

AF-2766-2-1

MEMORANDUM OF CONSULTATIONS

On April 14-15, 1992, delegations representing the United States of America and the Kingdom of Saudi Arabia met in Washington, as earlier agreed, to discuss civil aviation issues. Delegation lists appear at Attachment A.

The two delegations agreed, on an ad referendum basis, to recommend to their governments certain revisions to an Air Transport Agreement that was initialed by U.S. and Saudi aviation delegations on January 9, 1990. A revised Article 19 of the Agreement appears at Attachment B; a revised Annex 1 appears at Attachment C; and a revised Annex 2 appears at Attachment D. The two delegations expressed the continuing intention of their governments to apply the provisions of the Agreement on the basis of comity and reciprocity prior to the entry into force of the Agreement.

In addition to the expansion of rights provided for in Annex 1 above, the two delegations agreed that, if market demand for scheduled services would support services in addition to those specified in the Agreement, their governments would promptly exchange views on expanding rights to operate such services.

During the discussions, the U.S. delegation proposed language for a new article covering intermodal transport. The Saudi delegation received the proposal with interest, but noted that such matters were not within its jurisdiction. The Saudi delegation offered to transmit the proposal to the appropriate authorities in the Saudi Arabian Government for further consideration. The U.S. delegation undertook to provide further information about its proposal to facilitate Saudi consideration.

The two delegations also discussed the long-standing applications for licenses to provide non-postal express door-to-door delivery services, submitted by the Saudi agents of the U.S. companies, Airborne Express and Federal Express, still pending before the Saudi Arabian authorities. The U.S. delegation requested the Saudi delegation's assistance in obtaining approval of these applications on a timely basis. The Saudi delegation expressed optimism about approval of those licenses and offered to make representations to appropriate Saudi Arabian authorities.

On the subject of charter operations, the Saudi delegation reaffirmed that U.S. carriers would not be charged no-objection fees for charter operations between the United States and Saudi



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Arabia. In addition, the Saudi delegation stated that it would recommend to its authorities the waiver of royalty fees for Haj charters from the United States to Saudi Arabia.

The two delegations made further progress in reconciling the English and Arabic language texts of the Air Transport Agreement that was initialed on January 9, 1990. The Saudi delegation undertook to incorporate the final changes in the Arabic language text and transmit that document to the United States for a final comparison. Both delegations expressed the strong hope that a final agreement could be signed in the very near future.

For the U.S. Delegation



Thomas H. Martin
Chairman

For the Saudi delegation



Nassir Al-Assaf
Head of Delegation

Washington, April 15, 1992

United States-Saudi Arabia
Civil Aviation Consultations
Washington, D.C.
April 14-15, 1992

United States Delegation

Thomas H. Martin, Chairman
Director
Office of Aviation Negotiations
Department of State

Mary I. Pett
Office of International Aviation
Department of Transportation

Pamela A. Ward
Office of Aviation Negotiations
Department of State

Patricia N. Snyder
Office of the General Counsel
Department of Transportation

Robert K. Harris
Office of the Legal Advisor
Department of State

Robert Mustain
Saudi Arabia Desk Officer
Department of State

Frederick Elliot
Office of Service Industries
Department of Commerce

Thomas Lydon
Air Transport Association

Claryse Stockman
National Air Carrier Association

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United States-Saudi Arabia
Civil Aviation Consultations
Washington, D.C.
April 14-15, 1992

Saudi Arabian Delegation

Nassir Al-Assaf
Head of Delegation
President of Civil Aviation

Ibrahim Bahri
Director of Air Transport
Presidency of Civil Aviation

Talal Kabli
Manager, Bilateral Air Services Agreements
Presidency of Civil Aviation

Hani Aref
Vice President
International and Arab Affairs
Saudi Arabian Airlines

Mohammad Sherbeni
Manager, Bilateral Agreements
Saudi Arabian Airlines

Hamad Al Maghlouth
Regional Manager (USA)
Saudi Arabian Airlines (Member)

ARTICLE 19

Entry into Force

This Agreement shall enter into force on the date of signature.

In witness whereof, the undersigned, duly authorized thereto by their respective Governments, have signed the present Agreement.

Done in duplicate at _____ on this _____ day of _____ in the English and Arabic languages, each version being equally authentic.

For the Government of
The United States of America

For the Government of
the Kingdom of Saudi Arabia

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ANNEX 1

Scheduled Air Services

Section I - Routes

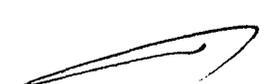
(1) The airline or airlines of each Contracting Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform scheduled international air transportation (1) between points on the following routes, and (2) between points on such routes and points in third countries through points in the territory of the Contracting Party which has designated the airlines.

A. Routes for the airline or airlines designated by the Government of the United States:

(i) For passenger and cargo combination service:

From a point or points in the United States via two (2) intermediate points to Jeddah, Riyadh, and Dhahran and beyond Saudi Arabia to two points in Asia.

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(ii) For all-cargo service:

From a point or points in the United States, via two intermediate points to Jeddah, Riyadh, and Dhahran and beyond Saudi Arabia to two points in Asia, Australia and New Zealand.

B. Routes for the airline or airlines designated by the Government of the Kingdom of Saudi Arabia:

(i) For passenger and cargo combination service:

From a point or points in the Kingdom of Saudi Arabia, via two intermediate points to New York, Washington, Orlando and two additional U.S. points 1/, and beyond the United States to two points in the Western Hemisphere (Canada, Mexico and South America).

1/ The additional U.S. points may be changed on three months' prior written notice transmitted through diplomatic channels.

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(ii) For all-cargo service:

From a point or points in the Kingdom of Saudi Arabia, via two intermediate points to New York and three additional U.S. points 1/, and beyond the United States to two points in the Western Hemisphere (Canada, Mexico and South America).

(2) Notes to the routes:

(A) Each Contracting Party may change its intermediate or beyond points on three months' prior written notice transmitted through diplomatic channels.

(B) The designated airlines of each Contracting Party may serve any intermediate or beyond point without geographic limitation on a blind sector basis.

1/ The Kingdom of Saudi Arabia may select one fixed point for scheduled all-cargo services in the United States and two additional points which may be changed on ninety days' notice through diplomatic channels. The designation of a point shall be made ninety days before commencement of operations.

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(C) In addition to the intermediate and beyond points on the routes in paragraph (1) above, the designated airlines of one Contracting Party may serve any intermediate or beyond point without geographic limitation with full traffic rights so long as the designated airlines of the other Contracting Party are not independently or jointly serving these points.

(D) Intermediate points may be used as beyond points and beyond points may be used as intermediate points.

(E) Each Contracting Party's airlines may serve the points in the other Contracting Party's territory on a coterminal basis.

(F) Exchanges of views regarding future developments:

(i) The Contracting Parties agree to exchange views prior to April 1, 1994 regarding whether expansion of scheduled air transport services is justified by market conditions.

(ii) Such exchanges shall consider, as a minimum,
(a) increasing scheduled combination services for both Contracting Parties from eight (8) to ten (10) weekly

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round-trip frequencies; (b) increasing scheduled all-cargo services for both Contracting Parties from six (6) to eight (8) weekly round-trip frequencies.

(3) Each designated airline may provide all or part of its service through a voluntary blocked-space arrangement with a designated airline of the other Contracting Party, after first obtaining the approval of the aeronautical authorities of both Contracting Parties.

(4) Each designated airline, may on any or all flights and at its option, operate flights in either or both directions and without directional or geographic limitation, serve points on the routes in any order, and omit stops at any point or points outside the territory of the Contracting Party which has designated that airline without loss of any right to carry traffic otherwise permissible under this Agreement.

(5) On any international segment or segments of the routes above (and as may be later agreed upon by the Contracting Parties), a designated airline may perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated, provided that in the outbound direction, the transportation beyond such point is a continuation of the transportation from the territory of the Contracting Party which has designated the



airline, and in the inbound direction, the transportation to the territory of the Contracting Party which has designated the airline is a continuation of the transportation beyond such point.

Section II - Designation

Notwithstanding the provisions of Article 3 (Designation and Authorization) of this Agreement, each Contracting Party may designate no more than two (2) airlines to perform scheduled combination (passengers, cargo and mail) services and may designate no more than two (2) airlines to perform scheduled all-cargo (property and mail) services.

Section III - Number of Flights

Notwithstanding the provisions of Article 10 (Capacity Provisions) of this Agreement:

- (1) The designated combination airlines of each Contracting Party may operate no more than eight (8) round-trip frequencies per week for combination services over the routes specified in Section I of this Annex.

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(2) The designated all-cargo airlines of each Contracting Party may operate no more than six (6) round-trip frequencies per week for all-cargo services over the routes specified in Section I of this Annex.

Section IV - Termination

(1) The provisions of this Annex will expire on March 31, 1995. The Contracting Parties agree to exchange views at least six months in advance of that expiration date to determine whether the provisions of the Annex should be continued or modified. Discussions shall include an analysis of current service levels, historic growth in the market, the type of services being provided and the potential for development of new services.

(2) This Section does not modify any other provision of the Agreement regarding consultations, suspension, or termination of the Agreement.

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ANNEX 2

Charter Air Services

(1) The airline or airlines of each Contracting Party designated under this Annex shall be permitted to operate single entity passenger charters between the United States and the Kingdom of Saudi Arabia.

(2) The airline or airlines of each Contracting Party shall be permitted to operate cargo charter flights between the United States and the Kingdom of Saudi Arabia after receiving approval of their applications for such services. The airline or airlines of the Kingdom of Saudi Arabia may operate cargo charters through a lease arrangement with an airline of a third country, subject to prior approval of the aeronautical authorities of both Contracting Parties.

(3) Except as otherwise agreed, such charters as permitted under this Annex will be performed in accordance with the rules and regulations of the country where the charter originates. In addition, the Kingdom of Saudi Arabia will apply liberally existing charterworthiness rules for charters.



(4) Each Contracting Party shall extend positive consideration to applications by airlines of the other Contracting Party to carry charter traffic not covered by this Annex on the basis of comity and reciprocity.

(5) The provisions of this Annex will expire on March 31, 1995. The Contracting Parties agree to exchange views at least six months in advance of the expiration date to determine whether the provisions of the Annex should be continued or modified.

(6) This Annex does not modify any other provision of the Agreement regarding consultations, suspension, or termination of the Agreement.

