particularly prevalent in Belize, Costa Rica and several Caribbean markets, while larger regional aircraft are more prominent in major markets such as Mexico and Argentina.

The airline landscape reflects this diversity of operating models. When measured by flight operations, the market is led by specialized **regional carriers** such as Maya Island Air, Winair, SANSA and Tropic Air, which operate high-frequency services using small commuter aircraft, particularly in Belize, Costa Rica and the Caribbean. By contrast, when measured by seat capacity, airlines operating larger regional aircraft become more prominent, with Aeroméxico and Aerolíneas Argentinas occupying the leading positions, followed by Azul and Clic. Overall, the market therefore combines **two complementary operating models**: high-frequency services using small aircraft, particularly in remote and island markets, and larger regional aircraft serving higher-demand domestic and international feeder markets.

The analysis of **airport pairs** further illustrates the structure and evolution of the regional aviation network in LAC. In 2026, 60.1% of airport pairs operated with regional aircraft were domestic, 23.2% were intra-LAC international and 16.7% were extra-LAC international, meaning that international services accounted for almost 40% of the regional aviation network. Compared with 2019, however, the number of airport pairs has declined across all three segments, with the most significant contraction occurring in extra-LAC connectivity.

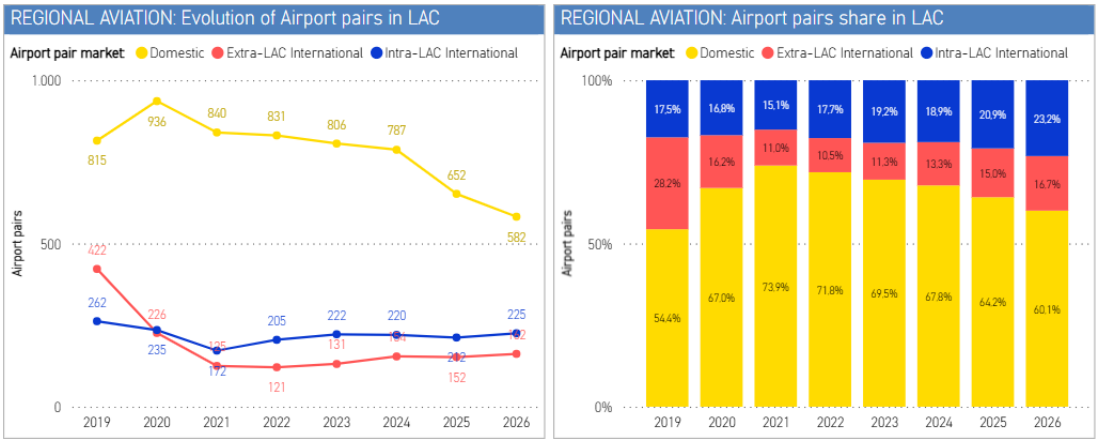


Fig 14. LEFT: Evolution of airport pairs for regional aviation in LAC (2019-2026). RIGHT: Share of airport pairs for regional aviation by type in LAC (2019-2026).

Focusing specifically on international airport pairs, this contraction is largely explained by the **reduction in regional aircraft connectivity between LAC and the United States**, where the number of airport pairs declined from 419 in 2019 to 157 in 2026. As a result, the composition of the international regional aviation network has shifted considerably: intra-LAC services now represent 58.1% of international airport pairs operated with regional aircraft, compared with 40.6% for the United States and 1.3% for Canada.

The analysis also assesses the role of regional aviation in connecting airports of different market sizes. For this purpose, airports offering more than 5 million annual seats are classified as **Primary Airports**, while those below this threshold are considered **Secondary Airports**. Focusing on intra-LAC connectivity, the results highlight the important role of regional aircraft in connecting secondary markets: **50.3% of airport pairs connect two Secondary Airports** and a further 46.0% connect a Primary and a Secondary Airport. Consequently, more than 96% of intra-LAC airport pairs operated with regional aircraft involve at least one Secondary Airport, while only 3.7% connect two Primary Airports. Smaller regional aircraft are also more prevalent on Secondary–Secondary connections, while larger regional aircraft become progressively more prominent as the size of the airports connected increases.

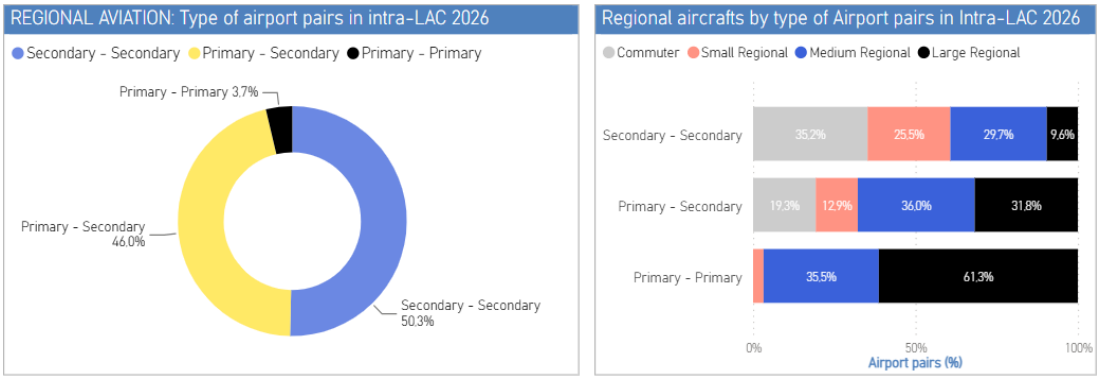


Fig 15. Regional aviation: Type of airport pairs for intra-LAC offer (LEFT) and Regional aircraft type share (RIGHT).

2.5 Key findings

Based on the connectivity analysis presented in the preceding sections, this section summarizes the main findings emerging from the assessment of the LAC air transport system. The findings are structured around the four dimensions analyzed — airport system, air transport offer, passenger demand and regional aviation — and highlight the most relevant characteristics, trends and connectivity patterns identified across the region.

AIRPORT SYSTEM

- LAC has an extensive but highly heterogeneous airport network. The region comprises 546 commercial airports, but **more than half of them (55.7%) are concentrated in only four countries** — Brazil, Colombia, Mexico and Argentina — which together also account for 64.2% of total scheduled seat capacity.
- The airport system is characterized by a very broad base of small airports and a limited number of major gateways. 73.0% of LAC airports handle fewer than 1 million annual seats, while 92.4% remain below 5 million. At the other end of the network, **only 23 airports exceed 10 million annual seats**, including just three — Bogotá, São Paulo–Guarulhos and Mexico City — above 50 million.
- Despite their limited number, large airports concentrate a substantial share of regional capacity. The **23 airports exceeding 10 million annual seats account for 55.7% of total scheduled capacity**, while the 399 airports below 1 million seats represent 73.0% of the airport network but only 7.6% of total capacity. This highlights the strongly hierarchical structure of the LAC airport system.
- **Airport capacity has become increasingly concentrated in the largest airport categories**. The combined share of scheduled capacity handled by airports above 20 million annual seats increased from 34.9% in 2019 to 42.4% in 2026, indicating a gradual strengthening of the role of the region's largest gateways.
- The structure of airport networks differs substantially across LAC subregions. South America and Mexico concentrate most of the region's larger airports, while the Caribbean has a particularly fragmented airport system dominated by small airports, reflecting a markedly different airport network structure across the region.

OFFER ANALYSIS

- LAC air transport capacity has fully recovered from the COVID-19 shock and is now above pre-pandemic levels, although growth is moderating. After falling by -53.3% in 2020, scheduled capacity recovered to 2019 levels in 2023 and subsequently grew by +5.3% in both 2024 and 2025, with a further +2.7% increase projected for 2026. The recovery has nevertheless been uneven across market segments, **with domestic capacity recovering earlier** than international connectivity.
- Air transport supply is concentrated in a relatively small number of large national markets. **Brazil and Mexico alone account for 46.3% of all scheduled seat capacity** in LAC, increasing to 57.8% when Colombia is included. The seven largest markets — Brazil, Mexico, Colombia, Argentina, Chile, Peru and Panama — represent more than 75% of total regional capacity.

- A limited number of airline groups account for a significant share of LAC capacity. LATAM is the largest operator, with 18.2% of scheduled capacity, followed by Avianca (9.0%), Copa Airlines (7.2%) and GOL (7.1%). The six largest airline groups together account for more than half of all scheduled seats in the region, although their relative importance differs substantially between domestic, intra-LAC and extra-LAC markets.
- **International capacity is strongly oriented towards connectivity within LAC and with the United States**. Intra-LAC services represent 45.6% of total international seat capacity, while the United States accounts for a further 35.3%. Together, these two markets therefore represent more than 80% of LAC's international capacity, compared with 12.8% for Europe, 4.5% for Canada and only 1.9% for all other world regions combined.
- Intra-LAC connectivity has recovered strongly, but the overall network still comprises fewer direct airport connections than before the pandemic. Intra-LAC airport pairs increased from 586 in 2019 to 603 in 2026, whereas **total LAC airport pairs declined from 3,959 to 3,306**. This contraction is primarily explained by extra-LAC connectivity, where airport pairs fell from 1,967 to 1,417, with the reduction in connections with the United States accounting for an important part of the decline.
- **Multi-stop and triangular services remain a relevant mechanism for extending long-haul connectivity to smaller LAC markets**. Several European and intercontinental airlines use intermediate stops within the region to serve markets that may not support standalone long-haul services, allowing the same operation to connect multiple LAC destinations. This model is particularly visible among selected European and other long-haul operators and illustrates an alternative mechanism for broadening intercontinental network coverage.
- Post-pandemic recovery and recent growth have been uneven across LAC's largest aviation markets. Mexico, Colombia and the Dominican Republic were among the earliest major markets to surpass pre-pandemic capacity, doing so by 2022, while Peru did not recover until 2024. More recently, Panama, Argentina and Colombia stand out for particularly strong capacity growth, with 2026 increases of +11.3%, +7.1% and +8.4%, respectively, whereas growth has moderated in several other major markets and Chile is projected to decline slightly (-1.4%) in 2026.

DEMAND ANALYSIS

- Passenger traffic is strongly concentrated in LAC's largest aviation markets, particularly for domestic travel. **Brazil, Mexico and Colombia jointly account for 58.3% of total passenger traffic**, with Brazil and Mexico consistently occupying the leading positions. This concentration is considerably stronger for domestic traffic, whereas international traffic is more geographically diversified: the three largest international markets — Mexico, Brazil and Colombia — account for 41.5% of international passengers, with Panama and the Dominican Republic also gaining significant prominence.
- At airport level, passenger traffic is considerably less concentrated, while international traffic highlights the role of major gateways and hubs. GRU, BOG and MEX, **the three largest airports by total passenger traffic, jointly represent only 16.2% of LAC traffic**.

The international ranking differs substantially, with Panama City (PTY), Cancún (CUN) and São Paulo–Guarulhos (GRU) occupying the first three positions and jointly accounting for 20.6% of international passenger traffic, reflecting the importance of airports with strongly international traffic profiles.

- LAC passenger demand presents relatively high overall direct connectivity, but performance varies significantly across markets. In 2025, **76.1% of total O&D passenger demand travelled non-stop between its true origin and final destination**. Around four out of every five passengers travelled directly in several major markets, including Mexico, Brazil, Chile, Peru and Panama, while greater reliance on connecting itineraries is observed in Costa Rica and several smaller LAC and Caribbean markets.
- The main connectivity gap emerges in international rather than domestic travel. **The Direct Connectivity Index reaches 91.4% for domestic demand, compared with 68.5% for intra-LAC demand and 57.7% for extra-LAC demand**. Almost one-third of passengers travelling between LAC countries therefore require at least one intermediate connection, with dependence on connecting itineraries increasing further for travel outside the region. Panama stands out within the intra-LAC market, with a 93.0% DCI, supported by the extensive network available through Tocumen and Copa Airlines.
- The United States becomes LAC's largest international market when passenger demand is measured by true origin and final destination. While intra-LAC services account for the largest share of international seat capacity (45.6%), O&D data show that the **United States represents 42.4% of international passenger demand**, ahead of intra-LAC flows at 34.6%. Europe represents a further 15.0%, Canada 5.6% and Asia only 1.8%. This difference between supply and O&D demand highlights the importance of considering passengers' true destinations, particularly in markets with significant connecting traffic.
- Connectivity patterns differ substantially among LAC's largest passenger markets, particularly for extra-LAC travel. While the major markets generally record strong domestic direct connectivity, their ability to serve extra-LAC demand non-stop varies considerably. The Dominican Republic records a comparatively high 72.8% extra-LAC DCI, while Brazil (32.3%), Argentina (33.4%), Peru (32.1%) and Chile (25.1%) show much greater reliance on connecting itineraries for travel outside LAC. Costa Rica, meanwhile, records the lowest overall DCI among the eight largest markets (59.3%)

REGIONAL AVIATION

- **Regional aviation has not recovered its pre-pandemic scale and has lost relative weight within the LAC air transport market**. Regional aircraft capacity declined from approximately 70 million seats in 2019 to around 40 million in 2026, reducing its share of total scheduled capacity from 11.8% to 5.8%. The decline is also evident in operations, from approximately 1.3 million flights in 2019 to 0.9 million in 2026, with the corresponding share falling from 29.8% to 20.9%. Regional aviation nevertheless

remains considerably more important in terms of operations than seat capacity, reflecting the higher frequencies and smaller aircraft associated with this segment.

- The Caribbean accounts for 42.5% of all regional aircraft operations, followed by Central America (23.8%), South America (23.7%) and Mexico (10.0%). Belize is the largest individual market by number of regional operations, while Colombia, Brazil and Costa Rica also rank prominently. The function of these services also varies geographically: **domestic operations predominate in continental markets, intra-LAC services are particularly important across the Caribbean, while extra-LAC regional operations are largely concentrated between Mexico and the United States** and, to a lesser extent, Florida and the Caribbean.
- The relative intensity of regional aviation varies significantly among major continental LAC markets. When regional capacity is normalized by population, **Peru, Venezuela, Chile and Ecuador record particularly low levels of regional aviation**. These results indicate a comparatively limited presence of regional aircraft in several sizeable continental markets, without necessarily implying an insufficient or potential level of service.
- Regional aviation is fundamentally a short-haul activity and is primarily oriented towards domestic and intra-LAC connectivity. Domestic services account for 55.5% of regional aircraft operations, followed by intra-LAC services (33.4%) and extra-LAC services (11.1%), while more than **80% of all regional operations are performed on routes shorter than 500 km**.
- **The regional aviation network remains substantially smaller than before the pandemic, particularly in its international links with the United States.** Airport pairs have declined across domestic, intra-LAC and extra-LAC segments compared with 2019, with the most pronounced contraction affecting extra-LAC connectivity.
- Regional aviation plays a particularly important role in connecting secondary airports and is supported by two distinct operating models. **More than 96% of intra-LAC airport pairs operated with regional aircraft involve at least one Secondary Airport: 50.3% connect two Secondary Airports and 46.0% connect a Primary and a Secondary Airport, while only 3.7% connect two Primary Airports**. Smaller commuter aircraft and specialized carriers such as Maya Island Air, Winair, SANSA and Tropic Air support high-frequency connectivity in remote and island markets, while larger regional aircraft operated by carriers such as Aeroméxico, Aerolíneas Argentinas, Azul and Clic serve higher-demand domestic and feeder markets.

