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*COELUM is Latin for air space or sky. The Romans began questioning the rights they had in the space above the land they owned and to how high above did that right extended to. Ad coelum et ad inferos, they discussed, meaning that their right of property would extend as high up to the heavens and down to hell.*

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## CAPE TOWN CONVENTION ADOPTED IN MEXICO

[Carlos Sierra](#)

### **SUMMARY OF DECLARATIONS ADOPTED BY MEXICO, RELATED TO THE CAPE TOWN CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT AND THE PROTOCOL ON MATTERS SPECIFICALLY RELATED TO AIRCRAFT EQUIPMENT.<sup>1</sup>**

#### **I. Overview**

By publication made at the Official Gazette of the Federation on 24 October 2006, the President of Mexico has published the approval by the Mexican Senate of the Convention on International Interests in Mobile Equipment and the Protocol on Matters Specifically Related to Aircraft Equipment signed at Cape Town on 16 November 2001 (hereinafter referred to individually as the "Convention" and "Protocol" and collectively as the "Cape Town Instruments").

With this publication, the instruments shall be deposited by the Ministry of Foreign Affairs of Mexico at UNIDROIT after which it shall become effective pursuant to the terms stated in Article 49(2) for the Convention and XXVIII(2) for the Protocol.

By taking this step, Mexico has become one of the first few states to adopt these instruments since the same became effective on 1 April 2006 (for the

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<sup>1</sup> This summary is a courtesy analysis prepared for the benefit of the clients of Abogados Sierra y Vazquez, S.C. Its contents may be freely distributed, cited and used by all clients of this firm to which it is addressed. The text of this summary may be published in the firm's newsletter. The contents of this summary may not be considered as a legal opinion or as legal advice provided by attorney to its clients. The application of the contents hereof to specific cases or situations shall be subject to specific advice and consultation with the attorneys of this firm. This firm and the author of this document reserves the right to modify, change, supplement or withdraw the terms of this summary at any time.



Convention) and on 1 March 2006 (for the Protocol) respectively, in order to protect the interests of creditors in respect to mobile equipment and, in particular, in respect to aircraft objects.

The Convention and Protocol will derive in unquestionable benefits for the interests of lenders, owners and lessors in respect to aircraft in operation or possession by Mexican parties. The improvements that it will produce in the aircraft registration regime will be likely to remove some of the vagueness and inefficiencies of the current Mexican registry regulations, the remedies that the creditors will be able to claim from the courts as per Chapter III of the Convention, in particular under Article 13, and the ability to assess jurisdiction pursuant to Chapter XII of the Convention and Article XXI of the Protocol will provide additional legal tools for the enforcement of rights in respect to aircraft repossession and contract rescissions.

The Convention and Protocol however were not approved in their most desirable form, nor such approval would have been possible under the Mexican civil law system, considering that in order to adopt the Cape Town Instruments the Mexican government proposed a set of declarations, which although further reviewed and largely mitigated prior to approval by the Joint Commissions of Foreign Affairs, International Organizations and Communications and Transport of the Mexican congress, still deprive the instruments

of certain elements that subordinate the exercise of remedies to the rules of civil procedure of Mexican law. In any case the declarations can be said to be a less unpleasant surprise than they seemed to be when the executive branch had initially proposed them, as, for instance, the period that a debtor would have to resolve the return of an aircraft object during an insolvency procedure was initially proposed to be a disturbing five years, when an insolvency procedure, known in Mexico as a *concurso mercantil*, cannot actually extend for a period longer than one year. This was modified to be such period as the parties may agree in the corresponding contract.

*“Mexico has become one of the first few states to adopt these instruments since the same became effective on 1 April 2006 (for the Convention) and on 1 March 2006 (for the Protocol), in order to protect the interests of creditors in respect to mobile equipment and, in particular, in respect to aircraft objects”.*

The toned-down declarations were then made part of the report that was proposed by the above said Joint Commission and approved by the Mexican congress on 27 April 2006. Better as they are compared to the originally proposed version however, the declarations still maintain certain restrictions that

cause the instruments to provide no more expeditious mechanisms than such that were already available under Mexican law and under the jurisdiction of Mexican courts.

