

## CARGO GENERAL SALES AND SERVICE AGENCY AGREEMENT

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**CARGO GENERAL SALES AND SERVICE AGENCY AGREEMENT**

This Cargo General Sales and Service Agency Agreement (hereinafter referred to as "this Agreement") made this ... day of ....., 2007 (hereinafter referred to as "the Effective Date")

**BETWEEN:**

Closed Joint Stock Company....., a body corporate constituted and established under the law of ....., having its principal office at ..... of the one part ,

**AND:**

..... having its principal office at .....of the other part

**WHEREAS**

- A. .... carries on the business of carriage of cargo by air and makes such services available to the public and desires to appoint a cargo General Sales and Service Agent in respect of certain territories specified herein;
- B. ....has the staff and means to act as a cargo General Sales and Service Agent in respect of the territory specified herein;

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements herein, the parties agree as follows:

**ARTICLE 1**

*APPOINTMENT AND TERRITORY*

..... (hereinafter referred to as “the Principal”) appoints ..... (hereinafter referred to as “the General Sales and Service Agent” or “GSSA”) as its GSSA within ..... (hereinafter referred to as “the territory”) which appointment is accepted by the GSSA.

**ARTICLE 2**

*EXCLUSIVITY*

Unless otherwise agreed in writing between the parties, the Principal shall not appoint any third party to carry out on its behalf the services described in this Agreement in the territory served by the GSSA. The GSSA shall not accept other appointments to act as GSSA or Cargo GSSA from any other carrier without the prior written consent of the Principal, which consent shall not be unreasonably withheld.

**ARTICLE 3**

*ASSIGNMENT/SUB-CONTRACT*

The GSSA shall not assign, transfer or delegate any of its rights or responsibilities under this Agreement without the prior written consent of the Principal.

**ARTICLE 4**

*DESIGNATION OF GSSA AND ADVERTISING*

The GSSA shall be entitled to describe itself as Cargo General Sales and Service Agent of the Principal at its places of business and on commercial documents, advertisements, notices, publications, letterheads and similar items.

## **ARTICLE 5**

### *FUNCTIONS OF THE GSSA*

The GSSA shall perform the following functions on behalf of the Principal:

- i. Sale of air cargo business on the services of the Principal, in accordance with the tariffs, rules, regulations and documentation provided by the Principal.
- ii. Promotion of air cargo business on the services of the Principal.
- iii. Administration of reservations for air cargo business on the services of the Principal and all clerical work in connection therewith.
- iv. Oversee of Cargo Agents and other customers in the territory and settlement of accounts with these Agents and other customers, if required, in respect of sales of transportation over the lines of the Principal under issuance of the traffic documents (such as air waybills) of the Principal.
- v. Providing the Principal with information concerning local laws, regulations, taxes and other similar information.
- vi. The GSSA shall provide monthly reports of present and future market developments, including the activities of the Principal's competitors as well as any other sales or commercial information that might reasonably be required by the Principal.
- vii. Representation of the Principal, in negotiations with Governmental and other authorities, officials, offices and agencies.
- viii. Preparation of all documents required by local or international regulations or as may reasonably be required by the Principal, such as a declaration for fiscal purposes.
- ix. On request by the Principal, special publicity or advertising. Publicity material provided by the Principal shall remain the property of the Principal.
- x. Ensuring consignments are delivered to the receiving points designated by the Principal.
- xi. Arranging for appropriate identification for the Principal at all the GSSA's offices in the territory and the distribution of the Principal's timetables, tariffs and promotional material to Agents and to the general public.
- xii. Provision of, and separately compensated for, other services, which may reasonably be required by the Principal.

## **ARTICLE 6**

### *OBLIGATIONS OF THE GSSA*

1. The GSSA shall ensure that it has sufficient competent personnel to fulfil its obligations under this Agreement.
2. The GSSA agrees to comply with all reasonable directions and instructions of the Principal or its authorized representatives concerning all matters affecting or arising out of this Agreement.
3. The GSSA agrees to take all possible steps to ensure that the quality of the services furnished to the Principal by the Sales Agents, as well as those provided by respective Government Authorities, is not less favourable than that given to any others, including the GSSA itself, at the same location.
4. The GSSA shall comply with all provisions of the IATA Traffic Resolutions in the sale of air cargo business.
5. The GSSA shall account to the Principal for all amounts received by the GSSA for the sale of transportation on the Principal's services.