3. MARKET CONCENTRATION

The levels of competition that characterize the aviation market in LAC have also been analyzed by considering the most used concentration indicators and capacity shares by type of airline. The analysis has been made for the entire region, country, airport and route level. Furthermore, a differentiation by market segment (domestic, international intra-regional, international extra-regional) has also been made. Finally, some comparisons with other regions, including Europe, the United States and Southeast Asia, are provided.

3.1 Region-level concentration

Overall, concentration varies across market segments. The intra-LAC international market is the most concentrated, whereas the extra-LAC international market is the least concentrated, reflecting the presence of a larger number of airlines with significant market shares. The domestic market also displays relatively high concentration even though the aggregate domestic market includes the domestic markets of all LAC countries, each with its own leading airline. The relatively high concentration therefore reflects the large share of the region's three biggest domestic markets—Brazil, Mexico, and Colombia—in total domestic traffic, as well as the dominant position of the main airlines operating in those markets.

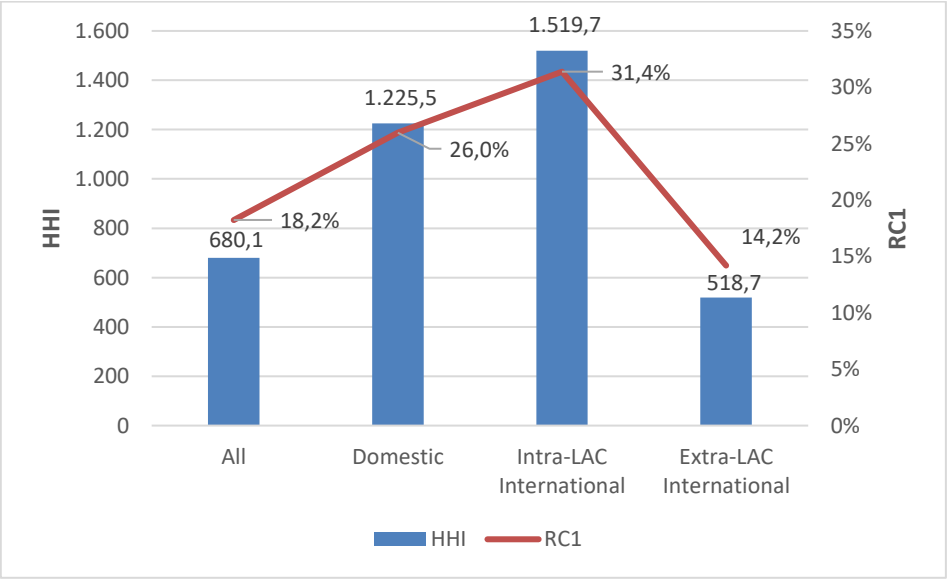


Fig 16. Concentration measures in LAC by sub-market (2026).

Full-service carriers dominate the LAC market, particularly on international routes, while low-cost carriers play a much more important role in domestic markets, where they account for nearly half of total seat capacity. Their presence remains limited in intra-LAC international services, suggesting that barriers beyond market demand—such as regulatory or institutional factors—may have constrained the expansion of the low-cost business model within the region. Finally, international services outside the region are largely operated by foreign airlines, especially U.S. carriers, which account for the majority of seat capacity. This highlights the strong competitive position of non-LAC airlines in extra-region markets, while LAC carriers remain primarily focused on domestic and intra-regional operations.

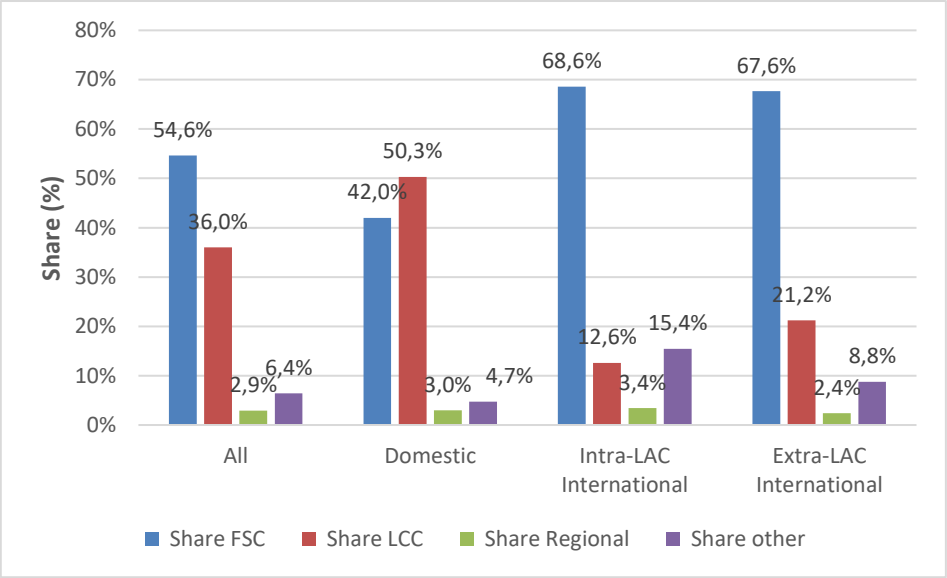


Fig 17. Share of airlines by business model in LAC (2026).

3.2 Country-level concentration

The country-level analysis reveals substantial heterogeneity in the competitive structure of airline markets across Latin America and the Caribbean. Although market concentration is generally negatively associated with the penetration of low-cost carriers (LCCs), this relationship is not universal. The largest markets—particularly Brazil and Mexico—combine relatively low concentration with a strong LCC presence, suggesting that the expansion of the low-cost business model has contributed to a more balanced competitive environment. Argentina appears to be in transition towards a similar market structure, reflecting the more recent liberalization of its domestic aviation sector. By contrast, many smaller markets remain highly concentrated and exhibit little or no LCC presence. Several medium-sized markets, including Colombia, Chile, Panama, and Peru, also display relatively high concentration, largely reflecting the dominant position of established network carriers. Finally, countries with significant tourism demand, such as the Bahamas, the Dominican Republic, and Jamaica, combine relatively low levels of market concentration with a substantial share of capacity operated by LCCs.

Further analysis shows that domestic and international markets differ substantially. LCCs have achieved their greatest success in domestic markets, where they account for a large share of capacity in several countries, whereas their presence remains much more limited on international routes. Despite this stronger LCC penetration, domestic markets often exhibit higher concentration because they are typically served by fewer airlines than international markets.

Country	All		Domestic		Intra-LAC International		Extra-LAC International	
	RC1	Share LCC	RC1	Share LCC	RC1	Share LCC	RC1	Share LCC
ARGENTINA	39.4%	31.9%	56.9%	43.1%	19.9%	26.5%	15.1%	0.0%
BRAZIL	35.7%	53.4%	38.0%	61.8%	30.2%	30.4%	23.0%	6.6%
CHILE	58.2%	29.7%	64.1%	35.7%	45.6%	28.5%	48.9%	0.0%

COLOMBIA	43.8%	11.0%	43.6%	12.9%	43.7%	6.9%	44.9%	8.2%
COSTA RICA	18.1%	21.9%	84.2%	2.7%	49.8%	21.9%	20.4%	27.4%
DOMINICAN R.	18.6%	35.2%	70.9%	70.9%	31.8%	5.7%	25.2%	45.5%
MEXICO	29.0%	60.0%	41.4%	75.9%	26.8%	20.9%	14.3%	33.1%
PANAMA	85.7%	0.4%	56.4%	0.0%	92.2%	0.0%	70.1%	1.4%
PERU	56.4%	23.4%	61.1%	29.6%	56.9%	15.2%	32.7%	6.6%

Fig 18. RC1 and share LCCs in LAC (2026) – largest markets.

3.3 Airport-level concentration

Airport-level results show that market concentration is shaped not only by airport size but, more importantly, by the strategic role that airports play within airline networks. In general, concentration declines as airports become larger, although the largest hub airports remain relatively concentrated because they are dominated by major network carriers. By contrast, the smallest airports exhibit the highest concentration due to their limited traffic volumes. Low-cost carrier (LCC) penetration follows an inverted U-shaped pattern, reaching its highest levels at medium-sized airports, while remaining lower at both the largest hub airports and the smallest regional airports. Domestic traffic dominates across all airport categories, although its importance decreases with airport size as larger airports serve a broader range of international destinations. By contrast, the share of extra-LAC international traffic shows relatively little variation across airport categories so that airport specialization does not seem to be associated with long-haul international traffic.

Category (volume of seats)	Total airports	HHI	RC1	Share LCC	Share domestic	Share internat. extra-LAC
>50M	3	2829.5	49.6%	18.5%	50.8%	30.0%
20-50M	10	3007.4	44.3%	37.9%	43.8%	28.9%
10-20M	10	3882.8	54.0%	54.6%	60.7%	25.6%
5-10M	18	2430.5	35.8%	38.7%	53.4%	32.0%
1-5M	106	3437.7	45.9%	39.6%	67.7%	21.6%
<1M	398	7549.3	80.4%	23.9%	86.8%	8.0%

Fig 19. Market concentration and traffic composition by airport category (2026).

A closer examination of the region's largest airports reveals three broad types of market structures. Major hub airports, such as Panama City, Mexico City, Bogotá, Lima, Santiago, and São Paulo (GRU), tend to be relatively concentrated because they serve as bases for dominant network carriers. Tourism-oriented airports, including Cancun and Punta Cana, generally exhibit lower concentration, reflecting the presence of numerous domestic and foreign airlines and a significant share of international traffic. Finally, airports focused primarily on domestic services like those serving big cities in Brazil and Mexico often combine relatively high concentration with a substantial presence of LCCs, indicating that high airport concentration does not necessarily imply weak competition. Overall, the findings suggest that airport function—whether as a hub, tourism gateway, or domestic airport—is a more important determinant of market concentration than airport size alone, and that airport concentration should always be interpreted alongside route-level competition and the presence of low-cost carriers.

3.4 Route-level concentration

Route-level analysis reveals a much more concentrated competitive environment than analyses based on countries or airports. Across the region, more than 4,300 routes are operated with at least one weekly flight, over half of which are domestic. While domestic routes are shorter and denser than international routes, all market segments exhibit extremely high concentration: average HHIs exceed 8,000, the largest airline typically accounts for 85–90% of capacity, and around two-thirds of routes are served by a single airline. These findings reflect the limited overlap between airline networks, with carriers tending to specialize in different origin–destination markets rather than competing head-to-head on the same routes.

Country-level results show relatively little variation in route-level concentration, as most countries display similarly high HHIs and a large share of monopoly routes. By contrast, the presence of low-cost carriers varies substantially across markets. Brazil and Mexico exhibit the broadest LCC network coverage, while several other countries show moderate penetration and many smaller markets remain largely untouched by the low-cost business model. Overall, the analysis suggests that differences across countries are driven less by route-level concentration—which is consistently high throughout the region—and more by the extent to which low-cost carriers have expanded their route networks.

Segment	Number routes	HHI	RC1	Share monopoly routes	Share routes with LCC presence	Distance	Aircraft size	Flights
All	4330	8398.3	87.2%	65.6%	46.9%	1875.8	150.3	916.5
Domestic	2257	8199.2	85.5%	61.6%	61.9%	852.7	132.7	1038.5
Intra-LAC International	940	8705.4	89.8%	71.4%	20.4%	1791.4	142.2	817.6
Extra-LAC International	1133	8540.0	88.4%	68.8%	38.8%	3983.9	192.2	755.5

Fig 20. Average route-level market and operating characteristics in LAC (2026).

3.5 Key findings

Based on the concentration analysis presented in the preceding sections, this section summarizes the main findings emerging from the assessment of the LAC air transport market. The findings are structured around the four dimensions analyzed — region aggregates, country, airport and route —. A general trend worth highlighting is the remarkable heterogeneity in concentration levels and low-cost carrier penetration across market segments, countries, airports, and, to a lesser extent, routes.

REGION-LEVEL CONCENTRATION

- The **intra-LAC international market is the most concentrated** market segment, whereas the extra-LAC international market is the least concentrated.
- **Full-service carriers dominate the LAC market,** particularly on international routes, while **low-cost carriers play a much more important role in domestic markets**, where they account for nearly half of total seat capacity. Their presence remains limited in intra-LAC international services.
- International services outside the region are largely operated by foreign airlines, especially U.S. carriers.

COUNTRY-LEVEL CONCENTRATION

- **The largest markets**—particularly Brazil, Mexico and to lower extent Argentina— **combine relatively low concentration with a strong LCC presence**
- Many smaller markets remain highly concentrated and exhibit little or no LCC presence.
- **Several medium-sized markets**, including Colombia, Chile, Panama, and Peru, also **display relatively high concentration**, largely reflecting the dominant position of established network carriers.
- Countries with significant tourism demand, such as the Bahamas, the Dominican Republic, and Jamaica, combine relatively low levels of market concentration with a substantial share of capacity operated by LCCs.
- LCCs have achieved their greatest success in domestic markets, whereas their presence remains much more limited on international routes.

AIRPORT-LEVEL CONCENTRATION

- **Concentration is shaped not only by airport size but, more importantly, by the strategic role that airports play within airline networks**.
- Major hub airports tend to be relatively concentrated because they serve as bases for dominant network carriers. Tourism-oriented airports generally exhibit lower concentration, reflecting the presence of numerous domestic and foreign airlines and a significant share of international traffic. Airports focused primarily on domestic services often combine relatively high concentration with a substantial presence of LCCs, indicating that high airport concentration does not necessarily imply weak competition.

Finally, the smallest airports exhibit the highest concentration due to their limited traffic volumes.

- **Low-cost carrier (LCC) penetration follows an inverted U-shaped pattern**, reaching its highest levels at medium-sized airports, while remaining lower at both the largest hub airports and the smallest regional airports.
- **Domestic traffic dominates across all airport categories**, although its importance decreases with airport size as larger airports serve a broader range of international destinations. By contrast, **airport specialization does not seem to be associated with long-haul international traffic**.

ROUTE-LEVEL CONCENTRATION

- **All market segments exhibit extremely high concentration**: average HHIs exceed 8,000, the largest airline typically accounts for 85–90% of capacity, and around two-thirds of routes are served by a single airline. These findings reflect the limited overlap between airline networks
- **Differences across countries are driven** less by route-level concentration—which is consistently high throughout the region—and **more by the extent to which low-cost carriers have expanded their route networks**.