Considering the nature of the Mexican civil law system however, without certain declarations the Cape Town Instruments could not have been successfully adopted as these are in fact a condition for the Convention and Protocol to be

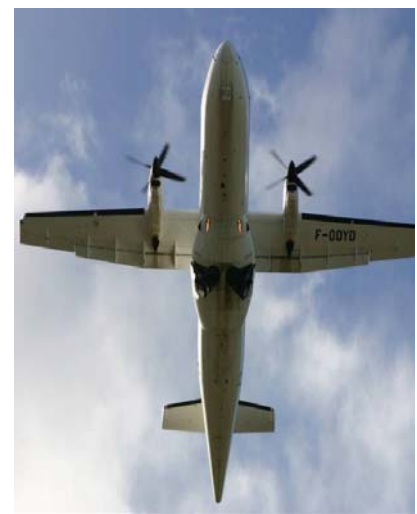


effectively applicable and its adoption without the same would have caused the instruments to be vulnerable to arguments of unconstitutionality.

## II. Characteristics

The Joint Commission considered the Convention and the Protocol to have the following characteristics, which were considered relevant for their approval. I will enumerate the same as such are likely to be taken into consideration when a judge would face the interpretation of the terms of these instruments in the resolution of future controversies:

- Pragmatism, as the instruments attend the elements that are characteristic of lease and finance transactions;
- autonomy of the will of the parties as an important element in the conformation of international contracts of equipment of high-value;
- predictability of the rights of the parties to a contract as an element to be considered for certainty and simplicity based on the preferential rights created by the registration, which create a system based on applicable law rather than on international standards;
- transparency of the international registration system that grants priority to registered international interests *vis a vis* non-registered interests, as well as to the rights of seller, which reserves title to the asset subject matter of the agreement for the benefit of the lessor, and
- sensitivity to the legal systems of the states that may adopt declarations under which these instruments may be regarded as viable in consistency with their particular legal systems.



### III. Declarations

The following is a brief synopsis of the adopted declarations with a brief comment of the effects that such are likely to produce in the ability of lessors and lenders to exercise their rights under the applicable contracts in respect to aircraft objects.<sup>2</sup>

#### (A) In respect to the Convention.

1. In relation with Article 54, the remedies of the creditor may not be exercised in absence of a court order issued by a Mexican judge. This declaration is made clearly in recognition and in subordination to the provisions of Articles 14 and 16 of the Federal Constitution, which provides that no party may be deprived of any right or possession if not pursuant to an order from a court or from an applicable authority. This constitutional right of due process is a matter of public order and could not be exempted or modified in order to adopt these instruments as such constitutes a constitutional guaranty.

The adoption therefore of the Cape Town Instruments without this declaration would have made them highly vulnerable to be considered unconstitutional by a Mexican court. The adoption of this declaration effectively deprives the creditor under a contract regulated under the Cape Town Instruments in Mexico of the right to exercise any self-help remedies that although customary under common law systems are not available in Mexico and would be contrary to its laws.

2. (a) In accordance with Article 39 paragraph 1, the categories of rights or guaranties of non-contractual nature that in accordance with Mexican law have, or in the future could have, priority over an interest or an object equivalent to a registered international interest shall be preferential to such registered international interests. This declaration is made in order to protect the preferential right that Mexican law grants to tax credits and labor obligations over registered interests of secured creditors. These rights have always been preferential in case

of insolvency and cannot be claimed to be different under the terms of the Cape Town Instruments.

(b) None of the provisions of this instrument will affect the right of the Mexican state or of its entities or governmental organizations of which it shall be a member state, or of the suppliers of public services within the territory of Mexico to secure or retain an object granted as guaranty for the payment of credits in favor of such entities, organizations or suppliers with respect to the

*“In relation with Article 54, the remedies of the creditor may not be exercised in absence of a court order issued by a Mexican judge”.*

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<sup>2</sup> An English version of the actual text of the Declarations made by the government of Mexico is attached hereto.



services directly provided by the same in respect to such object or objects in accordance with Mexican law. This also means that any guaranty received by any of such entities as collateral for the payment of any services rendered, will be able to be enforced without regard to the existence of any guaranty in favor of any other creditors pursuant to the Convention.

