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LADB Staff

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TAESA ordered to Suspend All Flights Following Plane Crash in Michoacan

by LADB Staff

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In late November, the Secretaria de Comunicaciones y Transportes (SCT) ordered Transportes Aereos Ejecutivos (TAESA) to suspend all flights because of concerns about the safety of the airline's aircraft. The SCT's action followed the Nov. 9 crash of a TAESA aircraft in Michoacan state, which brought greater attention to the airline's repeated violations of Mexico's commercial-aviation laws.

The civil-aviation agency Direccion General de Aeronautica Civil (DGAC) said TAESA has committed at least 43 serious violations of Mexican aviation laws since 1990, including 13 this year. The infractions include allowing pilots to fly with expired licenses, changing flight plans without notifying airport and aviation authorities, and landing without authorization at closed airports.

The Michoacan crash was followed by two other incidents in November where TAESA aircraft were forced to return to their departure airport because of mechanical problems. In one case, a TAESA plane was forced to return to Acapulco after problems developed with one of its generators. A second flight, bound for Mexico City, was forced to return to the Cancun airport after the aircraft's cabin began losing pressure. A recent study published by the airline-pilots union (Asociacion Sindical de Pilotos Aviadores, ASPA) said 30% of the fleet of aircraft flown by Mexican airlines are unsafe because of their age. The list included 23 TAESA airplanes, whose age averaged about 21 years.

The DC-9 aircraft that crashed in Michoacan was 29 years old and had already logged more than 59,000 flight hours. Still, a preliminary report from the DGAC says the crash was not caused by mechanical failure but by pilot error. US aviation authorities also monitor violations. The airline, which also serves airports in Chicago, New York, Oakland, and Laredo, Texas, has also come under scrutiny by the US Federal Aviation Administration (FAA).

Between January 1995 and September 1999, the FAA cited TAESA 23 times for violations related to maintenance, security, and flight operations while in US territory. In 1994, the airline was involved in a fatal accident when its Lear jet crashed near Washington, DC, killing all 12 passengers and crew members. SCT deputy secretary Aaron Dychter said TAESA will not be allowed to operate any flights until authorities have thoroughly inspected all of its 27 aircraft. "A series of anomalies and incidents have come to light, which the airline has been correcting, but which have occurred repeatedly," Dychter told reporters. "This measure will let us verify all the airline's systems and procedures in its business and in its aircraft."

An SCT spokesperson said he expected the inspections to take at least two weeks. "There are 27 planes to check, and we're going to perform a very tough inspection," he said. "The principal

concern is passenger safety." TAESA officials told the daily newspaper Excelsior that the initial inspections conducted by the DGAC, the FAA, and representatives of airline manufacturers Boeing and Douglas Airplane have thus far been "favorable."

Unions file NAFTA complaints against TAESA

The airline's safety record was also cited in a complaint filed by the American Flight Attendants Association (AFA) on behalf of TAESA flight attendants under labor provisions of the North American Free Trade Agreement (NAFTA). The AFA was able to file the complaint under NAFTA because TAESA operates in both the US and Mexico. In the complaint, the AFA accused TAESA of exposing flight attendants to unsafe and unhealthy conditions. The AFA said TAESA frequently operated flights with faulty equipment, such as smoke alarms, oxygen masks, seat belts, and lighting. It also said TAESA circulated contaminated air through the main cabin during some of its flights. \

The AFA's grievance also accused TAESA of engaging in unfair labor practices. It said the airline recently dismissed several hundred flight attendants who had opted to join the Asociacion Sindical de Sobrecargos de Aviacion (ASSA) instead of a company-sanctioned labor union. ASSA represents the flight attendants of Mexico's two largest airlines, Aeromexico and Mexicana. TAESA flight attendants have complained that their salaries, equivalent to about US\$20 per day, are only one-fifth the salary earned by their counterparts at Mexicana and Aeromexico. Alejandra Barrales, ASSA secretary general, said the NAFTA grievance is also directed at the Mexican government, which has gone out of its way to protect TAESA while ignoring the needs of the workers. "We are continuing the fight to have the TAESA flight attendants join our union," said Barrales.

TAESA pilots, meanwhile, announced plans to go on strike Dec. 3 if the airline does not meet their demands to raise salaries by 40%. Angel Celorio Guevara, secretary general of the union that represents TAESA workers (Sindicato Nacional de Trabajadores y Empleados de Taesa, SNTETA), said the pilots will take whatever steps are necessary to prevent the airline from laying off workers because of the grounding of the TAESA fleet. TAESA officials said the airline is losing about US \$500,000 daily because of inactivity.

The airline has other legal problems. In December 1998, authorities arrested company chairman Alberto Abed Shekaiban for failing to pay close to 28.8 million pesos (US\$3.04 million) in taxes withheld from workers' paychecks. Suspension illustrates airline's financial troubles The government's decision to ground TAESA's entire fleet called attention to the airline's shaky financial situation.

The airline, which once promoted itself as a viable alternative to airline giants Mexicana and Aeromexico, began operating regularly scheduled commercial flights in 1991 (see SourceMex, 1992-03-10, 1992-11-18 and 1994-08-24). The airline gained at least 10% of Mexico's air-passenger market by selling tickets at a discount and offering credit packages to customers. But this strategy has contributed to the company's growing debt problems. Since the peso devaluation in 1994, the company's debt has surged from US\$150 million to almost US\$500 million. The current debt level is twice as high as the airline's annual revenues of US\$280 million.

Some analysts question whether TAESA will survive if authorities allow flights to resume. "TAESA owes a lot more money than it's worth," said nationally syndicated columnist Sergio Sarmiento. "It's not clear there's any benefit to allowing it to keep operating. The government could take it over, clean it up and sell it." But Sarmiento said the disappearance of TAESA could also be a setback for the government's effort to maintain Aeromexico and Mexicana as a single company known as Cintra. The government has been under strong pressure to spin off the two airlines as separate companies (see SourceMex, 1999-10- 13). "Until now, the weak presence of TAESA and Aerocalifornia have allowed [the government] to maintain the fallacy that Mexico does not have an aviation monopoly," Sarmiento said.

The possible demise of TAESA has prompted Fernando Sanchez Ugarte, head of the government's anti-trust agency (Comision Federal de Competencia, CFC), to push for the dissolution of Cintra. "The fact that TAESA is experiencing financial problems implies a change in the aviation industry," Sanchez Ugarte told the daily newspaper El Economista. "We now have to re-evaluate the market." [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Dec. 1, reported at 9.46 pesos per US\$1.00] (Sources: The Washington Post, 11/11/99; Notimex, 11/17/99 Associated Press, 11/14/99, 11/22/99, 11/23/99; Spanish news service EFE, 11/18/99, 11/23/99; Reuters, 11/04/99, 11/10/99, 11/11/99, 11/17/99, 11/23/99, 11/24/99; La Jornada, 11/13/99, 11/17/99, 11/19/99, 11/24/99; The News, 11/24/99; Reforma, 11/19/99, 11/23-25/99; The New York Times, 11/25/99; The Dallas Morning News, 11/11/99, 11/24/99, 11/26/99; Proceso, 11/21/99, 11/28/99; El Universal, 11/11/99, 11/17/99, 11/18/99, 11/19/99, 11/24/99, 11/29/99, 11/30/99; Excelsior, 11/13/99, 11/18/99, 11/24-26/99, 11/30/99; El Economista, 11/18/99, 11/24/99, 11/25/99, 12/01/99)

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