4. INTERNATIONAL BENCHMARKING

This chapter provides an international benchmark of the LAC air transport market against three reference regions: the **United States**, **Western Europe** and **Southeast Asia**. The analysis compares key indicators related to air connectivity, including the structure of airport networks, air transport supply and demand, and regional aviation, providing a broader perspective on the characteristics and performance of the LAC market. The chapter also benchmarks market concentration across the selected regions, identifying similarities and differences in airline and airport market structures and providing relevant international context for the assessment of connectivity and competition in LAC.

4.1 Connectivity benchmark

4.1.1 Benchmark analysis

The **airport benchmark** applies the same criteria used for the LAC analysis, considering commercial airports with a three-letter IATA code and scheduled commercial services in 2026. Based on this definition, LAC comprises 546 commercial airports, compared with 667 in the United States, 422 in Western Europe and 278 in Southeast Asia. Despite its extensive airport network, LAC's largest airports operate at a smaller scale than those in the benchmark regions. Bogota, the largest airport in LAC, offers close to 60 million annual seats, compared with approximately 128 million at Atlanta, 105 million at London Heathrow and 88 million at Singapore. LAC also presents a relatively pronounced gap between its three largest airports — Bogotá, São Paulo–Guarulhos and Mexico City — and the airports immediately below them, while the United States and Western Europe present a broader base of very large airports.

LAC

Airport	Seats	Airport Rank	Capacity share (%)
BOGOTA (BOG)	59.948.420	1	5.7 %
SAO PAULO (GRU)	57.913.824	2	5.5 %
MEXICO CITY (MEX)	54.331.756	3	5.1 %
SANTIAGO de Chile (SCL)	34.803.355	4	3.3 %
LIMA (LIM)	33.925.630	5	3.2 %
CANCUN (CUN)	32.481.175	6	3.1 %
SAO PAULO (CGH)	31.424.158	7	3.0 %
Ciudad de Panama (PTY)	27.941.050	8	2.6 %
GUADALAJARA (GDL)	24.227.002	9	2.3 %
RIO DE JANEIRO (GIG)	24.145.909	10	2.3 %
Total	**381.142.279**	**1**	**36.1 %**

United States

Airport	Seats	Airport Rank	Capacity share (%)
ATLANTA (ATL)	128.080.190	1	4.8 %
CHICAGO (ORD)	118.006.074	2	4.4 %
DENVER (DEN)	109.551.146	3	4.1 %
DALLAS FORT WORTH (DFW)	105.725.441	4	4.0 %
LOS ANGELES (LAX)	94.835.123	5	3.5 %
ORLANDO (MCO)	75.374.793	6	2.8 %
NEW YORK (JFK)	75.341.194	7	2.8 %
SAN FRANCISCO (SFO)	73.114.620	8	2.7 %
LAS VEGAS (LAS)	71.444.661	9	2.7 %
PHOENIX (PHX)	70.489.387	10	2.6 %
Total	**921.962.629**	**1**	**34.5 %**

Western Europe

Airport	Seats	Airport Rank	Capacity share (%)
LONDON (LHR)	104.950.570	1	4.6 %
PARIS (CDG)	88.855.377	2	3.9 %
AMSTERDAM (AMS)	86.179.868	3	3.8 %
MADRID (MAD)	82.811.765	4	3.6 %
FRANKFURT (FRA)	81.151.235	5	3.6 %
BARCELONA (BCN)	69.276.330	6	3.0 %
ROME (FCO)	63.718.034	7	2.8 %
MUNICH (MUC)	54.049.616	8	2.4 %
LONDON (LGW)	47.201.830	9	2.1 %
DUBLIN (DUB)	44.596.191	10	2.0 %
Total	**722.790.816**	**1**	**31.8 %**

Southeast Asia

Airport	Seats	Airport Rank	Capacity share (%)
SINGAPORE (SIN)	87.684.283	1	8.9 %
KUALA LUMPUR (KUL)	81.827.589	2	8.3 %
JAKARTA (CGK)	80.234.411	3	8.1 %
BANGKOK (BKK)	78.927.579	4	8.0 %
MANILA (MNL)	65.850.383	5	6.7 %
HO CHI MINH CITY (SGN)	56.808.340	6	5.7 %
HANOI (HAN)	47.286.501	7	4.8 %
BANGKOK (DMK)	40.263.184	8	4.1 %
DENPASAR BALI (DPS)	30.415.236	9	3.1 %
UJUNG PANDANG (UPG)	24.392.760	10	2.5 %
Total	**593.690.266**	**1**	**60.0 %**

Fig 21. TOP-10 airports by region in terms of capacity seats and regional market share (2026).

However, when considering the combined market share of the ten largest airports, LAC presents a relatively similar level of capacity concentration to the United States and Western Europe. The **Top 10 airports account for 36.1% of total scheduled seat capacity in LAC**, compared with 34.5% in the United States and 31.8% in Western Europe. Southeast Asia presents a markedly different structure, with its ten largest airports concentrating approximately 60% of total regional capacity, indicating a significantly greater reliance on a limited number of major gateways.

Differences are also evident in the distribution of airports by size. The LAC airport system is predominantly composed of small airports: 399 of its 546 commercial airports handle fewer than one million annual seats, while only three exceed 50 million seats. By comparison, the United States has 16 airports above the 50-million-seat threshold, Western Europe eight and Southeast Asia six, while the United States and Western Europe also have a considerably broader base of airports in the intermediate capacity categories. As a result, airports handling more than 20 million annual seats account for approximately 42% of total seat capacity in LAC, compared with 75% in the United States, 65% in Western Europe and 67% in Southeast Asia. LAC capacity is therefore more widely distributed across small and medium-sized airports than in the three benchmark regions.

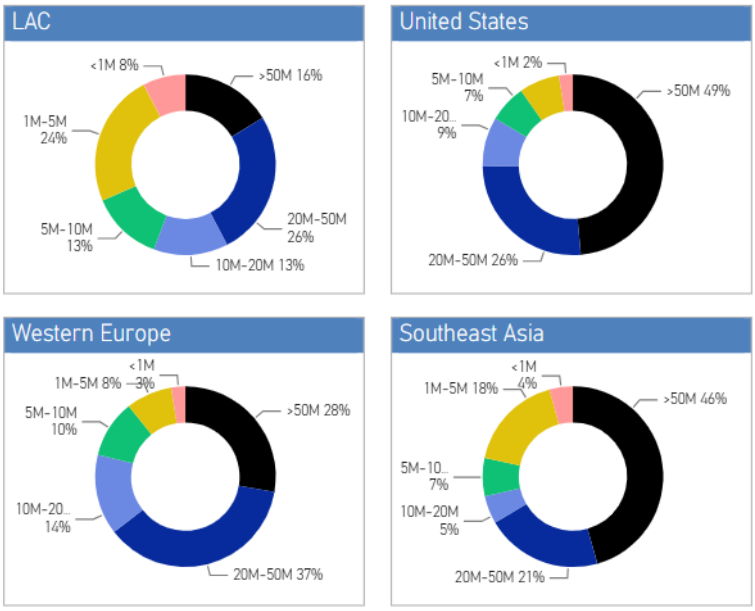


Fig 22. Airports seats capacity share by category in each region (2026).

Air transport supply is benchmarked across three common market segments: domestic services, intra-regional international services and international services connecting each benchmark region with markets outside it. In the case of the United States, which represents a single-country benchmark, only domestic and international services apply. The comparison reveals markedly different market structures. The United States is strongly dominated by domestic capacity, which accounts for 77% of the total, while Western Europe presents the opposite profile, with intra-regional services representing 57% of capacity and domestic services only 11%. LAC shows a more balanced structure, with 49% domestic, 23% intra-regional and 27% international capacity, while Southeast Asia is similarly diversified, with 39%, 22% and 38%, respectively.

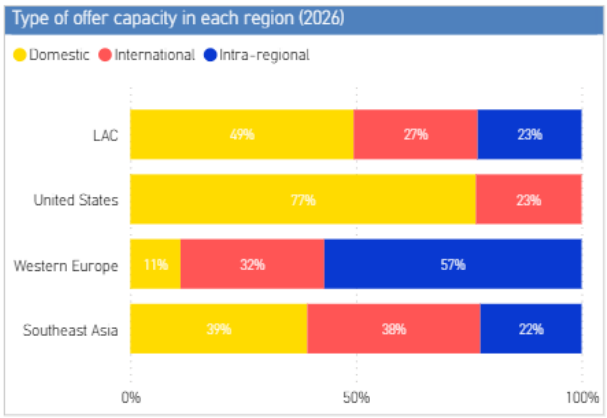


Fig 23. Type of offer seats capacity share by region (2026).

These differences are also reflected at country level. Domestic services generally predominate across LAC's largest aviation markets, while Western Europe is characterized by the predominance of intra-regional connectivity across most countries. Southeast Asia presents a more heterogeneous structure, combining large domestic markets with countries where international services account for a substantial share of capacity.

The comparison of **airport pairs** provides an additional measure of the breadth of the air transport networks across the four regions. In 2026, LAC recorded 3,306 connected airport pairs, substantially below Western Europe (10,793) and the United States (9,177), but above Southeast Asia (2,080). Network composition also differs considerably. Domestic connections account for 78.1% of airport pairs in the United States, whereas Western Europe's network is predominantly international, with intra-regional and extra-regional services together representing almost 90% of airport pairs. LAC and Southeast Asia also have a majority of international airport pairs, although extra-regional connections represent the largest individual segment in both regions.

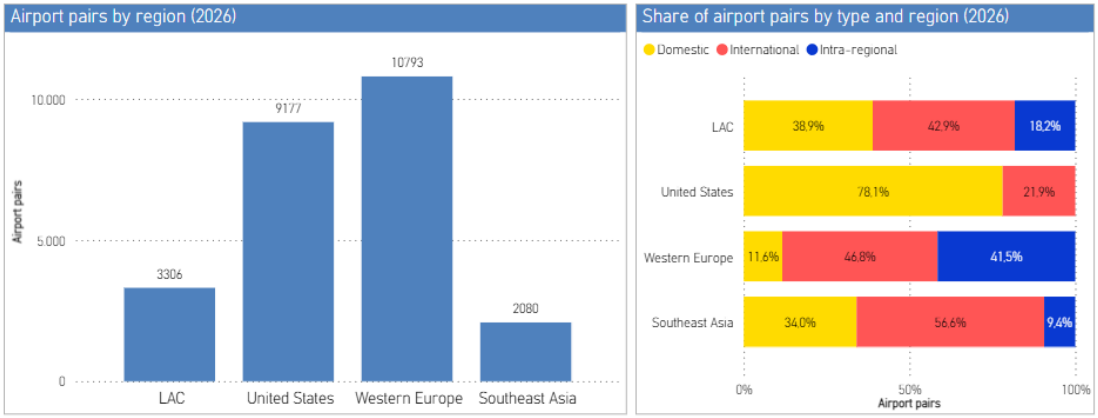


Fig 24. LEFT: Connected airport pairs by region (2026). RIGHT: Share of airport pairs by type in each region (2026).

Turning to **airline structure**, significant differences emerge across the benchmark regions. The **United States presents the highest concentration** among its leading carriers, with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines jointly accounting for approximately 61% of total seat capacity. Western Europe has a more fragmented structure, with its four largest carriers representing around 34% of capacity and low-cost carriers occupying the three leading positions. Southeast Asia presents the most dispersed

structure, with its four largest airlines jointly accounting for less than 25% of capacity. LAC occupies an intermediate position: LATAM is the market leader and, together with Avianca, Copa Airlines and GOL, the four largest airline groups account for approximately 42% of regional capacity. Overall, the comparison therefore shows a considerably higher concentration among the leading airlines in the United States, while Western Europe and particularly Southeast Asia present more dispersed airline structures.

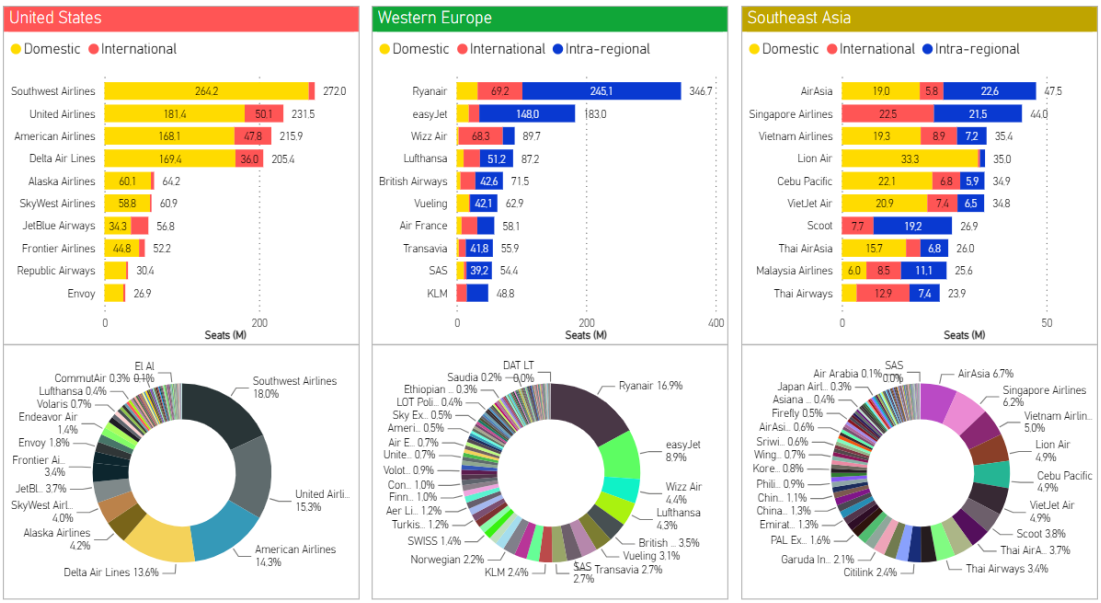


Fig 25. Airline structure in United States, Western Europe and Southeast Asia by seats capacity (2026).

The number and operational scale of airlines also vary substantially across regions. Western Europe records the largest number of **active airline IATA codes**, with 300, compared with 199 in Southeast Asia, 191 in the United States and 176 in LAC. However, the United States records by far the highest average operational scale, with approximately 57,900 annual operations per airline, compared with 38,400 in Western Europe, 25,800 in LAC and 18,200 in Southeast Asia. These differences are also reflected among the largest operators: Southwest Airlines and Ryanair each operate around 1.7–1.8 million annual flights, compared with more than 700,000 for LATAM and approximately 256,000 for AirAsia. LAC therefore combines a comparatively smaller airline base than the three benchmark regions with an intermediate average operational scale.