**3.** The Convention will not be applicable to transactions of internal nature subject to the provisions of Article 50. This excludes from the terms of the Convention any transaction that may not be considered international considering that all internal transactions must be then resolved under the applicable provisions of Mexican law and under the jurisdiction of its courts, except to the extent provided in Article 50 (2) and (3).

**4.** For the purposes of Article 1 and Chapter XII of the Convention the competent courts shall be such conforming the Mexican judicial system. This declaration, made pursuant to Article 53, can be understood to state that the jurisdiction that would be applicable to a specific transaction when referring to the remedies under the Convention will always be of Mexican courts and cannot be chosen

by the parties to be the courts of another state.

**5.-** The Convention will not be applicable to all interests conformed prior to the date when the Convention has entered into force in Mexico, based on the provisions of Articles 60(1) and 1(v) related to pre-existing rights of interest and based in national law, the interests conformed prior to such date will have the priority that Mexican legislation would apply to the same up to such date.

**(B) In respect to the Protocol.**

**1.** Mexico has declared that Article VIII of the Protocol shall apply, which will allow the parties to a transaction to determine freely the choice of law to which such transaction shall be subject.

**2.** In respect and in accordance with Article XI, Mexico will apply Alternative B in its entirety to all kinds of insolvency, which in Mexico are namely two, the *concurso mercantil* and the bankruptcy process. The period required under Article XI paragraph (2) will be such that the parties shall expressly agree for such purpose in the corresponding agreement with attention to the applicable law also of the agreement. This term shall not commence until the administrator of the insolvency or the debtor shall



*“The Convention will not be applicable to transactions of internal nature subject to the provisions of Article 50. This excludes from the terms of the Convention any transaction that may not be considered international considering that all internal transactions must be then resolved under the applicable provisions of Mexican law and under the jurisdiction of its courts, except to the extent provided in Article 50 (2) and (3)”.*

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receive the express request for collection of the credit as provided in Article XI paragraph (2) of said option B.

As I exemplified in paragraphs above, this is a major change from the initially contemplated period of 5 years that the government had initially considered. With this period being possible to be agreed by the parties in the corresponding contract, and considering that such shall fall within the already short parameters of a *concurso mercantil* in Mexico, this declaration will allow the recovery of the asset within an insolvency process to become very expeditious.

3. For the registration of Mexican aircraft or helicopters, or of such that may be considered as Mexican civil aircraft, which in accordance with the Civil Aviation Law are such that are operated by Mexican air carriers and Mexican civil aircraft operators in accordance with such laws, including air taxi services and others, the Mexican Aeronautic Registry shall be the point of entry to the International Aeronautic Registry. In respect to engines however, the Mexican registry can, but not necessarily has to be, the point of entry to such registry.

This evidently explains that only for aircraft (including helicopters) the point of entry shall be the Mexican Aeronautic Registry, being this a rule that is not necessarily applicable to engines that are not registered together with the aircraft.

The mechanics of the registration process to access the International Registry through the Mexican registry are still to be implemented by the Mexican authorities. We will obtain information of how such process is deployed and inform accordingly in a future memorandum.

4. In accordance with Article XXX, Mexico confirmed that it will



apply Article VIII of the Protocol, and reiterated that it will apply Alternative B of Article XI for all types of insolvency in accordance with national public order. Regretfully Articles XII regarding insolvency assistance and XIII related to the de-registration and export request authorization will not apply.

For both of the Cape Town Instruments, the Mexican congress has pointed out also that notwithstanding that all of the adopted declarations are of restrictive nature, the possibility exists for the declarations made to be modified, withdrawn or supplemented at any time attending to the terms of Articles 57 and 58 of the Convention and XXXIII of the Protocol.

