




Evolution of Airport Ownership in Latin America & The Caribbean

Dr. Eduardo A. Flores
ACI-LAC Regional Secretary

Agenda

- LAC Market
 - Ownership / Operation - Concession
 - Concession Process
 - Evaluation
 - Final Remarks
- 
- The background of the slide is a blue-tinted photograph of an airport tarmac. In the foreground, the nose and cockpit windows of a white airplane are visible. In the background, there is a large hangar with the 'Asia Cargo' logo and name on its side. Another airplane is partially visible to the right. The overall scene is an airport environment.

The LAC Market, A GROWING ECONOMY

- Latin America and the Caribbean will grow by around 5% this year.
- This is the second time in 25 years that the region will see four consecutive years of growth.
- The year 2007 will see regional GDP growth of about 4.5%, within the context of a moderate slowdown of the world economy

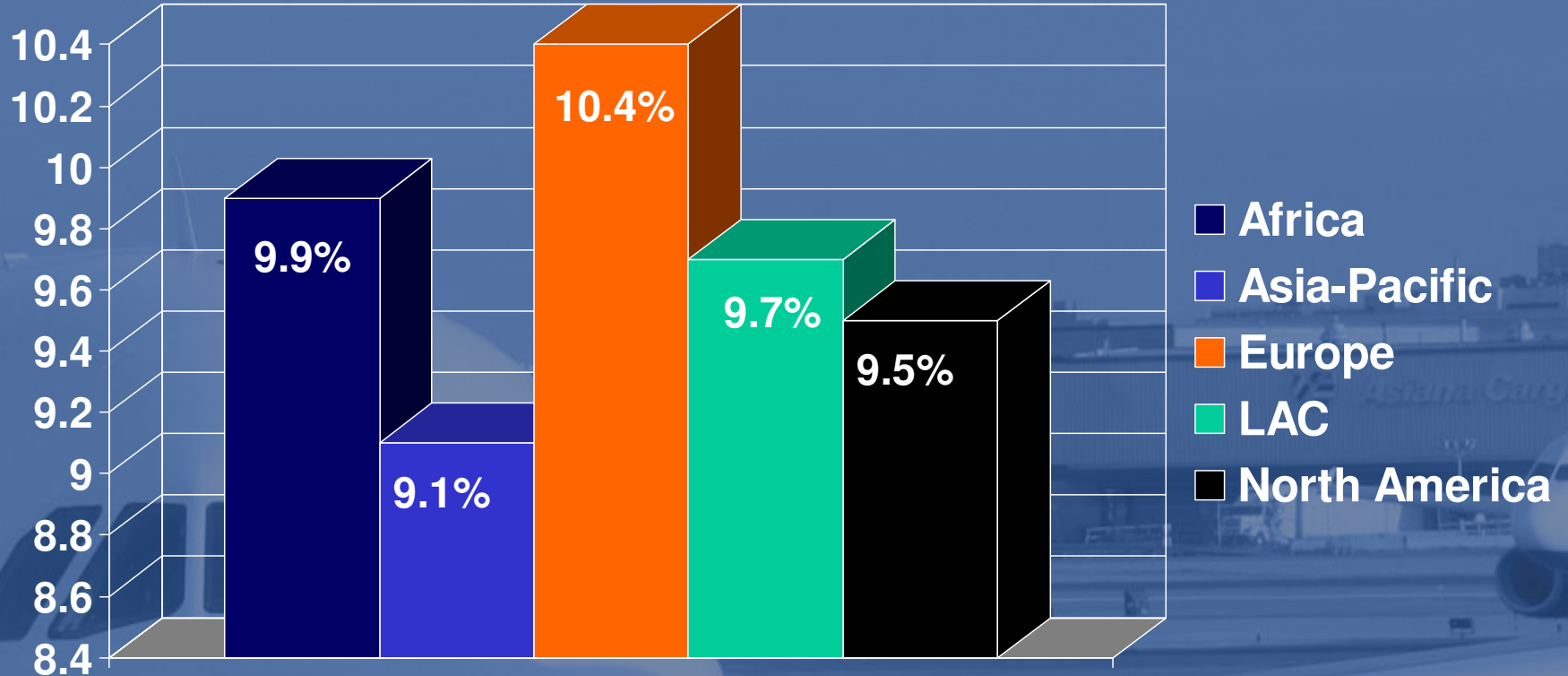
LAC Market - Growing

- This economic expansion will be spread across Latin America and the Caribbean, ranging between 3.5% and 6.5% for most countries.
- The exceptions are Argentina, the Dominican Republic and Venezuela, with growth rates over 7.5%, and Haiti, at about 2.5%
- Caribbean nations are expected to grow by 6.3%; South America by 5.4%; and Mexico and Central America by some 4.1%.