External international capacity flows also reveal different geographical orientations across the benchmark regions. The United States is primarily connected with neighboring Mexico and Canada, followed by a broader range of markets including the United Kingdom, Germany, the Dominican Republic and Japan. The United States is also the principal external market for both Western Europe and LAC, while China plays a comparable role for Southeast Asia, complemented by major links with Australia, South Korea, Taiwan, Japan and India. These patterns highlight the strong influence of neighboring large aviation markets on the external connectivity of each benchmark region.

Turning from air transport supply to **passenger demand**, the benchmark focuses on Origin-Destination (O&D) traffic, which identifies passengers' true origin and final destination regardless of any intermediate connections. This provides the basis for comparing the Direct Connectivity Index (DCI), which measures the proportion of O&D passenger demand

travelling between its true origin and final destination on a non-stop service. Significant differences emerge across the benchmark regions. **Western Europe records the highest overall level of direct connectivity**, with 82.9% of passengers travelling non-stop, followed by Southeast Asia (79.5%) and LAC (76.1%). The United States records the lowest overall DCI, at 68.7%, meaning that almost one-third of passenger demand requires at least one intermediate connection. Across all four regions, indirect demand is nevertheless predominantly served through one-stop itineraries, while journeys involving two or more connections represent a comparatively small share.

The comparison by market segment reveals more pronounced differences. Domestic demand is highly direct in LAC (91.4%), Western Europe (95.1%) and Southeast Asia (93.5%), compared with 76.5% in the United States. The most significant benchmark gap for LAC, however, concerns intra-regional international connectivity: only 68.5% of intra-LAC O&D passengers travel non-stop, substantially below Western Europe (90.8%) and Southeast Asia (87.8%). Extra-regional international demand presents the lowest direct connectivity levels across the multi-country benchmark regions, with LAC again recording the lowest DCI (57.7%), compared with 65.9% in Western Europe and 61.7% in Southeast Asia.

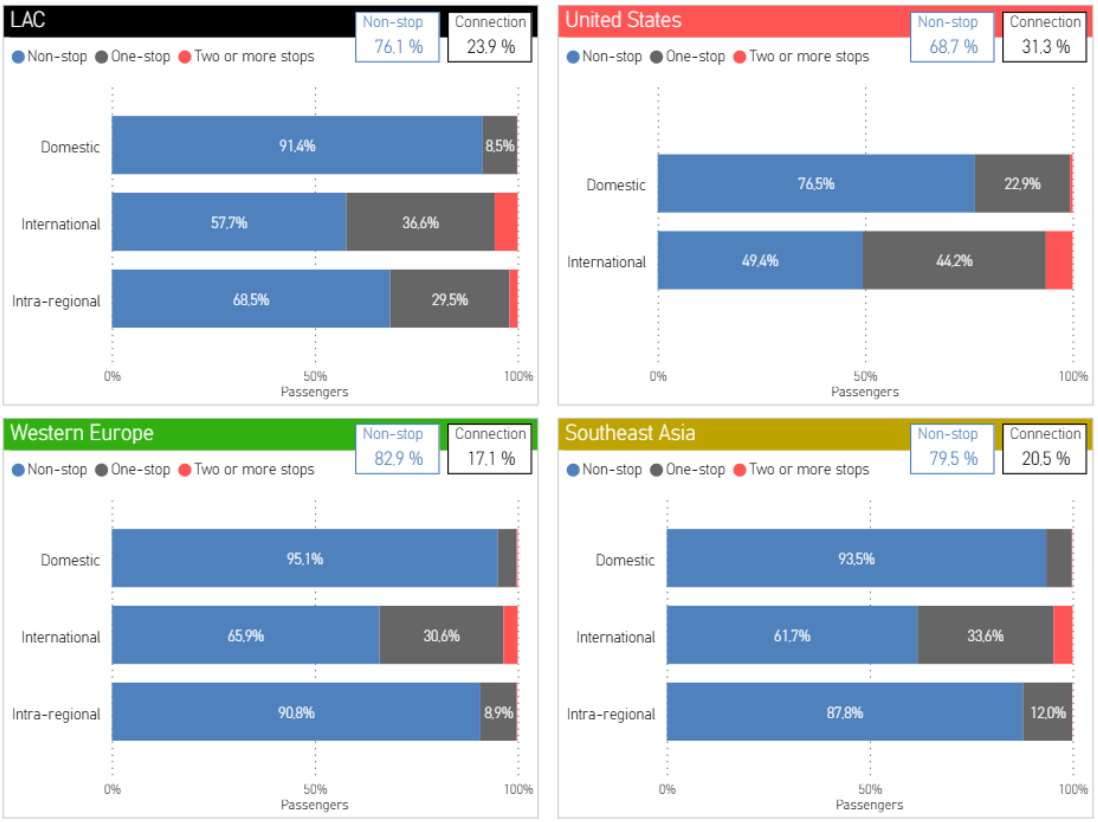


Fig 26. Direct connectivity Index by region and type of traffic (2025).

The analysis of the largest intra-regional country pairs reinforces this result. In Western Europe, most of the Top 25 intra-regional flows record non-stop shares above 90%, with even the comparatively less direct major flows generally remaining above 80%. Southeast Asia presents somewhat greater variability, but most of its principal intra-regional flows also achieve very high levels of direct connectivity. Both regions therefore exhibit a substantially

greater ability than LAC to serve major intra-regional passenger flows through non-stop services.

A similar pattern emerges when considering international demand outside each benchmark region. Western Europe and Southeast Asia generally achieve higher levels of direct connectivity across their principal external flows than the United States. In Western Europe, particularly high non-stop shares are observed on several major flows with nearby markets in Eastern Europe and North Africa, while Southeast Asia also records strong direct connectivity with several neighboring Asian markets. The United States, by contrast, shows greater reliance on connecting itineraries across many of its principal international flows, particularly in longer-haul markets.

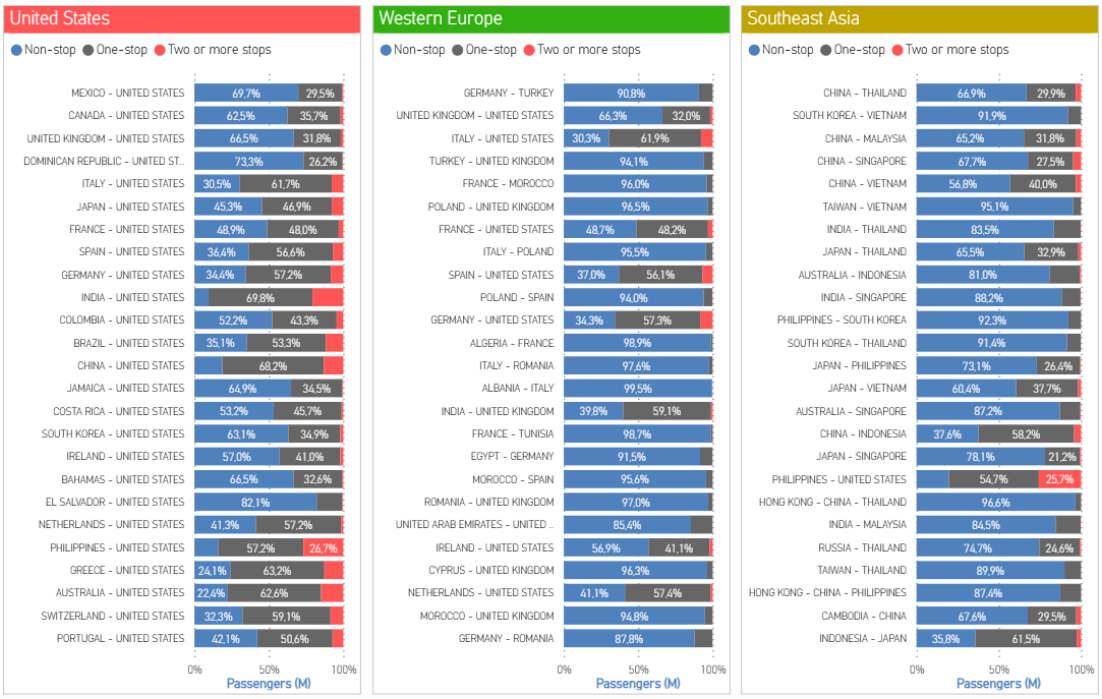


Fig 27. TOP-25 International (not intra-regional) demand flows by region (2025).

The **intermediate hubs** used by indirect international passengers also illustrate different network structures across the benchmark regions. In the United States, connecting demand is primarily channeled through major domestic hubs such as Atlanta, Miami and Dallas, although European gateways such as London Heathrow and Frankfurt also play a relevant role. Western Europe's indirect international demand presents a more geographically diversified pattern, led by Istanbul, Doha and Dubai, together with major European hubs including Frankfurt, London Heathrow, Amsterdam and Paris Charles de Gaulle. In Southeast Asia, Gulf hubs play an even more prominent role, with Doha and Dubai leading the ranking, complemented by major Asian connecting hubs such as Hong Kong, Singapore, Kuala Lumpur and Bangkok.

Turning back to air transport supply, the benchmark also compares the **role of regional aviation across the four regions**, applying the same definition used throughout this study: scheduled operations performed with aircraft configured with fewer than 100 seats. Significant differences emerge in the relative importance of this segment. In LAC, regional aircraft account for 5.8% of total scheduled seat capacity but 20.9% of flight operations,

reflecting their smaller average capacity. The United States presents a substantially stronger regional aviation market, where aircraft below 100 seats represent 13.4% of capacity and almost one-third of all operations (32.4%). By contrast, regional aviation plays a considerably smaller role in Western Europe and Southeast Asia, accounting for only 3.3% and 3.0% of seat capacity and 9.1% and 7.9% of operations, respectively. LAC therefore occupies an intermediate position, with regional aircraft playing a significantly greater operational role than in Western Europe and Southeast Asia, although still well below the United States.

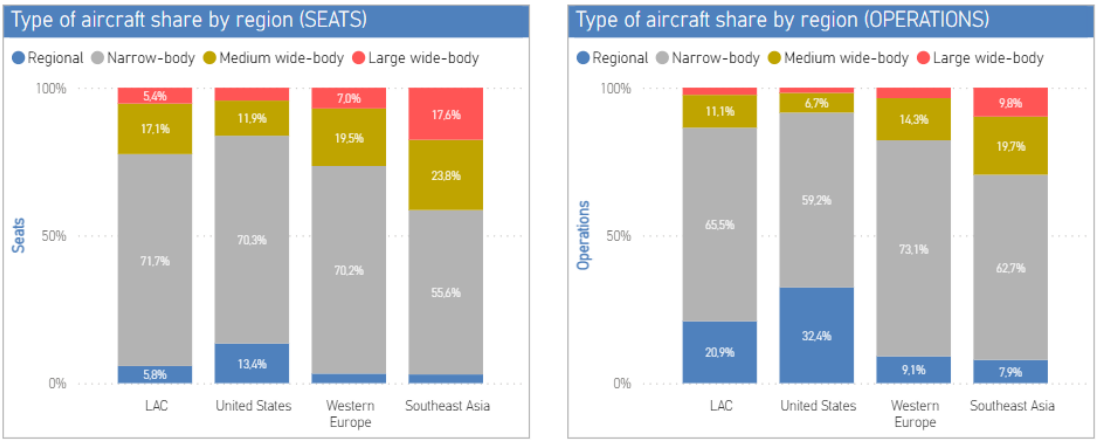


Fig 28. Type of aircraft share by region 2026 (LEFT: Based on seats; RIGHT: Based on operations).

The geographical role of regional aviation also differs considerably across the benchmark regions. In the United States, regional services are widely distributed across the country and are overwhelmingly domestic, with a particularly dense presence across the eastern part of the country and major activity at airports such as Chicago, Dallas and Charlotte. Western Europe presents a more heterogeneous pattern, with regional aviation supporting both domestic and international connectivity and with its relative importance varying significantly across national markets. Southeast Asia similarly combines different operating environments, with regional aircraft serving domestic networks in some of its largest archipelagic and continental markets while also supporting shorter international connections. These differences illustrate the variety of functions performed by regional aircraft depending on the geography and structure of each air transport market.

The comparison of **airport pairs** further illustrates these differences in network structure. In 2026, approximately 925 airport pairs were operated with regional aircraft in LAC, compared with 2,844 in the United States, highlighting the substantially greater breadth of the U.S. regional aviation network. Western Europe records 1,154 regional airport pairs, moderately above LAC, while Southeast Asia has a considerably smaller network, with 355 airport pairs. Overall, LAC therefore presents a regional aviation network breadth relatively close to Western Europe, significantly above Southeast Asia, but substantially below the United States.

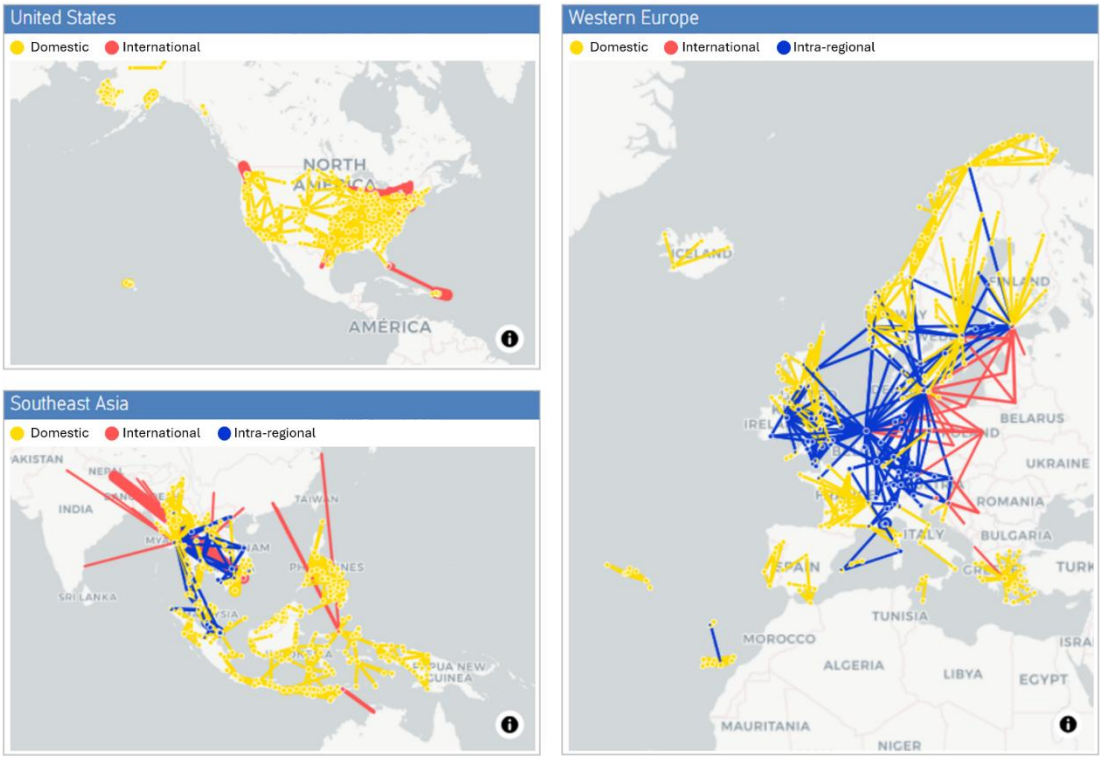


Fig 29. Main regional routes in United States, Western Europe and Southeast Asia (2026).

