



McGill



TURKISH AVIATION ACADEMY

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CONTRACT LAW, Part II

Module 29

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Air Transportation Management, M.Sc. Programme

Air Law, Regulation and Compliance Management

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CONTRACT LAW

Interline Agreements

- IATA Multilateral Interline Traffic Agreement – MITA Passenger / Cargo (ca. 750 carriers, incl. domestic)
- MITA one way Passenger
- IATA Intermodal Interline Traffic Agreement – Passenger
- MITA principles:
 - Mutual acceptance of reservations, ticketing, pax/cargo handling, credit, proration, claims handling
 - Settlement through IATA Clearing House
 - MITA has antitrust immunity US / EU

CONTRACT LAW

Alliances, Codeshare, JV

- Airline Alliances: Comprehensive cooperation on commercial matters, standards of service, marketing and branding, quality control, scheduling and planning matters
- Codesharing: Agreement on joint use of codes, CRS display improvement, check-in, reservations/ticketing, in-flight product coordination to achieve “seamless service”
- Joint Ventures: Cooperation to jointly organize and run a particular project or enterprise. Ex.: SITA, ULDs etc.

CONTRACT LAW

Alliances, Codeshare, JV

- Airline Alliances:
 - Comprehensive cooperation on commercial matters
 - standards of service
 - Marketing, branding and sales
 - quality control
 - Common use of CRS / GDS
 - Pooling of facilities/resources
 - Planning and scheduling
 - slot loan/slot exchange
 - FFP

CONTRACT LAW

Alliances, Codeshare, JV

- Codesharing: Agreement on joint use of codes
 - CRS display improvement
 - one stop check-in
 - reservations/ticketing
 - in-flight product coordination
 - tour products
 - facility sharing/ground handling
 - promotion/advertisement
 - FFP
 - preferential selling
 - security

CONTRACT LAW

Alliances, Codeshare, JV

- Joint Ventures: Cooperation to jointly organize and run a particular project or enterprise.
 - Examples: SITA
 - Pooling of ULDs
 - Pool Agreements among 3rd & 4th freedom carriers
 - Revenue pools: antitrust problems !
- Advantages of JV: cost reduction – combination of skills and resources – flexibility among partners
 - Define object and scope
 - Financing/capitalization requirements
 - Rights and duties of parties
 - Composition of governing body and management
 - Dispute resolution

CONTRACT LAW

Maintenance Contracts

- Services provided (Aircraft / Engines; scheduled / unscheduled maintenance)
- Title to components (installed, replaced)
- Warranty (limited)
- Insurance (all risks insurance required at expense of client)
- Liabilities and Indemnities (damage to property of client due to negligence)
- Suspension and termination

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■ Maintenance contracts, cont'd

- Lien (over the aircraft / engine & any other aircraft / engine of client in its possession)
- Parking and storage (even if lien is exercised)
- Taxes, duties and levies outside (procure exemption from foreign taxes or reimburse)
- Notices (in writing)
- Miscellaneous provisions (no assignment)
- Interpretation
- Applicable law and jurisdiction

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- Maintenance contracts, cont'd
 - Implications of lien
 - Implications of Export Regulations
 - Implications of Customs and tax rules
 - Special rules regarding Engine Maintenance
 - Issue of separate title in engines
 - Lien over aircraft and installed engines
 - Lien over uninstalled engines

CONTRACT LAW

Ground Handling Agreements

- Ground handling:
All services to meet the aircraft, process its loads (pax, baggage & cargo and mail) and prepare aircraft for departure
- IATA Standard Ground Handling Agreement (2013)
- International Airline Technical Pool Agreement (IATP)
- Document Service Agreement
- Catering Agreement

Ground handling contracts

- IATA Standard Ground Handling Agreement
 - AHM 801
 - Main Agreement
 - Provision of services
 - Fair practices
 - Subcontracting
 - Standard of work
 - Remuneration
 - Liability and indemnity
 - Arbitration
 - Duration, modification and termination

Ground handling contracts

- Annex A: Types of services covered
 - Load and ULD control
 - Pax and baggage handling
 - Cargo and mail handling
 - Ramp services (marshalling, parking, com, loading & unloading, departure, safety, push-back)
 - A/c servicing (ext./int. cleaning, toilet, water, cooling & heating, snow/ice removal, cabin equipment, storage)
 - Fuelling and oil
 - A/c maintenance (routine/non-routine, material, parking&hangar space)

Ground handling contracts

- Annex A: Types of services covered (cont'd)
 - Flight ops and crew administration (flight preparation at A/P of departure/ other, in-flight assistance, post-flight activities, in-flight re-despatch, crew administration)
 - Surface transport
 - Catering services (admin, catering ramp handling, storage, cleaning, preparation)
 - Supervision and admin
 - Security (Aircraft, ramp, designated areas, additional services)
- Annex B: Location, services and charges

THANK YOU
QUESTIONS ?