Source: Economic Commission for Latin America and the Caribbean

LAC Market

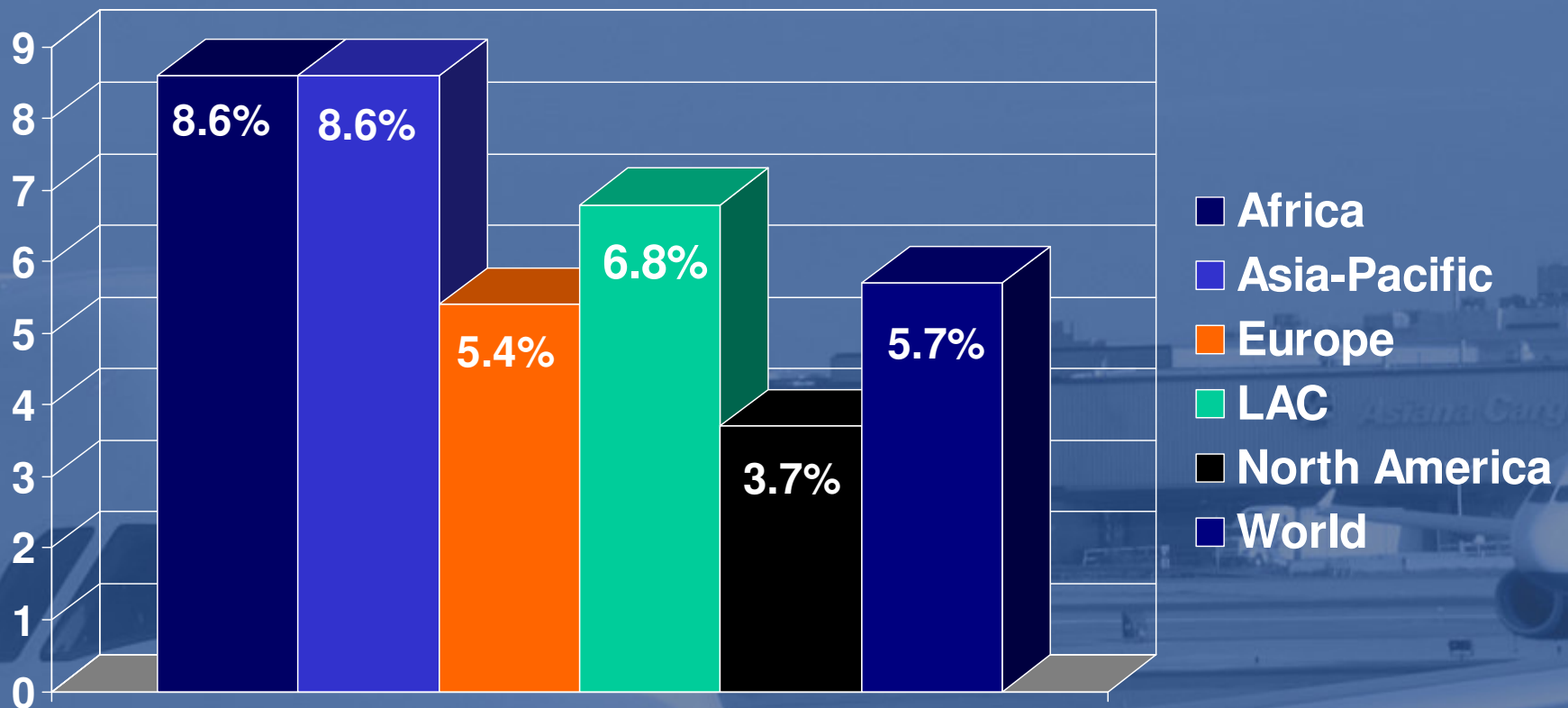
- Traffic Growth in 2005



Source: ACI

LAC Market

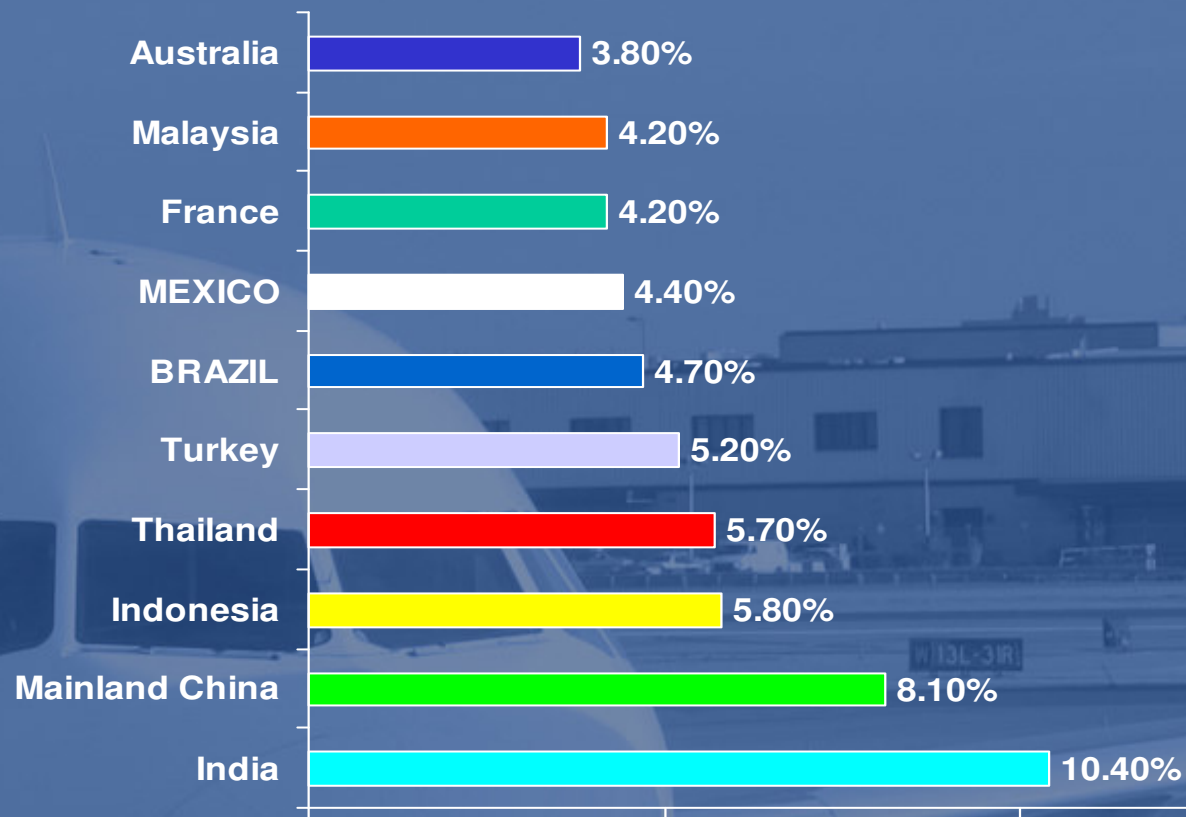
- **Traffic Growth Forecast of PAX for 2007: 6.8%**



Source: ACI

LAC Market

- Highest Total Passenger traffic growth Rates for the 2005-2025. Selected Countries



Ownership & Operation – Concession

- Governments have been making huge changes in how their airport and port facilities are owned and in particular how they managed (operated).
- On 1992 most of the LAC airports were under some public operation.
- On 1997 around half of LAC airports are under some private operation agreement.