Regional aviation also presents different operating profiles in terms of **stage length**. Average distances are generally shortest in LAC, reflecting the strong presence of short-haul regional services, particularly in the Caribbean, Central America and secondary domestic markets. Regional aircraft operate over longer average sectors in the United States and Western Europe, while Southeast Asia also presents comparatively longer stage lengths.

Finally, the **regional aircraft mix** reveals substantial differences in the type of equipment supporting these networks. LAC has a particularly high presence of commuter aircraft with fewer than 20 seats, reflecting the **importance of small-aircraft operations** in markets such as the Caribbean and Central America. By contrast, medium regional aircraft in the 50–79 seat category play a substantially greater role in the United States and Western Europe, where regional aviation is more closely integrated into larger airline and hub-feeding networks. Southeast Asia presents its own fleet structure, with the distribution across regional aircraft categories reflecting the characteristics of its domestic and short-haul networks. Overall, the comparison confirms that regional aviation differs not only in scale across the four regions, but also in the size of aircraft deployed and the connectivity functions they perform.

4.1.2 Benchmark indicators summary

To complement the preceding analysis, a selected set of **comparative indicators** has been developed to provide a synthesized view of the main characteristics of air connectivity across LAC and the three benchmark regions. The indicators are **grouped into four dimensions** — airport system, air transport offer, passenger demand and regional aviation — and are presented through radar charts to facilitate the identification of relative strengths and differences across regions.

The selected indicators do not cover all the variables and metrics analyzed in the preceding sections. Rather, they represent a selection of indicators considered particularly suitable for providing a concise and visual comparison across the four regions. Indicators have been selected and, where necessary, defined so that higher values consistently represent a more favorable outcome for the dimension being assessed, thereby facilitating a common interpretation across the different metrics.

For visualization purposes, each indicator has been normalized on a common 20–100 scale using a Min-Max transformation across the four benchmark regions. A score of 100 corresponds to the region recording the highest relative value for a given indicator, while a score of 20 corresponds to the lowest. The resulting scores should therefore be interpreted as relative positions among the four benchmark regions rather than as absolute measures of connectivity performance.

$$\text{Normalized Score} = 20 + \left(\frac{X - X_{\min}}{X_{\max} - X_{\min}} \right) \times 80$$

Where:

- X = value of the indicator for the benchmark region
- $X_{\min}$ = minimum value observed across the four regions
- $X_{\max}$ = maximum value observed across the four regions

Fig 30. Normalization formula for visualization purposes.

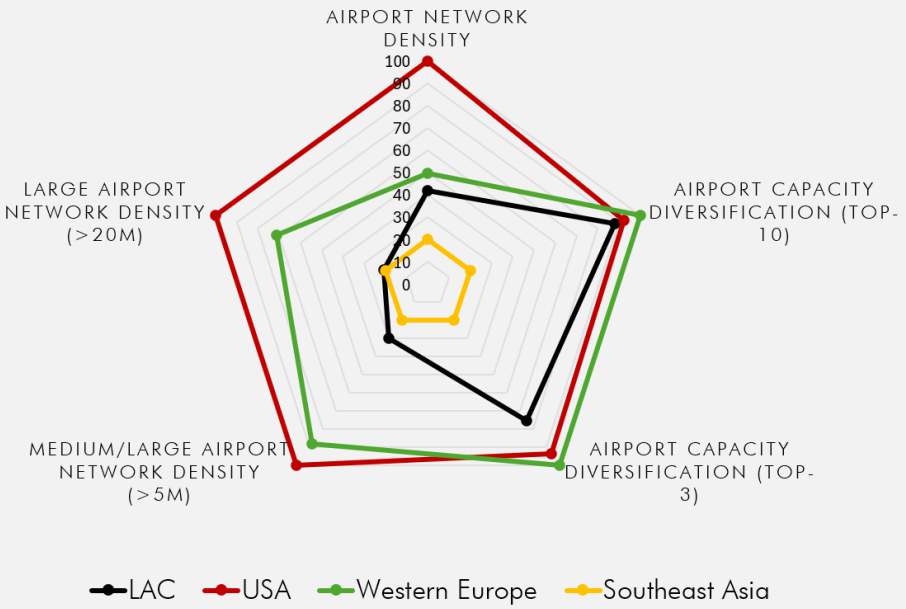
The indicators are intended to support **comparative interpretation** and should not be aggregated into an overall connectivity score. Differences in geography, population, market size and territorial structure influence several of the indicators and should be considered when interpreting the results.

The following table presents the 20 indicators selected for the benchmark analysis — five for each of the four dimensions — together with their respective definitions. These indicators provide the basis for the comparative radar charts presented subsequently.

Dimension	Indicator		Definition / Calculation
Airports	1	Airport network density	Commercial airports per million inhabitants.
	2	Large airport network density (>20M)	>20M Seats airports per million inhabitants.
	3	Medium/Large airport network density (>5M)	>5M Seats airports per million inhabitants.
	4	Airport capacity diversification (Top-3)	Measures how widely airport capacity is distributed across the network, calculated as 100% minus the share of total seat capacity concentrated at the 3 largest airports.
	5	Airport capacity diversification (Top-10)	Measures how widely airport capacity is distributed across the network, calculated as 100% minus the share of total seat capacity concentrated at the 10 largest airports.
Offer	1	International capacity share	Share of total scheduled seat capacity operated on international routes.
	2	Airport network connectivity	Average number of direct airport connections per airport.
	3	Airline Capacity Diversification (Top 4)	Measures how widely airline capacity is distributed across operators, calculated as 100% minus the share of total seat capacity concentrated among the 4 largest airlines.
	4	Airline Density	Operating airlines (IATA codes) per million inhabitants.
	5	Average Airline Operational Scale	Average annual operations per airline.
OD Demand	1	Overall Direct Connectivity Index	Share of total O&D passenger demand travelling non-stop between its origin and final destination.
	2	Domestic Direct Connectivity Index	Share of domestic O&D passenger demand travelling non-stop between its origin and final destination.
	3	International Direct Connectivity Index	Share of international O&D passenger demand travelling non-stop between its origin and final destination.
	4	Efficient Itinerary Share	Share of O&D demand travelling non-stop or with a maximum of one stop.
	5	International Demand Share	Share of total O&D passenger demand corresponding to international travel.
Regional aviation	1	Regional Aviation Seat Share	Share of total scheduled seat capacity operated with aircraft configured with fewer than 100 seats.
	2	Regional Aviation Operations Share	Share of total scheduled flight operations performed with aircraft configured with fewer than 100 seats.
	3	Regional Aviation Network Connectivity	Average number of direct airport connections operated with regional aircraft per commercial airport.
	4	Airline Density	Number of airlines operating regional aircraft per million inhabitants.
	5	Average Airline Operational Scale	Average number of annual regional aircraft operations per airline, calculated as total regional aircraft operations divided by the number of airlines operating regional aircraft.

Fig 31. Benchmark comparative indicators definition.

BENCHMARK
AIRPORT ANALYSIS



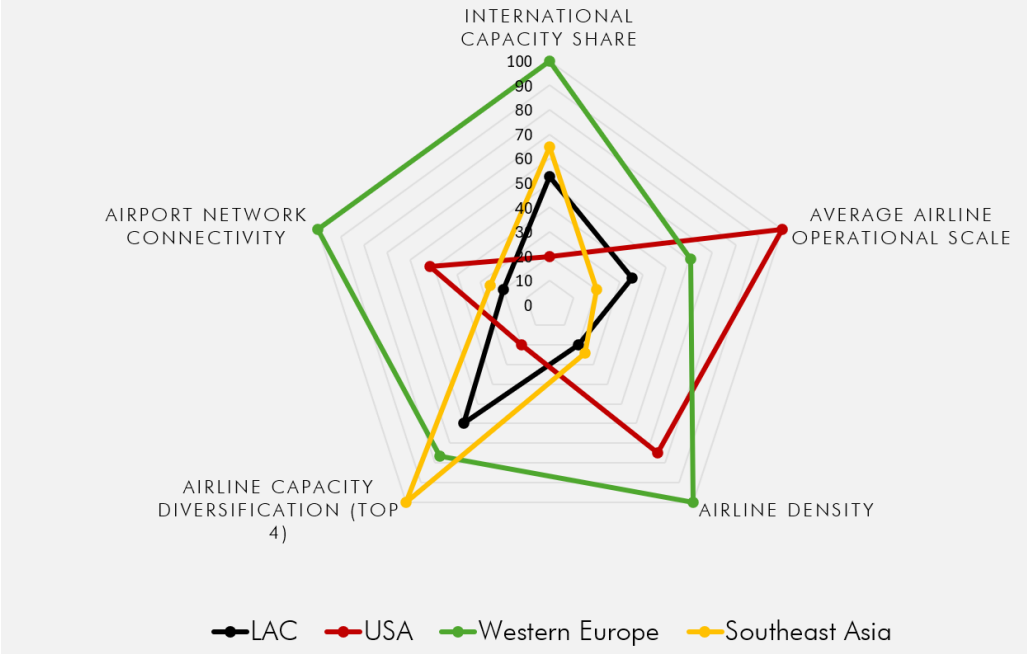
AIRPORTS

	Indicator	Region							
		LAC		USA		Western Europe		Southeast Asia	
		Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.
1	Airport network density	0,81	41,77	1,92	100,00	0,96	49,50	0,40	20,00
2	Large airport network density (>20M)	0,02	20,69	0,11	100,00	0,07	71,30	0,02	20,00
3	Medium/Large airport network density	0,06	29,86	0,23	100,00	0,20	88,36	0,04	20,00
4	Airport capacity diversification (Top-3)	83,7%	75,38	86,7%	93,85	87,7%	100,00	74,7%	20,00
5	Airport capacity diversification (Top-10	63,9%	87,80	65,5%	92,34	68,2%	100,00	40,0%	20,00

Fig 32. Airport analysis benchmark comparative chart.

The **airport benchmark** positions LAC between the reference regions in terms of network structure. Airport network density is below the United States and Western Europe but remains substantially higher than in Southeast Asia. However, LAC has a comparatively limited presence of medium and large airports relative to population, particularly when compared with the United States and Western Europe. At the same time, airport capacity is relatively diversified across the network, with LAC performing close to the United States and Western Europe and substantially above Southeast Asia, where capacity is more concentrated among the largest airports.

BENCHMARK
OFFER ANALYSIS



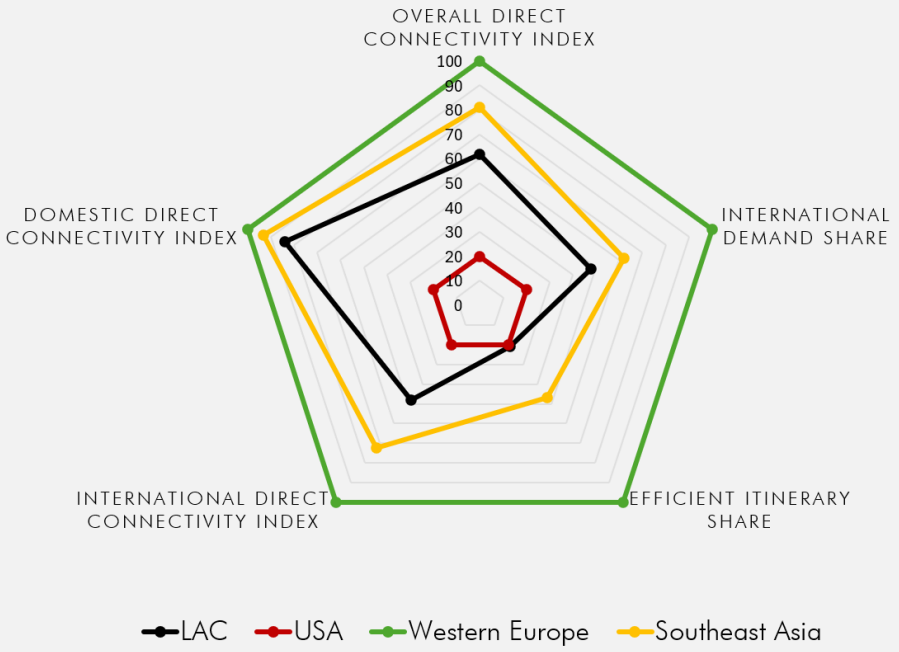
OFFER

	Indicator	Region							
		LAC		USA		Western Europe		Southeast Asia	
		Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.
1	International capacity share	50,0%	52,73	23,0%	20,00	89,0%	100,00	60,0%	64,85
2	Airport network connectivity	12,1	20,00	27,5	51,57	51,2	100,00	15,0	25,85
3	Airline Capacity Diversification (Top 4)	58,0%	59,79	39,0%	20,00	66,0%	76,54	77,2%	100,00
4	Airline Density	0,26	20,00	0,55	74,91	0,68	100,00	0,28	24,31
5	Average Airline Operational Scale	25.800	35,31	57.900	100,00	38.400	60,71	18.200	20,00

Fig 33. Offer analysis benchmark comparative chart.

The **offer benchmark** places LAC in an intermediate position across most indicators. Its international capacity share is substantially higher than in the United States, although below Western Europe and Southeast Asia, while airport network connectivity remains considerably lower than in the United States and particularly Western Europe. Airline capacity is relatively diversified, with LAC outperforming the United States but remaining below Western Europe and Southeast Asia. The main relative weakness is airline density, which is the lowest among the four regions, while the average operational scale of airlines remains above Southeast Asia but below the United States and Western Europe.