## IV. Concluding Remarks

The above are all the declarations made in respect to the Convention and Protocol. It is interesting to point out that in the initial draft that was proposed by the Mexican government, a declaration was intended by which the terms of Article XXI of the Protocol would not apply. By

omitting this declaration in the approved version, the terms of said Article XXI will be applicable causing the jurisdiction of the courts of a state where the aircraft is registered to be applicable to resolve controversies in contradiction with Mexican law provisions that state that the jurisdiction shall be of the court of the state where the aircraft is located without



regards to where such shall have been registered and also with the expression made in the declaration to the Convention in respect to Chapter XII, where it is said that the competent courts shall be the courts of Mexico. This could derive in interpretation difficulties that could complicate the enforcement of judgments rendered in respect thereto by foreign courts. The Cape Town Instruments provide for

mechanisms and measures that can be applied for in order to impede the undue exploitation of the aircraft by a defaulting debtor. It is primarily the lack of these mechanisms and cautionary measures in today's laws that made the enforcement of the rights of owners and lessors so difficult in Mexico under the applicable rules considering that the combination of the lack of self-help remedies and the lack of measures that a creditor could ask a court to implement caused the asset to remain in unobstructed operation by lessee sometimes for years, until the corresponding court resolutions resultant from the rescission of the lease or from the enforcement of other rights could finally be obtained with the consequent deterioration of the aircraft object and of the financial condition of the debtor in prejudice of the interests of the creditors involved.

In our past experience in aircraft repossession proceedings, the ability to instrument cautionary mechanisms, which had to be made in creative form due to the lack of such express provisions, has been key to the success of



the recovery. The cautionary mechanisms allowed under Article 13 of the Convention make this a more clearly stated set of rules that will greatly simplify these proceedings for the benefit of creditors.

The form in which these instruments will be interpreted by courts in Mexico and the defence arguments that Mexican debtors will bring forward during specific cases still remains to be seen.

As we have explained above, the adoption of the Cape Town Instruments will clearly not change the nature of the Mexican legal system, nor it will change the basis of its procedural rules. The form in which the declarations described above was finally adopted has been a substantial relief compared with what was originally intended. The adoption of these instruments will not make the implementation of remedies available equivalent to such that is available under common law legal systems for which it is very important to consider that the preparation of the adequate contract in order to adopt the Cape Town Instruments, the choice of law and jurisdiction and the careful consistency with Mexican procedural rules, are very important elements that will be substantial when the enforcement of rights would at some point need to be attempted by a creditor, owner, lender or lessor of aircraft objects.

*“As we have explained above, the adoption of the Cape Town Instruments will clearly not change the nature of the Mexican legal system, nor it will change the basis of its procedural rules.”.*

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## ANNEX 1

## Declarations to the CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT

Signed in Cape Town, on 16 November 2001

"The United Mexican States formulate the following declarations in respect to the Convention on International Interests in Mobile Equipment:

1. In respect to Article 54 of the Convention, in accordance with the legislation of the United Mexican States, the remedies available to the creditor in accordance with any provisions of the Convention, may not be exercised, when such exercise not be subordinated by virtue of such provisions to an order issued by a court of law.

2. In respect to Article 39 paragraph 1 of the Convention:

a. the categories of rights or non-consensual interests that under the law of the United Mexican States shall have, or that in the future may have priority over an interest or object equivalent to the registered international interest, shall have priority interest over registered international interests; and

b. none of the provisions of the Convention shall affect the right of the United Mexican States, or of its entities, of the intergovernmental organizations of which the United Mexican States be a Member State, or of the private providers of public services in Mexican territory, to arrest or retain an object

granted in guaranty for payment of amounts owed to such entities, organizations or providers directly related with the services provided by such, in respect of that object or other objects, in accordance with Mexican law.

3. The United Mexican States declare that the Convention will not be applicable to transactions of internal nature in relation to the United Mexican States, with regard to all types of objects or some of them, subject to Article 50.

4. For the purposes of Article 1 and of Chapter XII of the Convention, the competent courts shall be the legally constituted tribunals forming part of the Mexican Judicial Branch.

5. In accordance with Article 60 paragraph 1, the Convention shall not apply to the rights or interests conformed prior to the date of entry into force of this international instrument for the United Mexican States, as stated under Article 1 paragraph v) of the Convention, and in accordance with national law. Such rights and interests shall maintain the priority granted by the Mexican legislation up to such date."