## **ARTICLE 7**

### *OWN REPRESENTATION BY THE PRINCIPAL*

The Principal reserves the right to establish its own office and to station its own management and staff in the Territory and the GSSA undertakes to maintain all necessary liaison with such staff in carrying out their duties and responsibilities; provided that the duties of such management and staff do not prevent, restrict or inhibit the GSSA in the performance of its duties described in this Agreement.

## **ARTICLE 8**

### *OBSERVANCE OF INSTRUCTIONS AND TARIFFS*

1. The GSSA shall observe the Principal's timetables, tariffs and other similar documentation provided to it by the Principal. The GSSA shall monitor whether Agents in the territory are observing the timetables and tariffs. All rates offered by the GSSA must have prior written approval from the Principal.
2. The GSSA shall not vary or modify nor shall it authorise Agents to vary or modify, the terms and conditions of carriage or the contents appearing in the publications of the Principal without the prior written consent of the Principal. Any variation or modification by the GSSA, without the prior written consent of the Principal, shall be null and void and the GSSA shall be liable for any damage caused.

## **ARTICLE 9**

### *TRANSPORTATION DOCUMENTS*

1. The Principal shall supply the GSSA with air waybills (AWBs) and other necessary documents (hereinafter referred to collectively as the "Documents"), at no charge, to be utilised solely for the purposes of this Agreement.
2. Such Documents are and remain the property of the Principal and will be issued by the GSSA only in compliance with the instructions of the Principal and in accordance with the provisions of this Agreement.
3. All such Documents delivered to the GSSA shall remain under its custody and care and the GSSA shall be responsible for recovering the Documents from agents, when warranted. The Principal reserves the right to withdraw, at any time, any unused Documents.
4. When authorised by the Principal, the GSSA or its agents may issue AWBs for air transportation offered by another carrier, in connection with the routes of the Principal.
5. Upon the termination of this Agreement, the GSSA shall immediately return to the Principal all unused AWB stock, which remains unused by itself or by its agents, as well as any other documents or other assets of the Principal in its possession, and shall render a complete accounting of all AWB stock.

## **ARTICLE 10**

### *RIGHT OF INSPECTION*

1. The GSSA shall, upon reasonable notice, permit authorised representatives of the Principal to inspect and check all property, records, documents and records of transactions relating to the Principal's business and held by the GSSA. The Principal may make copies of all such records or documents.
2. All records, accounts and documents held by the GSSA on behalf of the Principal must be preserved by the GSSA for the periods agreed with the Principal or as required by local law, whichever is greater.
3. All records of the GSSA in respect of the financial arrangements between the Principal and the GSSA shall be maintained in accordance with generally accepted accounting principles.

## **ARTICLE 11**

### *COMMUNICATION EXPENSES*

1. Communication costs relating to all services referred to in this Agreement shall be borne by.....
2. The Principal may connect the GSSA to its existing telex or other communications network for exclusive use between the GSSA and the Principal and/or its Sub-Agencies/Subsidiaries at an agreed upon fee.

**ARTICLE 12**

*REMUNERATION*

Remuneration is to be agreed between the parties and set out in Attachment 'A'.

**ARTICLE 13**

*OTHER EXPENSES*

The Principal shall reimburse the GSSA for those expenditures listed in Attachment 'A'. Any other expenses will only be reimbursed if authorized in writing by the Principal.

**ARTICLE 14**

*SETTLEMENT OF ACCOUNTS*

1. The GSSA shall remit freight charges to the Principal in accordance with the procedures as shown in Attachment A.
2. The GSSA shall be responsible for monies in respect of sales of air cargo transportation, whether sold by the GSSA or sales agents in the territory.
3. All monies collected by the GSSA for transportation sold on behalf on the Principal, including any commission withheld by the GSSA, are the property of the Principal and shall be retained by the GSSA as the property of the Principal until satisfactorily accounted for to the Principal.

**ARTICLE 15**

*CREDIT*

The GSSA shall respect the credit policy of the Principal and shall follow any other instructions issued by the Principal with respect to credit.

**ARTICLE 16**

*LIABILITY AND INDEMNITY*

The Principal and the GSSA agree to indemnify and hold harmless each other and their directors, officers, employees and agents from and against any and all actions, claims, losses, proceedings, costs, damages and expenses which either party may sustain as a result of the actions or failure to act of the other party, its directors, officers, employees or agents.