BENCHMARK
OD DEMAND ANALYSIS

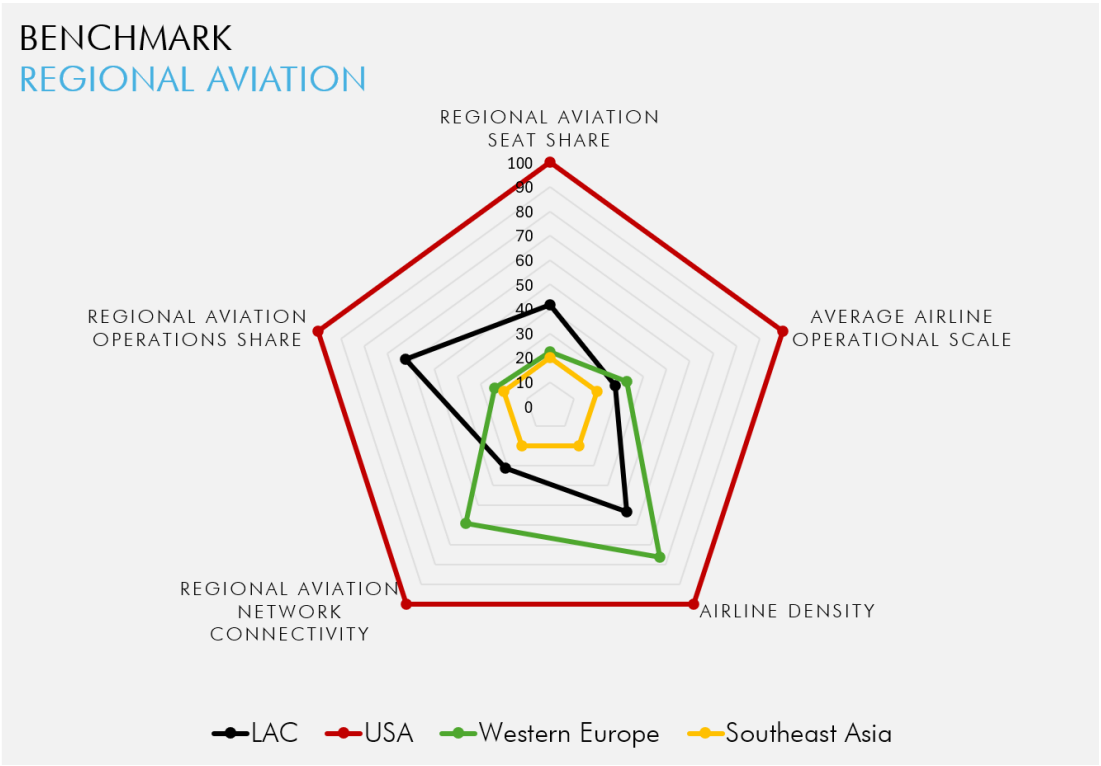


DEMAND

	Indicator	Region							
		LAC		USA		Western Europe		Southeast Asia	
		Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.
1	Overall Direct Connectivity Index	76,1%	61,69	68,7%	20,00	82,9%	100,00	79,5%	80,85
2	Domestic Direct Connectivity Index	91,4%	84,09	76,5%	20,00	95,1%	100,00	93,5%	93,12
3	International Direct Connectivity Index	61,5%	48,13	50,6%	20,00	81,6%	100,00	70,8%	72,13
4	Efficient Itinerary Share	97,7%	20,82	97,7%	20,00	98,7%	100,00	98,0%	46,94
5	International Demand Share	51,0%	47,73	30,1%	20,00	90,4%	100,00	61,8%	62,06

Fig 34. OD Demand analysis benchmark comparative chart.

The **O&D demand benchmark** shows a relatively strong position for LAC in domestic direct connectivity, with a DCI close to those of Western Europe and Southeast Asia. However, this performance weakens for international demand, where LAC records lower direct connectivity than both benchmark regions, although remaining above the United States. LAC also presents a comparatively high share of international demand, but a slightly higher incidence of itineraries involving two or more connections, resulting in the lowest Efficient Itinerary Share among the four regions. Overall, the results indicate that LAC's main comparative connectivity gap is concentrated in international rather than domestic travel.



REGIONAL AVIATION									
Indicator		Region							
		LAC		USA		Western Europe		Southeast Asia	
		Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.	Real value	Normaliz.
1	Regional Aviation Seat Share	5,8%	41,54	13,4%	100,00	3,3%	22,31	3,0%	20,00
2	Regional Aviation Operations Share	20,9%	62,45	32,4%	100,00	9,1%	23,92	7,9%	20,00
3	Regional Aviation Network Connectivity	3,39	31,17	8,53	100,00	5,47	59,04	2,55	20,00
4	Airline Density	0,10	53,47	0,18	100,00	0,14	76,46	0,04	20,00
5	Average Airline Operational Scale	14.139	28,07	57.659	100,00	16.972	32,75	9.259	20,00

Fig 35. Regional aviation benchmark comparative chart.

The **regional aviation benchmark** highlights the particularly strong role of this segment in the United States, which leads across all five indicators. LAC occupies an intermediate position, with regional aircraft representing a substantially higher share of both seat capacity and flight operations than in Western Europe and Southeast Asia. However, its regional aviation network is less interconnected than those of the United States and Western Europe, while airline density is also below both benchmark regions. The average operational scale of regional airlines is comparatively limited, although remaining above Southeast Asia. Overall, regional aviation plays a significant role in LAC, but operates through a less dense network and at a smaller scale than in the more developed U.S. regional aviation market.

4.2 Market concentration benchmark

4.2.1 Europe and United Sates

The comparison with Europe and the United States shows that, despite being a much smaller aviation market in terms of seats per capita, the aggregate market structure of LAC more closely resembles that of Europe than that of the United States. Concentration levels and the penetration of low-cost carriers are broadly comparable in LAC and Europe, although LAC exhibits slightly higher concentration and a somewhat lower LCC share. By contrast, the U.S. market is more concentrated due to the dominance of four major airlines and has a lower penetration of LCCs.

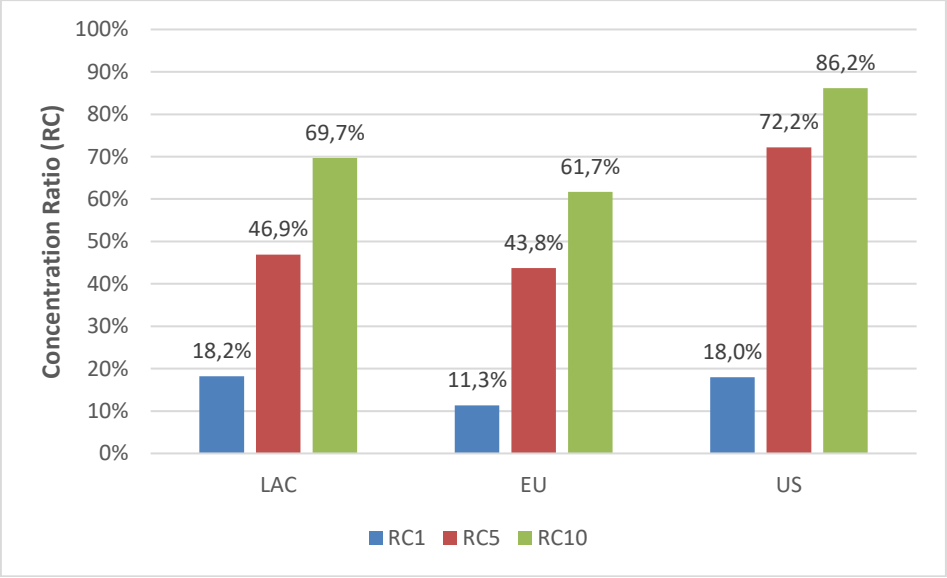


Fig 36. Concentration ratios – LAC vs other regions (2026).

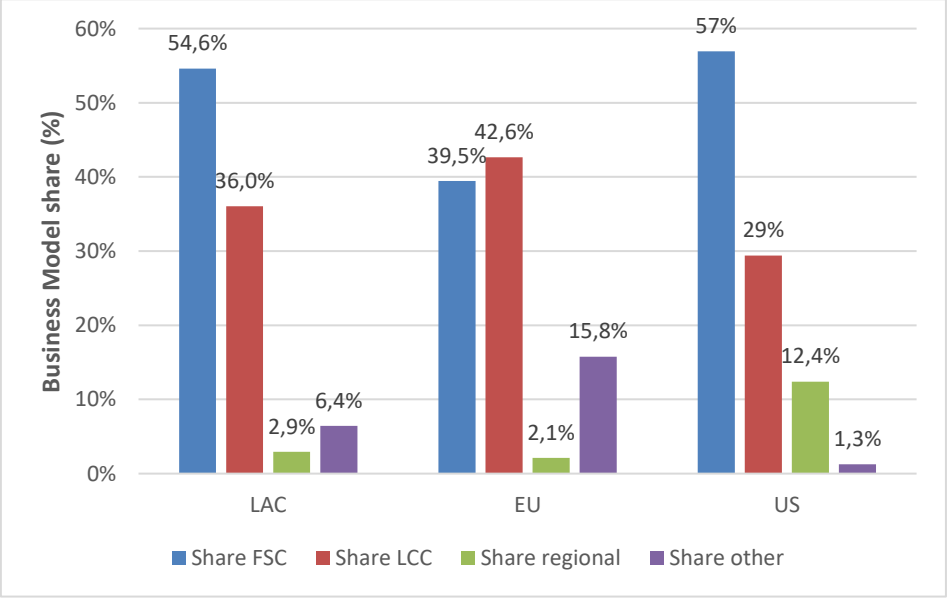


Fig 37. Share by airline business model – LAC vs other regions (2026).

The main structural difference between LAC and Europe lies in traffic composition: domestic services account for a much larger share of total capacity in LAC, whereas intra-regional international markets dominate in Europe, reflecting its greater degree of market integration. In contrast, the U.S. market is overwhelmingly domestic, with international services playing a much smaller role.

A comparison of LAC and European countries with similar airline market sizes shows that the largest LAC markets, particularly Brazil and Mexico, have developed competitive structures broadly comparable to those of the largest European countries, with similar concentration levels and, in some cases, even greater penetration of low-cost carriers. Argentina also exhibits a concentration level comparable to similarly sized European markets, although its LCC penetration remains below European levels, reflecting the more recent liberalization of its aviation sector. By contrast, other medium-sized LAC markets—most notably Chile and Peru—remain more concentrated and exhibit a lower LCC presence than their European counterparts. Colombia and, especially, Panama stand out as markets with particularly high concentration, with Panama also characterized by an almost complete absence of low-cost carriers. Overall, the gap in LCC penetration is generally smaller than the difference in market concentration, suggesting that the expansion of the low-cost business model in LAC has progressed further than concentration measures alone would imply.

The comparison between the largest hub airports in Latin America and the Caribbean and Europe reveals broadly similar market structures. Concentration levels are comparable across most airports, although Madrid is less concentrated and Panama City stands out for the dominant position of Copa Airlines. Likewise, low-cost carriers account for around 20–30% of seat capacity at most major airports, with lower shares in London (LHR), Paris (CDG), Bogotá, and Panama City. The main difference lies in traffic composition: European hubs are much more specialized in long-haul international services, whereas domestic traffic plays a much larger role at the principal LAC airports and international traffic is primarily concentrated on routes within the Americas. The comparison with the United States reveals greater heterogeneity across major hub airports. However, the major U.S. hub airports exhibit concentration levels that are comparable to, or even higher than, those observed at the principal LAC hubs, while the presence of low-cost carriers is generally lower. Furthermore, domestic traffic dominates at most U.S. hubs. Overall, differences in airport market structure across Europe, the United States, and LAC are relatively modest compared with the much larger differences in traffic composition.

Finally, route-level evidence shows that airline competition is remarkably similar across all three regions. Although the aggregate results for Latin America and the Caribbean are strongly influenced by Brazil and Mexico, and Europe has a much denser route network (around 14,800 routes, compared with 10,400 in the United States and 4,330 in LAC), route-level concentration is remarkably similar across all three regions. The main difference is the greater penetration of low-cost carriers in Europe as compared with LAC and the United States. Route operating characteristics are also broadly comparable, although European routes are thinner. Overall, the evidence indicates that the typical airline route is either a monopoly or a highly asymmetric duopoly, regardless of the region. This reflects the highly skewed distribution of air traffic: a relatively small number of dense routes sustain competition among several airlines, while most routes generate insufficient demand to

support more than one or two operators. Thus, the high route-level concentration observed in LAC is not exceptional but a common feature of airline markets, including the more mature and liberalized markets of Europe and the United States.

4.2.2 Southeast Asia

The aggregate comparison with Southeast Asia (SEA) shows that the two regions have very similar levels of air transport development, with annual seat capacity of approximately 0.96 seats per capita in LAC and 0.90 in SEA. Aggregate concentration levels and the distribution of traffic by airline business models are also remarkably similar, with almost identical market shares for full-service and low-cost carriers.

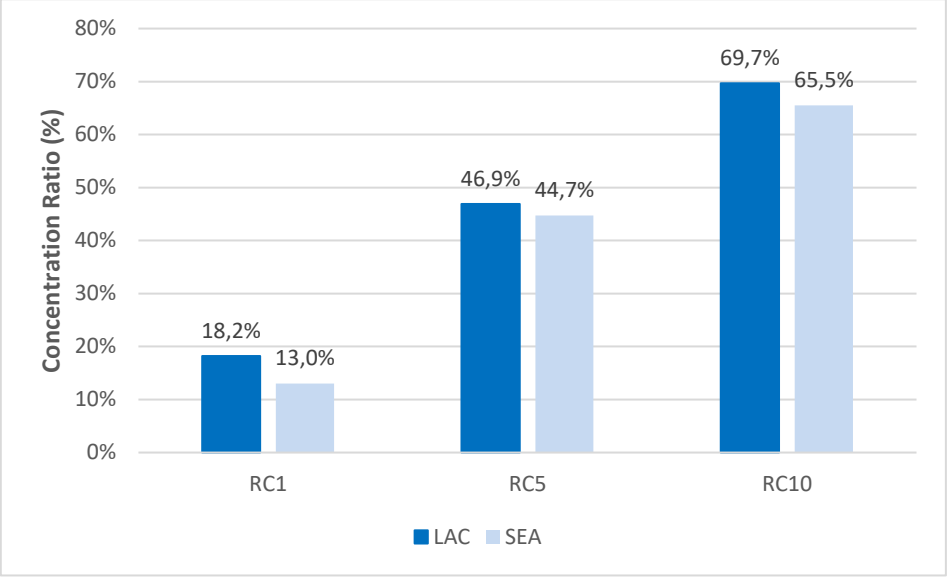


Fig 38. Concentration ratios – LAC vs SEA (2026).

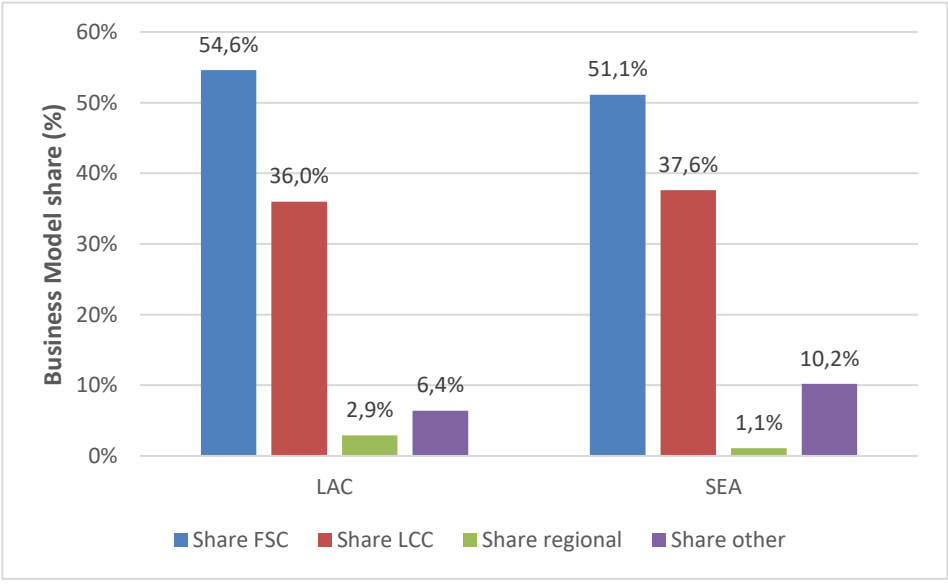


Fig 39. Share by airline business model – LAC vs SEA (2026).

The main difference lies in traffic composition: domestic services account for a larger share of total capacity in LAC, whereas extra-regional international traffic is much more important in SEA, reflecting its proximity to large neighboring aviation markets such as China, India, Japan, and South Korea.

The comparison of countries with similarly sized aviation markets reveals notable differences in the role of low-cost carriers. Brazil and Mexico exhibit substantially higher LCC penetration than comparable Southeast Asian markets such as Indonesia, Thailand, and Vietnam, despite similar concentration levels. Colombia has a lower LCC presence than similarly sized markets such as Malaysia and the Philippines, although the market share of the largest airline is broadly comparable. Among the smaller markets, Argentina and Peru display similar concentration and LCC penetration, whereas Panama stands out as an outlier, combining a dominant incumbent airline with an almost complete absence of low-cost carriers.

Despite the similarities between the two regions in terms of aggregate market structure, competition appears to be stronger in Southeast Asia at both the airport and route levels. The comparison of the largest airports suggests that Southeast Asia generally exhibits a more competitive airport environment than LAC, with lower concentration levels and a stronger presence of low-cost carriers. At the route level, SEA also appears more competitive, with lower HHI and RC1 values and a smaller share of monopoly routes. Routes are generally denser, longer, and served by larger aircraft than in LAC. Interestingly, despite similar aggregate LCC market shares across the two regions, a smaller proportion of SEA routes is served by at least one low-cost carrier, suggesting that Southeast Asian LCCs concentrate their operations on fewer routes while achieving higher market shares within those markets.

4.3 Key lessons for LAC

The international benchmark provides a broader perspective for interpreting the characteristics of the LAC air transport market by comparing the region with the United States, Western Europe and Southeast Asia. Based on the preceding analysis, the following key lessons summarize the main areas in which LAC presents distinctive characteristics, relative strengths or differences compared with the benchmark regions. The findings are presented separately for air connectivity and market concentration.

CONNECTIVITY BENCHMARK

- LAC has an extensive airport network, but a comparatively **limited base of medium and large airports**. Airport density is higher than in Southeast Asia but below the United States and Western Europe, while the number of airports above 5 and 20 million annual seats relative to population remains comparatively low.
- Airport capacity is relatively well distributed across the LAC network. Despite the limited number of very large airports, **capacity concentration among the Top 3 and Top 10 airports is broadly comparable to the United States and Western Europe** and substantially lower than in Southeast Asia, where traffic is much more dependent on a limited number of major gateways.

- LAC combines a relatively balanced domestic and international market structure with comparatively limited network breadth. International services represent around half of total capacity, considerably above the United States, but the average number of direct airport connections remains well below Western Europe and the United States, indicating a less interconnected network.
- LAC performs strongly in domestic direct connectivity, while its main relative connectivity gap emerges in international markets. Domestic DCI reaches 91.4%, close to Western Europe and Southeast Asia, whereas international direct connectivity remains significantly lower, particularly for intra-LAC and extra-LAC travel.
- **International O&D connectivity therefore represents one of the clearest areas of differentiation from the strongest benchmark regions**. Western Europe and Southeast Asia serve a substantially larger proportion of their principal intra-regional passenger flows non-stop, while LAC passengers show greater dependence on intermediate hubs, particularly for travel outside the region.
- **Regional aviation plays a meaningful role in LAC, but remains substantially less developed than in the United States**. Its share of operations is considerably higher than in Western Europe and Southeast Asia, yet LAC has a less interconnected regional network, lower airline density and smaller average airline operational scale than the United States, which provides the clearest benchmark for a mature regional aviation system.

MARKET CONCENTRATION BENCHMARK

- LAC presents market concentration levels broadly comparable to mature aviation markets, particularly Europe, although significant differences remain across individual countries and airports.
- Low-cost carrier penetration has increased significantly in LAC, reaching levels comparable to Europe in some of the region's largest markets, while remaining limited in others.
- High concentration at airport and route level is not a distinctive feature of LAC. Similar patterns are observed in Europe and the United States, with many routes characterized by monopolies or highly asymmetric duopolies. However, Southeast Asia generally exhibits a more competitive environment than LAC.
- The benchmark therefore highlights substantial heterogeneity within LAC rather than a uniformly high-concentration regional market, with markets such as Brazil and Mexico presenting more diversified structures and others, particularly Panama and Colombia, remaining considerably more concentrated.
- The lower levels of seats per capita in LAC compared with Europe and the US may be partly related to differences in traffic composition. High traffic levels in the US are supported by a large domestic market, while in Europe, air traffic has been stimulated by the high degree of intra-regional integration. In contrast, LAC has a more fragmented intra-regional market, which may help explain why the most developed air markets in the region are those with large domestic markets, such as Brazil and Mexico.

5. INTERNATIONAL AGREEMENTS AND MARKET LIBERALIZATION

This chapter examines the regulatory and policy framework governing international air transport, with particular attention to market liberalization and its implications for air connectivity. The analysis begins by introducing the main concepts and components of air transport policy and the different approaches to market access and liberalization, providing the conceptual framework required to understand the regulatory environment in which international air services operate.

Building on this framework, the chapter then examines the current state and recent evolution of air transport liberalization in Latin America and the Caribbean, highlighting the different approaches and levels of integration observed across the region. The chapter concludes by identifying the main trends emerging across LAC and summarizing the principal findings regarding the depth and direction of air transport liberalization in the region.

5.1 Air Transport Policy

DEFINITION

Air transport policy is the legal, regulatory and commercial framework that governs issues such as open skies and the freedoms of the air, traffic rights, effective control and substantial ownership, taxation and specific charges applicable to air transportation, the designation of airlines, their routes and frequencies, among other matters.

MAIN COMPONENTS

#	Component	Definition
1	Market Access	Who may operate domestic and international air services and under what conditions.
2	Economic Regulation	Rules governing fares, competition, subsidies, incentives and the conditions under which airlines operate.
3	Traffic Rights Regulation	State's policy regarding the granting of traffic rights over its airspace through bilateral or multilateral agreements.
4	Operational Safety (Safety)	Ensures that air operations comply with technical standards designed to protect passengers, crew members and aircraft.
5	Aviation Security (Security)	Measures to prevent acts of unlawful interference, including terrorism, sabotage and other threats to civil aviation.
6	Airport Infrastructure and Air Navigation	Development and maintenance of airports, air navigation facilities and air traffic management services.
7	Consumer Protection	Rules governing passenger rights, service quality, compensation and consumer assistance.

8	Competition and Free Market	Promotes competition among airlines or, depending on national policy, provides protection for domestic air carriers.
9	Connectivity and National Development	Seeks to integrate regions and facilitate trade, tourism and economic development through air transportation.
10	Sustainability and Environmental Protection	Measures aimed at reducing the environmental impact of aviation, including emissions control and improvements in energy efficiency.

Fig 40. Main components of Air Transport Policy.

TYPES OF AIR TRANSPORT POLICIES

1) **Restrictive or Protectionist Air Transport Policy:** Characterized by a high degree of government control over market access. The State limits the entry of foreign airlines, protects national flag carriers, and regulates routes, frequencies, and, in some cases, air fares.

2) **Liberal Air Transport Policy:** Promotes free competition among airlines by reducing operational restrictions, allowing greater participation by foreign carriers, and seeking to improve service offerings while lowering prices for consumers.

3) **Open Skies Policy:** Broadest form of air transport liberalization. It is based on bilateral or multilateral agreements between States that eliminate most restrictions on routes, frequencies, capacity, and market access. Open Skies policies promote international competition, enhance air connectivity, and facilitate the growth of international air services.

4) **Mixed Air Transport Policy:** Combines elements of both protectionism and liberalization. Under a mixed policy, the State liberalizes certain market segments while maintaining regulatory controls over strategic routes or implementing measures to safeguard national interests.

5.2 Liberalization

LIMITATIONS

1) **Airport congestion**

Constituted a significant obstacle to the conclusion of liberalized Air Services Agreements, the liberalization of market access must take into account airport capacity constraints and long-term infrastructure requirements.

2) **Air cargo**

In this regard, the ICAO Conference concluded that:

"Air cargo, and in particular all-cargo operations, should be considered for accelerated liberalization and regulatory reform, taking into account their unique characteristics, the nature of the air cargo industry, and the potential benefits to trade and economic development that could result from such reform."

3) **Airline ownership and control**

Certain developing States faced difficulties resulting from the strict application by other States of the traditional criterion of substantial ownership and effective control of airlines. Consequently, the ICAO Assembly adopted **Resolution A24-12**, introducing the concept of a "**community of interest**" with respect to the designation of airlines, as a mechanism that allows States participating in the same regional or subregional economic integration arrangement to be treated, for certain purposes under bilateral air services agreements, as part of a single economic community.

4) **Slot allocation and night flight restrictions**

Airport slot allocation has become a significant issue at many capacity-constrained airports. As air traffic continues to grow, capacity constraints have become increasingly widespread. Similarly, night flight restrictions imposed at certain airports have raised concerns because they may adversely affect the operation of international air services in some regions.

TYPES OF AVIATION AGREEMENTS

International agreements may be classified in several ways. The most common classifications are as follows:

According to the number of participants

a) **Bilateral Agreements:** Agreements concluded between two States.

b) **Multilateral Agreements:** Agreements concluded among three or more States.

According to geographic scope or regional integration

a) **Regional Agreements:** Agreements concluded among States within the same geographic region or sharing common interests, with the objective of strengthening cooperation and integration in areas such as trade, economic development, security, or regional integration.

b) **Plurilateral Agreements:** Agreements involving several States, although not all members of a particular international organization or community. Only those States choosing to become parties are bound by their provisions.

According to the degree of market liberalization in air transport

From the perspective of air transport policy, aviation agreements may also be classified according to their level of market openness as follows:

a) **Traditional Agreements**

Traditional agreements are characterized by a high degree of governmental control over international air services. Their principal characteristics include:

- Limited designation of airlines by each State;
- Restrictions on frequencies and capacity (number of flights and available seats);

- Regulation of authorized routes and destinations; and
- In some cases, air fares require approval by the aeronautical authorities of both governments.

b) Transitional Agreements

Transitional agreements introduce greater flexibility than traditional agreements while maintaining certain regulatory controls. Their principal characteristics include:

- Authorization for multiple designated airlines;
- Greater flexibility in determining frequencies and capacity;
- Partial liberalization of tariff regulation; and
- Continued restrictions on certain routes or traffic rights.

c) Liberalized Agreements

Liberalized agreements provide airlines of the contracting States with broad commercial freedom. Their principal characteristics include:

- An unlimited, or substantially increased, number of designated airlines;
- No significant restrictions on frequencies or capacity;
- Freedom for airlines to establish fares in accordance with market conditions;
- Greater operational flexibility in the selection of routes; and
- Depending on the provisions of the agreement, the ability to exercise additional Freedoms of the Air.

PREFERENTIAL MEASURES

States should be encouraged to give special consideration, in their air transport relations, to the interests and needs of developing countries and, where circumstances so warrant, to grant appropriate preferential measures, defined as "Non-reciprocal regulatory arrangements agreed upon by States within a regulatory relationship that are considered necessary to enable a developing country to participate effectively and sustainably in international air transport."

Such measures are intended to constitute only one of a broad range of policy instruments available to developing countries to strengthen and expand their participation in international air transport. The principal areas in which such preferential measures may be applied include the following:

Ownership

States may waive the traditional requirement that an airline designated by a developing State be substantially owned and effectively controlled by that State or its nationals.

Slot allocation

Airport slot policy is a key strategic option that shapes the aviation landscape and its contribution to national economic growth, connectivity objectives, and the public interest more broadly. The importance and commercial value of slots to their holders, noting that such value—derived from infrastructure that is normally financed and maintained by

airports or public authorities—is captured by airlines through their ability to retain or use slots in a manner that provides them with a commercial advantage.

ACI emphasized the importance of proposals to review slot allocation rules with a view to increasing flexibility in the use of slots, since prioritizing stability where changes could affect market dynamics limits the system's ability to respond to evolving policy needs.

In the case of congested airports, barriers to entry may create dominant positions. Continuity of access should be based on sustained contributions to competition, connectivity, and system efficiency, rather than on traditional methods that fail to respond to, or contribute to, actual demand in a manner that would enable broader regional growth and generate value for passengers and local communities.

5.3 Liberalization in Latin America and the Caribbean

According to geographical regions, find listed the current status of Brazil, Colombia, Argentina, Ecuador and Peru (South America); Panama and Costa Rica (Central America); Mexico (North America); and the Dominican Republic and Cuba (the Caribbean) as the predominant markets.

Region	Degree of liberaliza-tion	Predominant model	Traffic rights	Current trend	Regional integration	Comparative assessment
NORTH AMERICA (MEXICO)	High	Liberalized bilateral model, with some traditional/transitional agreements	Predominantly 3rd, 4th and 5th freedoms; some agreements go further	Selective liberalization and consolidation of Open Skies	Integration with the United States; horizontal agreement with the EU	One of the most liberalized markets in the region, although its structure remains primarily bilateral
CENTRAL AMERICA	Medium–High	Combination of bilateral agreements, Open Skies and regional mechanisms	3rd/4th freedoms are widespread; 5th freedom increasingly frequent	Progressive liberalization, particularly in Panama, Costa Rica and certain agreements involving Guatemala/Honduras/El Salvador	Limited integration; SICA has not yet created a single air transport market comparable to CARICOM	Significant but fragmented liberalization
SOUTH AMERICA	High and increasing	Evolution from bilateralism toward regional liberalization	3rd–5th freedoms widely used; expansion toward 6th and 7th freedoms	The region with the most significant recent transformation	CAN, CLAC and new initiatives such as ALAS / South American Single Sky	Greatest momentum toward structural and supranational liberalization
CARIBBEAN	Medium–High, but heteroge-neous	CARICOM Multilateral Model + Bilateral Agreements	3rd/4th and 5th freedoms; advances toward 6th/7th freedoms under certain arrangements	Integration intraregional with liberalization gradual	CARICOM MASA regional mechanism more advance	High intra-regional legal integration, but heterogeneous approaches toward third countries

Fig 41. Regional comparison of the degree of liberalization and air transport policy.

