

**IFALPA PROFESSIONAL & GOVERNMENT AFFAIRS (PGA) COMMITTEE
MEETING
FRANKFURT, GERMANY, 7 – 9 JUNE 2016**

AGENDA ITEM: 12

BRAZIL'S PROFESSIONAL AND GOVERNMENT AFFAIRS REPORT

PRESENTED BY CAPTAIN MARCELO CERIOTTI

1. GENERAL-ECONOMY/POLITICAL DETAILS

Brazil currently struggles through one of the worst economic and political crisis of its modern history. Due to the instability, investments are at a standstill. The process of Impeachment promises a slightly progressive movement in the economy but, this positive reaction depends on a definitive removal of President Dilma Rousseff and the Labour Party (PT) from the leadership in Brazil.

The impact in aviation of this political and economic situation is very unsettling and domestic market faces a reduction in passengers and cargo demand. Last research estimates a 12% reduction in domestic demand for this year when compared to 2015.

Furthermore, unemployment levels are very high and not being treated as priority as this transitory government has other pressing issues at play at the moment.

2. GENERAL-MEMBER ASSOCIATION DETAILS

ABRAPAC is the current MA representing IFALPA in Brazil. ABRAPAC is in fact merging with SNA (Brazilian Union) in order to promote IFALPA activities amongst the aviation community.

ABRAPAC represents little over 300 pilots in Brazil. With the merging of activities, this number can be significantly increased. SNA represents approximately 7 thousand members, both flight and cabin crew. The merger between ABRAPAC and SNA is a solution seen by both parties as an excellent opportunity to have all pilots represented.

SNA has just finished its elections and a few changes are expected towards its framework and new pilots joining the group.

3. ASSOCIATION CARRIERS

Last year, Brazilian airlines carried 110 million passengers domestically, with a market share consisting of: 37% TAM, 34% GOL, 18% Azul and 10% Avianca.

Azul announced a codeshare agreement with United Airlines. GOL expanded its codeshare agreement with Delta Air Lines and Avianca expanded its relationship with ANA - All Nippon Airways.

The process of LATAM Merger & Acquisition (LAN and TAM) is concluded and the new company is spreading its new brand.

4. OTHER CARRIERS (NON-ABRAPAC/SNA)

Not applicable.

SNA represents all Brazilian pilots when it comes to labour related matters.

5. NATIONAL ISSUES

The bill to change Flight Crew Regulation (Law 4183/84) has passed through a specialized committee in the House of Representatives in Congress and undergone intense negotiations which also included SAC, ANAC, the airlines and SNA in cooperation with the Associations.

Unfortunately, the bill has not been approved yet. There is one issue still being discussed which concerns rest time for pilots where they ask for 10 days/month versus the 9 days they currently have. The Congress isn't likely to vote until the end of the year because of the tight agenda for 2016 in facing political and economic turmoil and events such as Olympic Games and elections.

Additionally, after ten months, 400 amendments and several debates, a bill drafted by an experts' committee has been delivered to the Congress with the intent of modernizing the 1986 Aviation Code that no longer suits the current model of Brazilian Aviation.

Brazil has three general Collective Labor Agreements:

Airline Pilots;

General Aviation and Air Taxi Pilots;

Crop Dusters.

Those are renewed annually, discussing economic and social clauses.

6. INTERNATIONAL ISSUES

Brazil is still facing a fierce debate about Open Skies and the liberalization of foreign capital's shares in National Companies with the intent of increasing it to 100% (whereas at present it's limited to 20%).

A Government act published just last month increased from actual 20% to 49% the foreign participation in national airlines, but this decision still awaits Congress approval in order to be implemented. There are rumours that if President Dilma Rousseff is in fact impeached, acting President Michel Temer intends to increase this percentage to reach 100% regardless of reciprocity.

An important achievement is pilots' participation in debates with national and international authorities towards international agreement for air services. We brought a decisive approach to the table: the discussion of the importance in considering labour conditions into the agreement between Brazil and European Union. The support and partnership established with ECA and ITF was vital throughout that process. The process is still being analyzed by both parties.

The launch of LATAM is of great concern as there are no guarantees that the new company (merger of LAN and TAM) includes labour and social matters in their business development strategies. As working conditions are already critical in Brazil, LATAM's uncertainties cause great stress amongst their pilots. Nevertheless, since the beginning of the merger, TAM has guaranteed to the Brazilian Authorities that 80% of the company's control will remain in the hands of Brazilian shareholders, despite the fact that the new holding company LATAM comes from the union with Chilean LAN.

7. SUMMARY

Despite the fragile economic and political situation that the country is facing, Brazilian pilots are actively working to guarantee the modernization and development of the industry without work disruption.

More than ever the exchanging of expertise with IFALPA members is crucial for Brazil to overcome the negative issues presented in this report.