## ANNEX 2

## Declarations to the PROTOCOL TO THE CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT ON MATTERS SPECIFIC TO AIRCRAFT EQUIPMENT

Signed at Cape Town on 16 November 2001

"The United Mexican States formulate the following declaration in respect to the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment:

1. The United Mexican States hereby declares that it will apply Article VIII of the Protocol.

2. In accordance with Article XI, the United Mexican States will apply Alternative B in its entirety for all kinds of insolvency, and that the period required for the effects of Article XI paragraph 2), shall be such that the Parties shall expressly state in the corresponding contract with attention to applicable law, which will not commence before the administrator of the insolvency or the debtor shall receive the requirement for the collection of the credit, as

provided by Article XI(2) of said alternative.

3. For the inscription of certificates of aircraft or helicopters of the United Mexican States or of aircraft that are considered as civil aircraft of the United Mexican States, the Mexican Aeronautic Registry shall be the entry point to the International Aeronautic Registry, and in respect to aircraft engines it may



be considered the point of access to such Registry.

4. In accordance with Article XXX:

a) The United Mexican States hereby declares that it will apply Article VIII of the Protocol.

b) The United Mexican States will apply in its entirety, Alternative B of Article XI of the Protocol for all kinds of insolvency, in accordance with national public order.

It is necessary to clarify that in accordance with the Protocol, it is understood that the declarations made in respect to Article 39 of the Convention will also be applicable to the Protocol. It is necessary to consider that in accordance with Article XXXII of the Protocol, the declarations that a State may formulate at the time of its adherence may be modified or withdrawn at any time, and that attending Article XXXIII of this international instrument, the States have the possibility to formulate subsequent declarations when they may consider it necessary.



## PROMOTING INTERLINING

Adolfo Samaniego

Essentially, interlining can be defined as a situation in which passenger uses the services of at least two airlines from origin to destination. However there are three types of interlining, which are better explained with examples rather than with formal definitions, such as:

i) Roundtrip Interlining whereby passengers flies with "X airline" from city A to city B and with "Y airline" from city B to city A;

ii) Connection Interlining, occurs when "X airline" transports passenger from city A to city B and "Y airline" from city B to city C;

iii) Flexibility interlining, passengers with tickets can change at any time the airline and the corresponding routing.

There are two means for the air

carriers to offer the above mentioned joint products, the multilateral system and the commercial one, the first one organized directly by the IATA<sup>1</sup>, rests on a tariff coordination, whereas the second one is based on commercial agreements between the airlines.

### A. Multilateral System

The IATA<sup>1</sup> tariff conferences

*"Multilateral interlining provides the passenger more diversity in regards to frequencies and available routings, whereas the commercial system leaves a very important part of the market without a possibility to be transported".*

adopted minimum air fares and rates of specific routes, which eventually are used to calculate minimum prices between other city pairs. Therefore if any member agrees upon an IATA fare, it is then obliged to grant any other member with the right to sell seats on its own services as long as the ticket is sold at the agreed IATA fare.

### B. Commercial System

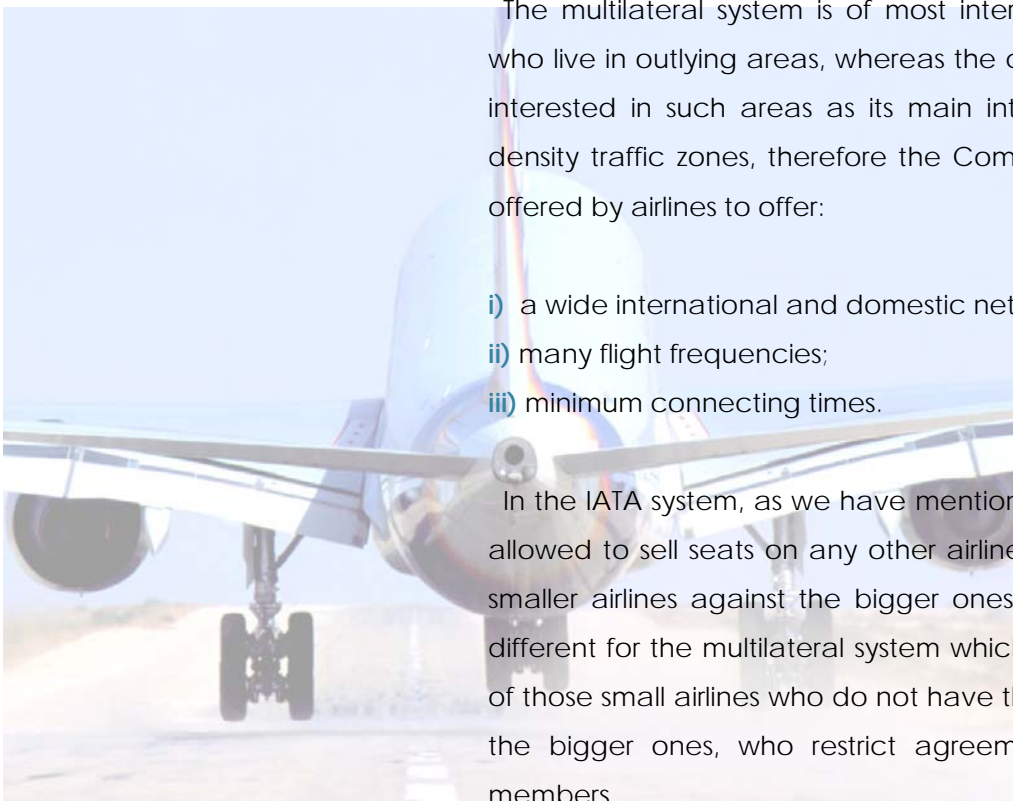
The commercial agreements are intended to put together the networks of different carriers to seek better schedule coordination, preferential gate location at the connecting airports and also to offer joint products such as the frequent flyer programs. It is important to mention that the commercial systems do not require any tariff coordination among the parties.

<sup>1</sup> IATA (International Air Transport Association) International entity founded in 1945 in order to resolve the problems generated by the fast development of air services after World War II. Luis Tapia Salinas defines IATA as "The world parliament of air carriers, which is at the same time the representative before other international organizations" Tapias Salinas Luis, "Curso de Derecho Aeronáutico" pag. 418, Bosch Casa Editorial, S.A. Barcelona 1980.



In accordance with the aforementioned it is logical to think that the result is intended to lead to price reduction. If this is true then addition factor are as follows:

- 1) more destination choices and;
- 2) the participation of other carriers who are not as strong as the main commercial airlines.



The multilateral system is of most interest to those passengers who live in outlying areas, whereas the commercial system is not interested in such areas as its main interest is focused in high density traffic zones, therefore the Commercial system is mainly offered by airlines to offer:

- i) a wide international and domestic network;
- ii) many flight frequencies;
- iii) minimum connecting times.

In the IATA system, as we have mentioned before, any carrier is allowed to sell seats on any other airline, protecting in this case smaller airlines against the bigger ones. A situation completely different for the multilateral system which excludes the entrance of those small airlines who do not have the same infrastructure of the bigger ones, who restrict agreements to its powerful members.

**Conclusion**

1. Multilateral interlining provides the passenger more diversity in regards to frequencies and available routings, whereas the commercial system leaves a very important part of the market without a possibility to be transported.
2. Commercial agreements present a higher risk of impeding the entry to the market than IATA, in which the smaller airlines interests are better taken into account, a situation that over time can be profitable to the market as it provides better service, more routes and the most important of all, better prices.



## SURVEY: WHAT WILL AVIATION BE LIKE IN NEXT TEN YEARS

In this and in the following issue of *Coelum*, we will take a look at the future of aviation from the point of view of diverse participants in this vibrant industry. The intention of this exercise is for various experts in the field from different backgrounds and perspectives to respond to the same questions as seen from the particular side of the industry from which each of them has developed his or her own personal experience.

In this issue we will cover the Mexican perspective which is kindly provided by Mr. Ricardo Bastón, Executive VP of Corporate Planning and Fleet Transactions at Mexicana de Aviación S.A de C.V.



*Mr. RICARDO BASTÓN*

### 1. What do you think is the future of aviation, globalization or regionalism?

Aviation continues to go beyond geographical boundaries in every aspect of it. Actually, what passengers want is to be able to fly non-stop flights to any destination in the world. Even though this has improved dramatically, for instance, in 1939 it used to take 32 stops and 10 days to fly from London to Sydney in a "Flying Boat", today that same journey can be covered by a wide body twin engine in 19.5 hours non-stop. So, trying to provide only direct flights to any destination is not possible in many cases, either due to financial reasons or still technical ones.

New aircraft technology is aiming at providing passengers both a better flight experience while furnishing airlines with additional tools to profit from this technology. However, technology has a price that each airline is willing to pay, as long as it



represents both, passenger loyalty and an ability to better compete – price and product wise – profitable in the market place. Additionally, the extensive use of electronic will serve the passengers both to have a better travel experience but also to facilitate the process of migrating or traveling from one country to the next. Also, airlines are partnering with others to further enhance its network while enhancing its products to gain passenger loyalty.

Overall, just by looking at a few examples you can conclude that aviation by definition will remain a global business.



**2. Do you think that the current bilateral system still has a future?**

Bilateral and multilateral agreements are the foundations of regulating air transportation between and among countries. Questioning its existence it is not just a matter of regulating air transportation between or among countries. It is also sometimes a matter of balancing economies, level out geographical circumstances and even political feuds. Governments use any levers available to solve disputes or differences over one specific topic... in the best interest of the country.

Bilateral negotiators from any country must be clear on what is it that best for your country and your industry, but in any case they will have to – at least try – disassociate both interest... in the best interest of aviation.

*“Bilateral and multilateral agreements are the foundations of regulating air transportation between and among countries. Questioning its existence it is not just a matter of regulating air transportation between or among countries. It is also sometimes a matter of balancing economies, level out geographical circumstances and even political feuds”.*



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**Ricardo Bastón is Executive VP of Corporate Planning and Fleet Transactions at Mexicana de Aviación S.A de C.V. after spending two years at Aeroméxico as Exec. Vice President of IT and Logistics. Overall he has spent 9 years (17 of those at Mexicana Airlines) in the aviation industry.**

**Mr. Bastón is a Industrial Engineer graduated from the National University of Mexico (UNAM) and holds an MBA (in aviation) from Concordia University in Montreal Canada.**

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### **3. What would you say is the effect of international alliances of airlines in the context of competition?**

We often question the viability of international alliances, there is no doubt that operational alliances are much solid and stronger than commercial alliances. Nevertheless, the idea of expanding one's network while providing passengers with a better ("*seamless*") service, is a very strong marketing tool. In addition, the interline commission charged by airlines is not a neglectable revenue that derives from it.

Today, international alliances are synonymous of IT investments which in many cases are hard to justify with an IRR; the sad story is that in most of those cases airlines never get a return on such investment.

All airlines should encourage the use of a common IT platform in order to really expand its network in a PROFITABLE manner.

### **4. Is national control an issue in your country? Is this about to change?**

National control should never be an issue in any country, especially if there is a "*level plain field*" for all existing carriers. When we find well established rules, a clear industry policy and an authority fit, willing and able to enforce the law; the national control should only be regarded as a matter heritage of that industry.

Mexico has significantly evolved in this regard. It certainly has areas of opportunity but the vision is clear, the rules are set and we all expect the authority to act accordingly.



## THIS MONTH'S EXTRACT OF MEXICAN AVIATION NEWS



**EL UNIVERSAL**  
Edición impresa

### o Toluca International Airport's newest phase inaugurated

Toluca International Airport's newest phase started operations on October 9th. The SCT reported that it expected the final part of the terminal still under construction to be finished by December 30, 2006.

El Universal. 2 / Oct/ 2006

<http://www.eluniversal.com.mx/notas/378429.html>

**reforma.com**

### o Interjet sells its One-Millionth ticket

Interjet recently sold its One Millionth ticket, which the company says demonstrates the strength of its marketing strategy over the ten months that it has been in operation. With seven A-320 aircraft, operating fifty five daily flights from Toluca, Interjet now carries an average of one-hundred and fifty-thousand passengers per month.

Reforma. 10 / Oct/ 2006

<http://busquedas.gruporeforma.com/utilerias/imdservicios3W.DLL?JSearchformatS&file=MEX/REFORM01/00791/00791407.htm&palabra=alberto%20aguilar&sitereforma>

**La Jornada**

### o The risk of bankruptcy of Mexicana reveals irregularities in the sale process.

Documents from the Governing Board of the *Instituto de Protección del Ahorro Bancario* (Government Institute for the Protection of Bank Savings) prove that the institute violated its own law, since having separated Mexicana from Aeromexico for the auction, it brought about a lowering of the value. Gastón Azcárraga, President of Posadas Group, owners of Mexicana, said that Mexicana could file for bankruptcy if Mexicana's costs were not reduced by at least 25%.

La Jornada. 16 / Oct / 2006

<http://www.jornada.unam.mx/2006/10/15/024n1eco.php>

**La Jornada**

### o Azteca Airlines departure from Mexico City Airport is imminent

Azteca Airlines will have quit its leased space at Mexico City International Airport if it fails to pay its debt to the air terminal of more than 76,027 million pesos. A debt that has been accumulating since last June.

La Jornada. 16 / Oct / 2006

<http://www.jornada.unam.mx/2006/10/15/037n2soc.php>

**MILENIO**

### o Cofeco investigates 19 air routes for monopolistic practices

Cofeco (Federal Competition Commission) will start an investigation of monopolistic practices on 19 domestic air routes.

Milenio. 17 / Oct / 2006

<http://www.milenio.com/mexico/milenio/nota.asp?id=445983&sec=5>





## LA CRÓNICA DE HOY

### o Aeroméxico and Mexicana remove discount for infants.

Starting on October 1, 2006, Aeroméxico and Mexicana airlines cancelled discounts of 60% and 65% respectively, for children between 2 to 12 years old. Children will now pay the same fare as adults.

La Crónica. 18 / Oct / 2006

[http://www.cronica.com.mx/nota.php?id\\_notas=266718](http://www.cronica.com.mx/nota.php?id_notas=266718)

## MILENIO

### o Aerocalifornia will soon be re-established : DGAC

The General Manager of the DGAC, Gilberto López Meyer, reported that Aerocalifornia will operate with more than 10 aircraft, and perhaps with as many as 15 aircraft. López Meyer said he had doubts that Aerocalifornia will be able to operate 29 aircraft as in the past.

Milenio. 19 / Oct / 2006

<http://www.milenio.com/index.php/2006/10/18/7915/>

## EL UNIVERSAL

Edición impresa

### o Low cost airlines already have 11.5% of the market

The SCT reported that the low cost airlines have already gained 11.5% of the Mexican market during their first year of operation. During this period, the low cost airlines transported almost two-million passengers, well ahead of expectations.

El Universal. 23 / Oct / 2006

<http://estadis.eluniversal.com.mx/articulos/35520.html>

## reforma.com

### o Airlines decide "lighten" their costs

The increase in the cost of aviation fuel affects both Mexican and foreign airlines to the extent that they must become more efficient within their operation. In 2006 Mexicana changed the upholstery of its aircraft to a lighter weight fabric, painted its planes with a lighter weight paint and reduced by half the water carried for use in its toilets.

Reforma. 31 / Oct / 2006

<http://busquedas.gruporeforma.com/utillerias/imdservicios3W.DLL?JSearchformatS&file=MEX/REFORM01/00801/00801611.htm&palabra=deciden%20lineas%20aereas%20aligerar%20sus%20costos&sitereforma>

## reforma.com

### o Aeroméxico recognizes oversupply in Mexico

Andrés Conesa, CEO of Aeroméxico, said that Aeroméxico will seek to grow on International routes to Asian countries because of aggressive offers and promotions by the new entrants into the Mexican domestic market.

Reforma. 31 / Oct / 2006

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