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LADB Staff

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by LADB Staff
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Mexico's federal aviation agency (Direccion General de Aeronautica Civil, DGAC) has ordered regional airline Aerocalifornia to suspend operations because of safety-related concerns. The DGAC, a unit of the Secretaria de Comunicaciones y Transportes (SCT), threatened to withdraw the airline's operating permit unless deficiencies were corrected by the beginning of June.

The agency said a recent audit showed major deterioration in the areas of maintenance, training, operations, and administration and finance. Furthermore, inspectors found that the airline's written reports differed greatly from actual operations. "Aerocalifornia has fallen below the safety standards prescribed at the international level," said DGAC director Gilberto Lopez Mayer.

The DGAC was especially concerned about Aerocalifornia's maintenance problems. Among the problems cited was a tendency for the airline to take parts from decommissioned aircraft to keep other planes operating. While the practice of borrowing parts is not technically a violation of safety rules, the airline was unable to provide adequate verification that the transferred parts were sound enough to allow their reuse, said Lopez Meyer.

The airline's practice of recycling parts from decommissioned planes rather than acquiring new parts was clear evidence of major financial problems, some analysts said. The airline, based in La Paz, Baja California Sur state, only owns two of the 29 aircraft in its fleet, leasing the other 27 planes. The DGAC's decision prompted the US Federal Aviation Administration (FAA) to suspend Aerocalifornia's permit to operate in the US. The airline provides service to Los Angeles, in addition to 22 cities in Mexico.

Airline denies charges
The airline responded to the DGAC's decision by taking out a full-page advertisement in the Mexico City daily newspaper El Universal. In the ad, airline president Raul Arechiga said he would give authorities documents proving Aerocalifornia's planes already met safety standards before the suspension. "This company does not accept in any way that it has put at risk the safety of passengers and employees," said the airline president. Aerocalifornia has offered inexpensive flights and charter services in Mexico for 25 years, but the carrier had long been considered token competition for Aeromexico and Mexicana, which enjoyed a monopoly on Mexican routes for many years (see SourceMex, 1994-05-18).

The proliferation of new discount airlines in the Mexican market during the past few months may have exacerbated financial problems for Aerocalifornia, which has been operating in the red for several years. Several discount airlines like Vuela, A Volar, and Volaris entered the market in 2005, offering real alternatives to Aeromexico and Mexicana (see SourceMex, 2005-07-27). One other
carrier, Aerolineas Mesoamericanas, received permission in April of this year to operate 12 routes in Mexico.

To meet the competition and take advantage of the growing demand for low-cost flights, Mexicana converted one of its regional airlines into discount carrier Click Mexicana (see SourceMex, 2005-04-13).

The DGAC's move against Aerocalifornia came at an inopportune time for domestic travelers, who were preparing for Easter week, one of the busiest tourist seasons in Mexico. Several competitors said they would honor Aerocalifornia tickets provided space was available. The competitors also said they would charge a processing fee. "The announcement came a little late [for the Easter season]," said Enrique Alvarez Prieto, president of the Confederacion Nacional Turistica (CNT). "We would have liked to advise our clients to stop buying Aerocalifornia tickets."

The decision to suspend Aerocalifornia met a mixed reaction from labor. Employees belonging to the union representing Aerocalifornia employees (Sindicato Unico de Trabajadores de Aerocalifornia de la Republica Mexicana) said the DGAC was unfairly targeting the airline. In a march through the streets of La Paz in mid-April, union members called on President Vicente Fox to immediately reinstate the company's permit to operate.

Baja California Sur Gov. Narciso Agundez Montano, who joined the March, warned that the move could affect the livelihood of 2,200 workers. "This is not a question of safety, but of economic interests that are behind this move [to suspend Aerocalifornia]," said Agundez, a member of the center-left Partido de la Revolucion Democratica (PRD).

Other labor organizations associated with the airline industry had a different take on the situation. The Federacion de Sindicatos del Sector Aereo (FEDSSA) issued a statement in support of the DGAC decision, noting that the safety of aircraft operated by Aerocalifornia had long been a concern, especially because of the age of the aircraft.

"The owners of the airline should be grateful that the government stepped in," said Jesus Ramirez, president of the FEDSAA and secretary general of the pilots union (Asociacion Sindical de Pilotos Aereos, ASPA). "They no longer have the possibility of suffering a fatal accident." (Sources: Agencia de noticias Proceso, 04/03/06; El Universal, 04/03/06, 04/05/06; The San Diego Union-Tribune, 04/05/06; El Financiero, 04/04/06, 04/06/06; The Herald-Mexico City, 04/06/06; Associated Press, 04/03/06, 04/10/06; Reforma, 04/04/06, 04/10/06; El Economista, 04/05/06, 04/06/06, 04/10/06, 04/11/06; La Cronica de Hoy, 04/06/06, 04/10/06, 04/11/06; La Jornada, 04/04/06, 04/11/06, 04/19/06)