**ARTICLE 17**

*LEGAL PROCEEDINGS*

The GSSA shall not without the consent in writing of the Principal, institute legal proceedings in the name of the Principal, settle, release or discontinue any action or other legal proceedings or otherwise prejudicially affect the interests of the Principal, but will do all things necessary to defend Principal's interests pending receipt of instructions. The GSSA shall inform the Principal without delay of the institution of any legal proceedings against the GSSA, and/or against the Principal.

**ARTICLE 18**

*CONFIDENTIALITY*

Recognising the commercial sensitivity of information provided pursuant to this Agreement, absent any statutory obligation to the contrary, the parties hereto shall take all practical measures to ensure that information concerning each other's business results and activities are not revealed to any third party without written consent of the party concerned.

**ARTICLE 19**

*MODIFICATIONS OR ADDITIONS*

Modifications of/or additions to this Agreement must be approved in writing by the Head Offices of both parties provided, however, that any modifications or additions shall be deemed to have been incorporated herein as from the agreed effective date.

**ARTICLE 20**

*TITLES AND EXTENDED MEANINGS*

The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**ARTICLE 21**

*SEVERABILITY*

The invalidity of any particular provision of this Agreement shall not affect any other provision of it, but the Agreement shall be construed as if the invalid portion had been omitted.

**ARTICLE 22**

*GOVERNING LAW*

This Agreement shall be governed by and interpreted in all respects in accordance with the laws of .....and ....., without regard to principles of conflicts of laws.

**ARTICLE 23**

*ARBITRATION*

Any difference or dispute concerning the scope, meaning, construction or effect of this Agreement, or any matter or thing contained herein or related hereto, shall be referred to Arbitration in accordance with Arbitration Rules of the International Air Transport Association. The arbitration award shall be final and conclusively binding upon the parties.



**ARTICLE 24**

*NOTICE*

Unless otherwise specified, notice to a party required under this Agreement must be provided in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the parties as follows:

If to GSSA: .....

Address: .....

Attention: .....

Fax:.....

If to Principal: .....

Address: .....

Attention: .....

Fax: .....

Or to any other address, fax number or person that the party designates. Any notice, if delivered personally or by courier, will be deemed to have been given when actually received, if transmitted by facsimile, it shall be deemed to have been received on the next business day (in the jurisdiction of the recipient) following its transmission by facsimile.

**ARTICLE 25**

*WAIVER*

Failure by either party to exercise any of its rights, powers or remedies under this Agreement or its delay to do so shall not constitute a waiver of those rights, powers or remedies. Such failure to exercise or partial exercise by a party of a right, power or remedy shall not prevent its subsequent exercise or exercise of any other right, power or remedy.

**ARTICLE 26**

*EXECUTION AND TERMINATION*

1. This Agreement shall become effective on ..... of ..... 2007 and shall continue in force for a period of 2 years.
2. Either party may at any time terminate this Agreement forthwith in the following circumstances:
  - (i) The other party commits an act of bankruptcy, becomes insolvent, makes an assignment for the benefit of its creditors, or enters into any arrangement [or composition] with its creditors, or in the event that any proceedings shall be commenced by or against the other party under any bankruptcy or insolvency laws, or proceedings for the appointment of a receiver or any other official with similar powers are commenced;
  - (ii) In case of the other party's winding-up.

3. In the event that the other party commits a breach of any of the material terms and conditions of this Agreement, which breach is not cured within days of receipt by the party in breach of a notice setting out the breach and calling upon the party in breach to remedy it.
4. Either party may terminate this Agreement, without cause, upon provision of one hundred and eighty (180) days written notice to the Head Office of the other party.
5. If this Agreement is terminated pursuant to paragraphs 1, 2, 3 or 4 above, such termination will not affect any previous rights, claims or liabilities of either party created or incurred prior to termination.
6. Within FOURTEEN (14) days of the termination of the Agreement or within such further time as may be prescribed by the Principal, the GSSA shall deliver to the Principal or his nominee all documents and other property of the Principal.

***NOTE: Within the countries of the European Union specific regulatory provisions require that a Principal compensate or indemnify an agent when an agency agreement is terminated. Carriers acting as Principals are advised to obtain legal advice as to the extent of their obligations.***

**ARTICLE 27**

*ENTIRE AGREEMENT*

This Agreement (including any schedules and attachments referred to herein, which are hereby incorporated by reference) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer any rights or remedies upon any person other than the parties hereto.

**SIGNED ON BEHALF OF:**

.....:

.....:

.....

.....

NAME:

NAME:

Title:

Title:

Place/Date:

Place/Date: