

A new Air Services Agreement between the United States and Mexico has been approved by the Mexican Senate.

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### COELUM

Pronunciation: 'che-l&m, is Latin for airspace 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.

# A new Air Services Agreement between the United States and Mexico has been approved by the Mexican Senate.

by Vera García.

On April 26, 2014 the new Air Services Agreement between Mexico and the United States (the “Air Services Agreement”) was approved by the Mexican Senate in plenary session, with a majority of 81 votes in favor, 4 against and 2 abstentions. This new Air Services Agreement, signed by the President on December 18, 2015, replaces the previously existing agreement, dating from 1960, which had only been amended once almost 10 years ago.

*“Through this new Air Services Agreement the United States and Mexico (the “Parties”) can now freely designate any number of airlines for international transportation of passengers and cargo from both countries limited only to the exceptions on customs, technical, operative and environmental reasons”.*

The Air Services Agreement has received many contradictory opinions. All coming from different sectors of the Mexican aviation industry. However, it was most strongly opposed by politicians and unions of some of Mexico’s strongest carriers. We will further address this issue at a later time.

Through this new Air Services Agreement the United States and Mexico (the “Parties”) can now freely designate any number of airlines for international transportation of passengers and cargo from both countries limited only to the exceptions on customs, technical, operative and environmental reasons.

The only exception to the above mentioned, is that the parties can establish exceptions or limitations to frequencies’ designation, types of aircraft based on Another benefit provided to the Parties by the Air Services Agreement is that airlines of each country will be able to overflight the other country’s territory; make stops in the other country, for noncommercial purposes, as long such routes are authorized by the aviation authorities of both countries.

Before the Air Services Agreement, a whole range of restrictions and limitations existed. Such as, limitation over number of designated airlines per route (limited to two airlines per city pairs) restrictions on cargo routes, not to mention preferential rights over national carriers. Now, the number of airlines will not be limited, cargo routes can be operated between Mexico, the United States and a third country and preferential rights between the Parties’ airlines will not be allowed.

The Air Services Agreements now provides 3rd and 4th freedom in a much flexible way (removing limitations on frequencies; type of aircraft; capacity and traffic between the Parties) also contemplates 5th freedom. Nevertheless, Cabotage still remains prohibited.

According to the Secretary of Communications and Transport (the “Secretary”), the Air Service Agreement seeks to expand the cross-border market and increase the connectivity and economic growth in these two countries, by providing more flexible traffic rights.

The Secretary foresees that through the Air Services Agreement air transport services’ users will be strongly benefited. Mainly because of the development of more and better services in the existing routes as well as

through the creation of new ones, and allowing for more frequencies. All together resulting in tickets being offered at much more affordable prices.

In addition, the Secretary believes that the Air Services Agreement will generate significant opportunities to cargo airlines, by improving Mexico's standing in the world scene and in that way taking advantage of its strategic location. Lastly the Secretary estimated that with the Air Services Agreement, frequencies to the United States will increase by 25%.

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Coming back to the contradictory opinions regarding the Air Services Agreement, those who are in favor say that it will improve the connectivity in the country and will facilitate the flow of products, services and passengers at a lower cost; will provide more options to users; increase the transportation of cargo and tourism; increase offer to provide air services, which will then lead to better services and prices for consumers; and finally more opportunities for Mexican Airlines to fly to all over the world as they will have the United States as a connecting point.

Nonetheless, other opinions say Mexican Airlines will have a notorious disadvantage compared to their US competitors. Mainly in terms of a contrasting smaller fleet.

The approval of the Air Service Agreement was in some way delayed due to the opinion of other players in the aviation industry who argued that even if the Air Service Agreement do not specially authorizes and the approval of the regulative agents is still required to what is called Deep Alliance (*alianza profunda*) the Air Service Agreement could facilitate the authorization process by the Mexican Government (specifically the COFECE<sup>1</sup>) and the American Government in order to obtain the anti-trust immunity for the alliance of two of the largest airlines in Mexico and United States of America, Delta Airlines and Aeromexico Airlines.

No matter how contradictory the opinions regarding the Air Services Agreement may seem, it is important to keep into account how will the current saturation of Mexico City's International Airport be managed, as the demand will substantially increase.

Taking into account all of the above, the main actors in Mexico's Aviation Industry hope the Air Services Agreement, just as the Secretary foresaw, does provide economic growth for both Parties, promotes tourism, allows airlines to come up with more and better options for passengers, favors the creation of more jobs in the aviation sector, and finally benefits airlines that provide transportation services for passengers and cargo. The Air Services Agreement is expected to enter into full force and effect between July and August 2016, after it has been published in the Federal Official Gazette.