Ownership & Operation – Concession

- Private Participation
 - Financial Problems
 - Income for the States
 - Airports considered as Commercial Business
 - New Airport Operator Industry
 - Private Management – More Efficient
 - Finance Viability (Private – International)

1992....



Public Operation



Private Operation



2007....



Public Operation



Private Operation



Evaluation

LACAC Survey – Negative Aspects

- Payment delay of Concession Fee / Mutual claims
- Transition / Coordination (between agencies)
- Master Plan / Investments Delays
- Tariff Regime
- Interpretation of the Concession Agreement
- Framework Superposition (Concession – Laws)
- Weakness of the Airport Network

Evaluation

LACAC Survey – Positive Aspects

- Adequate of the Infrastructure
- Application of International Standards
- Modernization of Services
- Increase of Capacity
- Compliance of Rules
- Generating Jobs
- Saving for the States
- Planned Investment
 - New Source of Income for States ???

LACAC recommendations on Airport Privatization

- State to clearly define objectives – State role and responsibilities to be maintained to guarantee efficient and efficacy of the airport services according to international regulations.
- Include in the Concession agreement the require elements to be able to obtain international finance considering international applicable requirements and practices.
- Define a balance Concession agreement in a way that the State regulation does not unfairly limit the airport operator
- The concession agreement should allow flexibility to be adapted to the new market conditions, the aviation industry dynamism and the long term of the concession agreements

Final Remarks

- The function and concept of the Airport has substantially changed due the airport commercialization / privatization in the LAC region.
- A very important portion of the LAC airports are under private operation agreement
- The Airport Operation framework is insufficient (limitations and Deficiencies) and fragmented

Final Remarks

Limitations / deficiencies /

- International Finance Tools
- Airport Service – Concept – Business Perspective
- Relationship with Users and Commercial Partners
- Slots / Environment
- Security / Enforcement
- Air Policy / Route Development (Air Service)
- Tariffs – Approval / Enforcement
- Airport Operator – Duties / Rights
- Integration of the framework

Financing Peru Concession

OPIC y KfW

US\$ 125MM

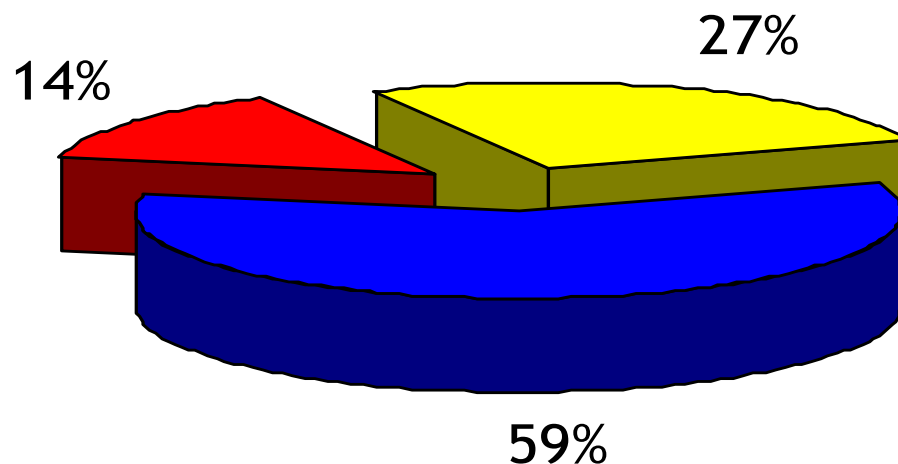
Capital

US\$ 30 MM

Operating Cash Flow

US\$ 57 MM

Financiamiento 2005



■ Préstamo de OPIC y KfW ■ Aporte de Capital Socios ■ Caja generada por operaciones

Payments to Peruvian State

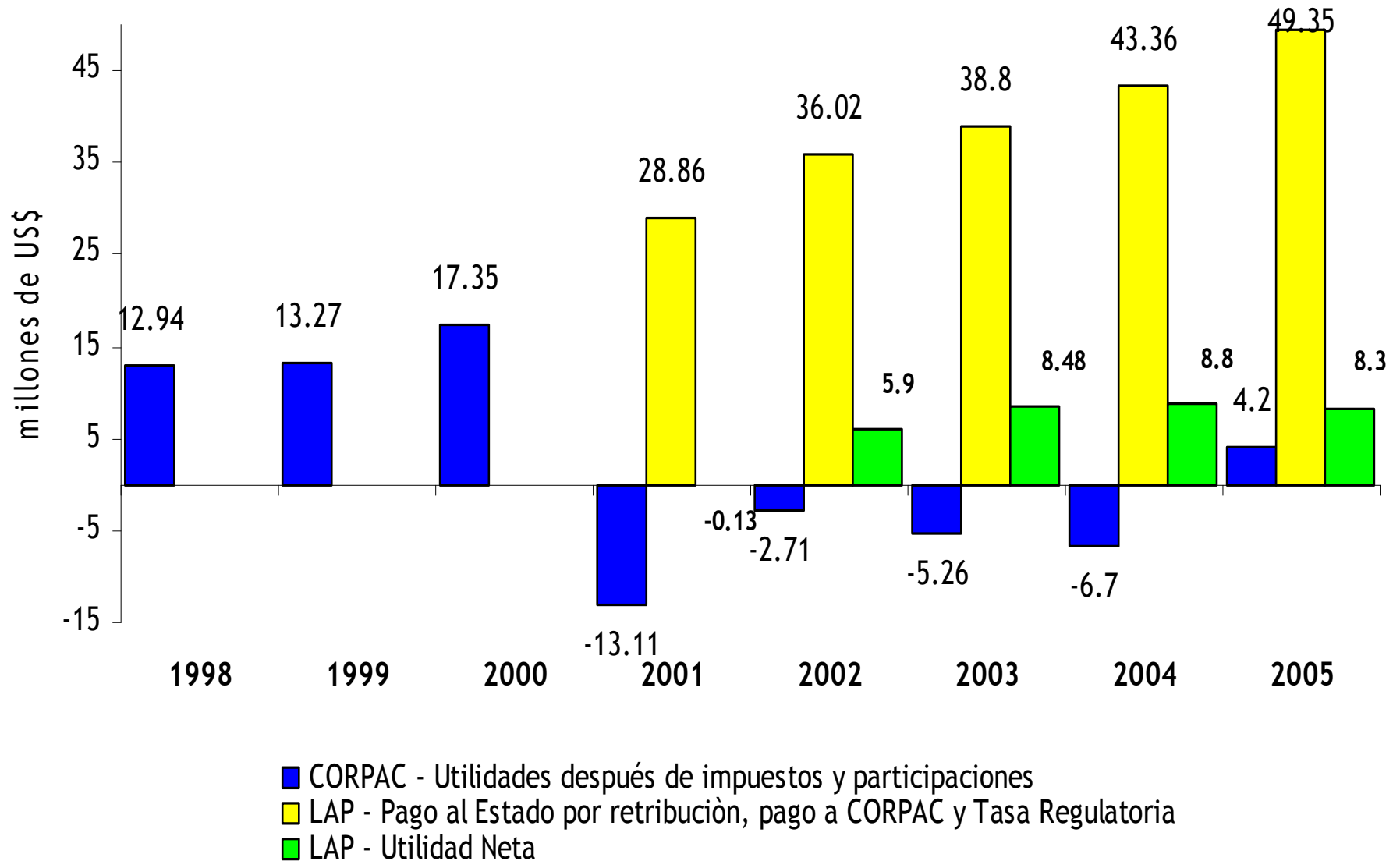
Transferencias al Estado Peruano

De un total de US\$ 341 millones de ingresos brutos

A diciembre 2005

Aportaciones al Estado (miles de US\$)	2001	2002	2003	2004	2005	Total
Retribución al Estado 46.511%	19,027	24,440	26,531	29,700	34,998	134,696
Retribución a CORPAC	9,344	10,933	11,658	12,889	14,985	59,809
50% Aterrizaje y despegue	5,264	6,092	6,168	6,751	8,090	32,365
20% TUAJ Internacional	4,079	4,841	5,490	6,138	6,895	27,444
Impuestos	7,507	7,449	10,088	4,682	6,802	36,528
Tasa Regulatoria	492	644	691	774	912	3,513
	36,370	43,466	48,968	48,045	57,697	234,546

Results Peruvian Concession



THANK YOU

Eduardo A. Flores

Secretario Regional de ACI-LAC / ACI-LAC Regional Secretary

Tel: +52 999 946 1258

Mobile: + 52 999 163 4810 /

E-mail: Efloresdc@aci-lac.aero

Website: www.aci-lac.aero

Argentina

Aeropuertos Argentina 2000

32 Airports

Objective	Operation and Administration
Term	30 Years (from 1998)
Concession Fee	15% Gross Income
Regulatory Fee	NA
Investment	US \$1,200 MM (1 Phase)



Bolivia

SABSA (TBI – ex AGI) 3 Airports



Objective	Airport Operation, Management, Exploit, Maintenance
Term	25 Years (from 1997)
Concession Fee	20.8 Gross Revenue
Regulatory Fee	0.8 Gross Revenue
Investment	US \$65 MM (estimated)

Costa Rica

ALTERRA Partners

Juan Santamaria Int. Airport



Objective	Administration & Airport Services (Increase Airport Efficiency, quality and Operation)
Term	20 years (from 2001)
Concession Fee	32.5 % Split Income 58% % Total Revenue