5.4 Key findings

Based on the regulatory framework and regional analysis presented in the previous sections, the following key findings summarize the main results regarding the current state and evolution of air transport liberalization in Latin America and the Caribbean. They highlight recent developments and emerging trends, compare the different approaches adopted across countries and subregions, and provide an overall assessment of the relative degree and direction of liberalization across LAC.

1. **Ecuador has adopted a formal Open Skies policy since 2018**, aimed at progressively liberalizing international air transport, increasing connectivity, attracting new operators, and promoting competition, tourism, and international trade. This policy is implemented through a combination of the **Andean Community's regional air transport framework** and bilateral **Air Services Agreements (ASAs) and Memoranda of Understanding (MoUs)**. While Ecuador has progressively expanded traffic rights, frequencies, capacity, and operational flexibility in several markets, the degree of liberalization remains dependent on the specific instrument applicable to each bilateral relationship.

2. **The regional trend can no longer be described simply as a transition from traditional bilateral agreements toward "Open Skies."** What is currently emerging is a **second stage of liberalization**, characterized by the progressive expansion of traffic rights beyond the **Third and Fourth Freedoms of the Air**, together with the reduction or elimination of quantitative restrictions.

   This trend is particularly evident in **Brazil and Argentina**. In July 2026, Brazil modified its negotiation criteria to allow agreements providing for up to the **Seventh Freedom for mixed passenger and cargo operations**. Argentina, for its part, is promoting **ALAS** with the objective of progressively advancing toward a liberalized South American air transport market, with future objectives encompassing higher freedoms of the air, including the **Ninth Freedom**.

   At the same time, the **Andean Community (CAN)** represents a different model of liberalization, based not only on bilateral agreements but also on the development of an integrated regional air transport space. In June 2026, **Bolivia, Colombia, Ecuador, and Peru** formally began evaluating the **"Andean Skies" ("Cielos Andinos") initiative**, which seeks, among other objectives, to harmonize regulatory frameworks and reduce barriers to regional air mobility.

3. **Country comparison:**

Group	Countries	Main characteristics
Deep liberalization / structural transformation	Argentina, Brazil	Moving toward broader traffic rights, the removal of capacity and frequency restrictions, and greater regional integration. Argentina is pursuing particularly extensive liberalization, while Brazil has recently introduced the possibility of negotiating seventh-freedom rights for passenger and cargo services.
Consolidated Open Skies	Panama, Colombia, Peru, Ecuador	They maintain policies clearly oriented towards liberalization, with increasing use of fifth- and sixth-freedom rights and fewer restrictions. In the Andean countries, there is also a regional integration component through the Andean Community (CAN).
Selective/progressive liberalization	Mexico, Costa Rica, Dominican Republic	They have relatively open markets and continue to expand traffic rights, although liberalization is not uniform across their entire network of agreements. Traditional, transitional, and Open Skies instruments coexist.
Predominantly traditional model	Cuba	It maintains a more cautious approach to granting traffic rights and liberalizing capacity, frequencies, and higher freedoms.

Fig 42. International agreements and Market liberalization: Country comparison conclusions.

4. Using the WASA classification - **traditional, transitional, and full liberalization (Open Skies)** - and taking into account designation, capacity, fares, and particularly third-, fourth-, and fifth-freedom rights, the predominant countries and models by region can be summarized as follows:

A. North America (Mexico): Advanced Bilateral Liberalization

Mexico is a particular case because, although it is geographically part of North America, its commercial aviation policy combines **advanced bilateralism with selective Open Skies arrangements**.

The most important example is its relationship with the United States, where the agreement currently in force allows for a considerably liberalized market. This is supplemented by agreements with other countries and by the horizontal agreement with the European Union.

Mexico may therefore be characterized as:

> A model of advanced bilateral liberalization, oriented toward open markets but without completely replacing the bilateral system with a regional multilateral framework.

B. Central America: Progressive but Fragmented Liberalization

Central America presents an intermediate situation. There is a clear trend toward:

- Multiple designations;
- The removal or expansion of frequency limits;
- The elimination of capacity restrictions;
- Increasing use of **fifth-freedom rights**;
- Open Skies agreements with certain partners;
- Greater flexibility in routes and operations.

However, **there is not yet a genuine single Central American air transport market** comparable to the CARICOM framework.

The region can therefore be classified as:

> A market undergoing liberalization, in which progress is being achieved primarily through bilateral agreements rather than through full regional commercial aviation integration.

Panama is probably the clearest example of liberalization in Central America, while Costa Rica has also made significant progress toward more open agreements.

C. South America: The Most Profound Transformation

This is where the most significant change is taking place. South American commercial aviation policy is evolving from the traditional model of:

Third- and fourth-freedom rights -> frequency and capacity restrictions -> limited designations

toward:

Open market -> multiple designations -> market-determined frequencies -> fifth- and sixth-freedom rights -> seventh-freedom rights for certain services.

Recent developments in **Brazil, Argentina, Ecuador, and Peru** are particularly significant.

In addition, in 2025, the Latin American Civil Aviation Commission (LACAC) approved a Memorandum of Understanding to liberalize **fifth- and sixth-freedom rights for combined passenger, cargo, and mail services**. It was initially signed by Argentina, Brazil, Chile, Costa Rica, Ecuador, Paraguay, the Dominican Republic, and Uruguay, with Bolivia joining later.

This represents a qualitative change: **the regional discussion is no longer limited to liberalizing third- and fourth-freedom rights**, but is beginning to address fifth- and sixth-freedom rights systematically.

This is complemented by the **ALAS initiative**, which is aimed at greater integration of the South American market.

From a public policy perspective, South America can therefore be characterized as:

> The Latin American region currently displaying the greatest momentum toward deeper commercial aviation liberalization, with a progressive transition from bilateral liberalization to regional integration mechanisms and broader traffic rights.

ICAO itself has emphasized the importance of progressing toward gradual liberalization and has highlighted Latin American multilateral mechanisms as instruments for achieving this objective.

D. Caribbean: Greater Legal Integration Than Central America

The Caribbean has a distinct characteristic. Its main advantage is the existence of the CARICOM Multilateral Air Services Agreement (MASA), which entered into force on August 17, 2020, and seeks to establish a single air transport services market within CARICOM. Therefore, from a legal perspective, the Caribbean has a deeper integration mechanism than Central America.

However, there is an important distinction: "Intra-regional integration is not equivalent to universal liberalization in relation to third countries". In other words, CARICOM has made considerable progress in liberalization among its members, but its member states continue to maintain different policies toward third countries. This creates a model that is: Regionally integrated but externally heterogeneous.

5. Regional ranking:

If a qualitative scale of commercial aviation liberalization is constructed, taking into account not only the existence of Open Skies agreements but also the scope of traffic rights, frequencies, capacity, designation, and progress toward higher freedoms, the proposed ranking would be as follows:

A. South America: Very high / Greatest momentum

Argentina -> Brazil -> Chile/Colombia/Peru/Ecuador -> other countries

Main characteristic: ***transition toward structural liberalization***, including fifth-, sixth- and, in certain cases, seventh-freedom rights.

B. North America (Mexico): High

Main characteristic: ***Advanced bilateral Open Skies arrangements***, particularly with the United States, but without a specifically Latin American regional aviation market.

C. Caribbean: Medium-High

Main characteristic: ***Intra-regional multilateral integration through CARICOM***, although significant differences remain in relations with third countries.

D. Central America: Medium-High

Main characteristic: ***Progressive bilateral liberalization***, but with greater fragmentation and less regional institutional integration.

Conclusion: The comparison identifies four different commercial aviation policy models:

Region	Model that best characterizes it
South America	Deep liberalization plus regional integration
North America (Mexico)	Advanced bilateral liberalization
Caribbean	Intra-regional multilateral integration
Central America	Progressive and fragmented bilateral liberalization

Fig 43. Commercial aviation policy models in LAC.

In conclusion:

> **"Current leadership in liberalization is no longer determined simply by how many countries have Open Skies agreements, but by the depth of those agreements."**

The ICAO/WASA classification distinguishes precisely between traditional, transitional, and fully liberalized agreements. The recent trend in Latin America points toward moving beyond the removal of restrictions on third- and fourth-freedom rights and toward greater openness regarding fifth-, sixth- and seventh-freedom rights.

Indeed, a recent regional study conducted by ACI indicates that Latin America's connectivity remains **42% below that of more liberalized markets such as North America and Europe**. This demonstrates that, despite the progress achieved, the region still faces a structural liberalization and integration gap.

Summary:

- South America = greatest depth of liberalization
- Mexico = most mature open bilateral model
- Caribbean = greatest intra-regional legal integration
- Central America = progressive but fragmented liberalization.

6. STRATEGIC CONCLUSIONS AND RECOMMENDATIONS

6.1 Strategic priorities

The evidence presented in this report suggests that aviation policy in Latin America and the Caribbean should pursue four complementary objectives: deepening regional market integration, fostering competition and market entry, strengthening international connectivity, and improving connectivity across regional and secondary airport markets. These objectives respond to the main structural characteristics identified throughout the analysis and should be pursued taking into account the significant differences in market size, geography, traffic composition and airline structure across LAC countries.

DEEPENING REGIONAL MARKET INTEGRATION

A first priority is to promote greater regional integration. Compared with Europe, the main difference in the LAC aviation market lies not in its level of concentration but in its much lower degree of market integration. Unlike the European Economic Area or the domestic U.S. market, LAC lacks a fully liberalized single aviation market. This institutional fragmentation limits connectivity constrains the expansion of airlines across national borders and reduces the potential for economies of scale. Further liberalization of intra-LAC air services—including greater freedom over market entry and exit, pricing, and capacity decisions—would facilitate competition and improve connectivity. Likewise, reducing legal barriers to cross-border ownership and the creation of multinational airline groups would enable carriers to operate more efficiently across the region. While LATAM and Avianca have successfully adopted multinational structures, most airlines, particularly low-cost carriers, remain largely confined to their domestic markets.

FOSTERING COMPETITION AND MARKET ENTRY

A second priority is to foster competition. Although route-level concentration in LAC is broadly comparable to that observed in Europe, competition remains limited on many routes. Competition authorities should therefore continue to monitor potential anticompetitive practices, including collusion and the abuse of market power. At the same time, regulatory reforms that facilitate the entry and expansion of both domestic and foreign low-cost carriers would increase competitive pressure and expand consumer choice, particularly on intra-LAC international routes where LCC penetration remains modest. Airport charging policies can also support these objectives. Transparent, non-discriminatory, and commercially oriented charging schemes may be designed to encourage market entry, new routes, or additional frequencies, while recognizing that the appropriate design of these incentives should reflect the characteristics and strategic priorities of individual airports. The experience of Southeast Asia, which has a similar level of seats per capita but generally exhibits stronger competition and a greater presence of low-cost carriers, suggests that there remains scope for more competitive market structures in LAC despite differences in geography and traffic composition.

STRENGTHENING INTERNATIONAL CONNECTIVITY

A third objective is to strengthen the international connectivity of the region. The largest hub airports in LAC share many characteristics with major hubs elsewhere, with network carriers accounting for most operations and low-cost airlines playing a more limited role. However, LAC hubs are distinguished by their relatively small share of long-haul traffic. Policies that encourage additional long-haul services and facilitate the integration of regional network carriers into global alliances, including metal-neutral joint ventures where appropriate, could strengthen the strategic role of these airports within global aviation networks and improve the region's connectivity with the rest of the world.

STRENGTHENING REGIONAL AND SECONDARY AIRPORT CONNECTIVITY

A further priority is to strengthen connectivity across secondary and smaller airport markets, which represent a substantial part of the LAC airport network but account for a comparatively limited share of total capacity. Regional aviation plays an important role in supporting these markets, particularly in the Caribbean and Central America, and in connecting Secondary Airports with larger gateways and with each other. Policies aimed at facilitating the development and sustainability of thinner routes, including appropriate airport incentive schemes, proportionate regulatory frameworks and operating conditions adapted to smaller aircraft and markets, could contribute to preserving and expanding the capillarity of the regional air transport network.

This objective is particularly relevant in a context where overall scheduled capacity has recovered above pre-pandemic levels while the number of airport pairs remains below 2019 levels. Strengthening connectivity should therefore not only focus on increasing capacity at the largest gateways, but also on expanding the breadth of the network and improving access to air services across secondary markets. International experience, particularly in the United States, also illustrates the role that regional aviation can play in supporting a more interconnected airport system, although the appropriate approach in LAC should reflect the specific geographic and market characteristics of each subregion.

6.2 Enabling Policy Framework

Achieving these objectives will also require continued progress in air transport liberalization and regulatory integration across LAC. Building on the initiatives already underway across the region, the emphasis could increasingly move beyond traditional Third and Fourth Freedom liberalization towards broader traffic rights, greater flexibility in frequencies and capacity, multiple airline designation and, where appropriate, the progressive extension of Fifth, Sixth and Seventh Freedom rights. Existing initiatives in South America, together with regional integration mechanisms and the CARICOM experience in the Caribbean, provide relevant foundations for advancing towards deeper regional air transport integration.

A flexible combination of bilateral and multilateral instruments could support this process while recognizing the different circumstances and levels of market opening across LAC countries. Greater convergence of air service agreements and regulatory frameworks could help reduce market fragmentation, facilitate airline entry and expansion, and create additional opportunities for intra-regional and international connectivity. Progress in this direction should therefore combine greater coordination between States with the progressive removal of unnecessary market-access restrictions, while maintaining appropriate safeguards related to competition, safety and national regulatory requirements.

Taken together, these measures would contribute to a more integrated, competitive, and internationally connected aviation market. While the appropriate policy mix will inevitably differ across countries, reflecting differences in market size, tourism specialization, and existing market structures, greater regional integration and competition appear to offer the largest opportunities for supporting the long-term development of the aviation sector in Latin America and the Caribbean.

The execution of an international agreement, regardless of the degree of liberalization it provides for, **"does not, in itself, determine its entry into force, legal effectiveness, or binding effect upon the parties"**. These effects are subject to compliance with the requirements and procedures established in the relevant instrument and under the applicable domestic legal framework of each State.

Given that the entry into force and full legal effectiveness of agreements concluded through international instruments "**are not necessarily contingent upon their mere signature**", it is recommended that, for each agreement, the requirements and procedures necessary for its entry into force and effective implementation be clearly identified.

This approach would enable aero commercial policy to focus not only on the "**negotiation and execution of agreements, but also on the effective implementation and enforceability of the commitments undertaken**", thereby strengthening their legal effectiveness and their impact on air connectivity and the liberalization of international air transport.



Thank you

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