1.- Comisión Federal de Competencia Económica, is the Mexican institution in charge of vigilate, promote and guarantee the free competence in Mexico.

### **Mexico an Aeronautic Power in 5 years.**

The Mexican Aeronautic industry has registered a 15% annual constant increase since 2009. Given these statistics, the objectives are now to increase exports to 12 billion dollars by 2020 and generate 110 thousand new jobs by the same year. The Secretary of Economy estimates that by 2018, Mexico would have manufactured an entire aircraft in Mexico and with Mexican parts.

[www.elfinanciero.com.mx](http://www.elfinanciero.com.mx) April 21, 2016.

### **Solar Impulse II lands safely in San Francisco after historic flight over Pacific.**

A solar-powered plane accomplished a 56-hour, record-setting flight over the Pacific Ocean, flying by San Francisco's Golden Gate Bridge and landing in Mountain View, California late Saturday night. The aircraft started its around-the-world journey in March 2015 from Abu Dhabi, the capital of the United Arab Emirates, and made stops in Oman, Myanmar, China and Japan. This is the ninth leg of the circumnavigation. The trans-Pacific leg of its journey was the riskiest part of the solar plane's global travels because there were so few places where the plane could make an emergency landing. [www.theguardian.com](http://www.theguardian.com) April 24, 2016.

### **NASA, FAA Test Sites Conduct Largest Drone Management Test.**

NASA conducted the most extensive field test to date under its UAS traffic management (UTM) effort to develop a system to manage low-flying drone traffic. The test on April 19 demonstrated simultaneous operation of multiple drones at six Federal Aviation Administration-sponsored ranges nationwide. It was the first multi-state test of the NASA UTM platform and the first coordinated test involving all six FAA ranges. [www.reuters.com.com](http://www.reuters.com.com) April 26, 2016.

### **Mexican senate approves air transport deal with United States.**

Mexico's Senate on Tuesday ratified a deal with the United States that would boost competition in air transportation, paving the way for expansion of the world's second largest cross-border market. The deal, which both governments have already signed and modifies a 1960 agreement, aims to open up new routes for airlines to fly between the countries, and allow for an unlimited number of flights. While some analysts welcome the deal, arguing it would lower fares by boosting traffic, Mexican airline workers have complained it would put their companies at a disadvantage. [www.reuters.com](http://www.reuters.com) April 26, 2016.

### **Boeing says airline requests for delivery changes at historic lows.**

Boeing Co (BA.N) said on Wednesday that airline requests to change delivery dates of aircraft remained “well below historical average,” a sign that low fuel prices have not significantly altered the outlook for the market. Boeing also began building its 787 Dreamliner at the rate of 12 a month and plans to deliver planes at that rate by midyear, Chief Executive Officer Dennis Muilenburg said on a conference call after the company posted first-quarter results. “We believe this speaks to the compelling and enduring value” of Boeing aircraft to airlines, he said. [www.reuters.com](http://www.reuters.com) April 26, 2016.

### **A4E Calls For The Abolishment Of Passenger Taxes.**

Airlines for Europe (A4E) and executives from its member airlines participated in an aviation briefing organized by MEP Ramon Tremosa i Balcells. A4E supports the first priority of the Juncker Commission for the EU which is boosting jobs, growth and investment. Therefore the EU needs to ensure that these taxes are lifted, leading to more travel, more investment, more trade and ultimately increased job and growth. This is particularly true for the parts of Europe affected by youth unemployment. In these countries, lowering the cost of air access to would boost tourism and economic activity generally, with a direct positive spill-over on job creation. [www.aero-news.net](http://www.aero-news.net) April 29, 2016.

### **Airlines cut mishandled bags by 10%.**

The rate at which airlines mishandled bags in 2015 dropped 10%, according to a report released by air transport information technology company SITA. The company attributed the improvement to technology upgrades being installed by airlines as they prepare to comply with an IATA mandate that by 2018 they are able to track each bag step-by-step from the checkpoint to its destination. [www.aerolatinnews.com](http://www.aerolatinnews.com) April 29, 2016.

### **FAA’s Drone Advisory Committee creation.**

The FAA will create a new advisory committee for the drone industry beginning sometime this summer, FAA Administrator Michael Huerta said on Wednesday. Speaking at the Association for Unmanned Vehicle Systems International in New Orleans. The committee will be modeled after a similar panel organized to funnel industry opinions into the emerging NextGen system. The Drone Advisory Committee, which Huerta said will eventually get its own discrete name, will be headed initially by Intel CEO Brian Krzanich. [www.avweb.com](http://www.avweb.com) May 04, 2016.

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