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American Embassy, Mexico, D. F.
Enclosure No. 1 to despatch No. 25,694 of August 4, 1945.

A seal which reads:
Federal Executive Power,
United Mexican States.
Mexico

03587

DEPARTMENT OF COMMUNICATIONS
AND
PUBLIC WORKS

Aerovias Braniff, S. A.
Paseo de la Reforma No. 1,
C i t y.

The Compañía Mexicana de Aviación, S.A. has directed a written communication to this Department dated July 14th last, requesting the revocation of experimental permits Nos. 268 and 271, covering various air service routes in the Republic, basing its petition, essentially, on the following facts:

"VIII. Article 347 previously cited, grants the Department the power to authorize, by means of experimental permits, the establishment of air transport services; but requires that said authority be granted, upon prior proof of the solvency of the applicant and subject to the obligation to obey the respective requirements governing air traffic, passengers insurance, aeronautical personnel, and of other requirements of the law and its regulations.

IX. By solvency, not only is financial solvency understood, but principally that capacity in technical and human resources which permits that the services be maintained in accordance with the requirements of public interest; and even though the permits issued to Aerovias Braniff, S.A. do not expressly so state, the legal precept cannot be evaded, and, therefore, if upon issuance of said permits, the Department was able to consider, the solvency of the licensee as proved, it is not to be doubted that such proof be maintained to the satisfaction of the authority charged with watching the maintenance of adequate service. All those facts or circumstances which give rise to the conviction that the solvency required by law does not exist, should result in the revocation of the permits.

X. In the particular case of Aerovias Braniff, S.A., and assuming, that at the date of issuance of said permits, said company had proved its solvency before the Department, the passage of eighteen months in one case, and sixteen in the other, have been sufficient, upon the licensee's failure to demonstrate its possession of human, technical and material resources, to prove its fundamental insolvency as respects the establishment and maintenance of services. In effect, Aerovias Braniff, S.A. does not have pilots, copilots, radio operators and mechanics; it has been forced to resort to the subterfuge of seeking authorization in order that foreign pilots may be

employed

employed as instructors, when they are actually crew members; the company has no mechanics of its own, nor radio-operators; it lacks the meteorological and radio-telephonic installations which are indispensable to the maintenance of service; it lacks, in one word, the technical solvency which should be the fundamental base for the existence of the permits which it enjoys.

XI. The licensee in accordance with the aforesaid precept, is obligated to fulfill the requirements regarding air traffic. Aerovias Braniff, S.A. has not complied with such requirements; aside from the fact that it lacks radio-telephonic or meteorological service, in the operation of the Mexico-Veracruz-Merida route, it has refused to furnish flight plans and has not applied for the reports which the dispositions of air traffic require.

XII. Aerovias Braniff, S.A., has not complied with the obligation of fulfilling the requirements relative to aeronautical personnel. It is in that way, in order to appear to fulfill the law, that it surreptitiously uses foreign pilots as crew members, using Mexican students, who do not hold unlimited licenses, in the operation of routes which require the same.

XIII. Aerovias Braniff, S.A. has violated its obligation to fulfill the other applicable requirements of the law and regulations. Actually, Aerovias Braniff, S.A. has commenced the Mexico-Puebla-Veracruz-Merida service, without first having obtained and prepared landing fields and emergency landing fields, nor having ground installations nor equipment and the supplies which insure the effective maintenance of service.

XIV. Aerovias Braniff, S.A. exploits the Mexico-Puebla-Veracruz-Merida line, without the Department of Communications having first authorized its operation.

XV. I should make evident that the indefinite period of extension of the permits enjoyed by Aerovias Braniff, S.A. should not be permitted to remain in force as regards ground installations or the other requirements or obligations of the law, since the only condition which motivated the Department to indefinitely extend the period of the permits, was that the airplane market permit the acquisition of flying equipment similar to that which the parent company of the applicant uses in the United States; this, however, does not mean that the licensee should have been released from the obligation to comply with the other legal requirements, but that the lengthy period of time that has passed since the obtention of the permits, should have been taken advantage of, and which was not, to comply with the other legal obligations.

XVI. In addition to the foregoing, the service which Aerovias Braniff, S.A. claims it maintains, at least on the Mexico-Puebla-Veracruz-Merida route is far from satisfactory. In the few days since said service was established by its own action and without authorization of the Department, the licensee

company

company has made its flights in a manner which contradicts the schedule and itinerary for which, I suppose it obtained authorization; it has made night flights contrary to the express instructions of competent authorities; it has abandoned regular flight schedules; and the service which it maintains is extremely unaccommodating to the travelling public. All the foregoing facts exist in the official data which is in the possession of said Department.

XVII. In addition to all of the foregoing, and finally, Aerovias Braniff, S.A. has violated the terms of permit No. 268 in particular. Said permit obligated the company to establish various air lines of which it has only inaugurated two of those covered by the permit, one of which is without authorization of the Department. Neither the law, the regulations, nor said permits, permit partial or gradual exploitation and this said fact clearly establishes that the maintenance of the services covered by the permits is far from satisfactory."

You are notified of the foregoing in order that within a period of fifteen days which is granted for such purpose, you may present your proofs and defenses.

As, on the other hand, it is proved that you inaugurated your air transport services on the Mexico-Puebla-Veracruz-Merida route, without first having obtained the authorization of this Department, to which Article 45 of the General Law of Communication Routes refers, violating, likewise, the requirements of Article 348 of the same Law, due to which a serious problem has been created as also continuous friction between said company and Compañia Mexicana de Aviación, S.A., owner of the airports of Veracruz and Mérida, based on Article 526 of said Law, a fine of \$500.00 Pesos is imposed on you and the immediate suspension of the services on the aforesaid route is ordered.

Attentively.

EFFECTIVE SUPPRAE, NO REFLECTION

THE SECRETARY

Ing. Pedro Martinez Tornel

JHLL/bob