Regulatory Fee	NA
Investment	US\$157 MM (Phase 1/2) US\$140 MM (Phase 3/4)



Ecuador



ADC & HAS

Objective	Airport Administration
Term	35 Years
Concession Fee	
Regulatory Fee	
Investment	US \$ 600,000,000

Terminarles Aeroportuarias de Guayaquil, S.A. -TAGSA

Objective	Airport Administration
Term	15 Years
Concession Fee	50.25% (On Regulated Fees) Aeronautical Income
Regulatory Fee	NA
Investment	Master Plan (approved) New Airport (phase 1)

Honduras



INTERAIRPORTS

Objective	Operation, Maintenance, exploit
Term	20 years (from 2000)
Concession Fee	34.4
Regulatory Fee	
Investment	Satisfy Traffic Demand (Item List)

México

Aeropuertos del Sureste-ASUR

Objective	Airport Administration
Term	50 years (from 1998)
Investment	Master Plan (approved)

Servicios Aeroportuarios del Centro Norte S.A. de C.V.-OMA

Objective	Airport Administration & Operation
Term	50 Years
Concession Fee	
Regulatory Fee	
Investment	Master Plan (approved)

Servicio a la infraestructura Aeroportuaria del Pacifico S.A. de C.V. -GAP

Objective	Airport Administration & Operation
Term	50 Years
Concession fee	
Regulatory fee	
Investment	Master Plan (approved)



Peru



Lima Airport Partners S.R.L-LAP

Objective	Design, construction, financing and operation
Term	30 Years (From 2001)
Concession Fee	46.511 Gross Revenues
Regulatory Fee	1% Gross revenues
Investment	216.3 (Phase 1)

Aeropuertos del Peru

Objective	Design, construction, financing and operation
Term	25 Years Extendable
Concession fee	5%
Regulatory fee	1 %
Investment	US\$65,000,000