

**MEMORANDUM
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ENERO 1999.**

MEMORANDUM OF CONSULTATIONS

Delegations representing the Government of the United Mexican States and the Government of the United States of America met in Zihuatanejo, Guerrero from January 25 - 26, 1999, to discuss matters relating to the Air Transport Agreement in effect between the Government of the United Mexican States and the Government of the United States of America of August 15, 1960, as amended and extended. Delegation lists are Appendix A.

Discussions were cordial and productive and resulted in the delegations reaching agreement, ad referendum, on text for an amendment to the bilateral agreement concerning cooperative marketing arrangements, including codesharing, in the U.S. and Mexican markets and a simplified procedure for carriers operating programs of charter flights, a copy of which is Appendix B.

Each delegation presented its view of the civil aviation market and relationship between the two countries and its vision for the future of that market.

The delegations discussed the possibility of simplifying procedures for airlines of the Parties operating both scheduled combination and all-cargo services seeking authorization to add sections to existing scheduled operations. The delegations stated the intention of their respective aeronautical authorities to eliminate the requirement for scheduled airlines of the Parties to file applications for approval of extra sections, but instead require airlines to file notifications of the extra sections they intend to operate.

The U.S. delegation expressed its government's interest in obtaining fifth freedom rights for all-cargo services. The Mexican delegation explained why such liberalization is not possible at this time, but that it would be prepared to discuss such liberalization sometime next year.

The delegations negotiated provisions for cooperative marketing arrangements, including codesharing between airlines of the same Party and between airlines of the two Parties. The delegations shared the understanding that code sharing by the designated airlines on a city pair

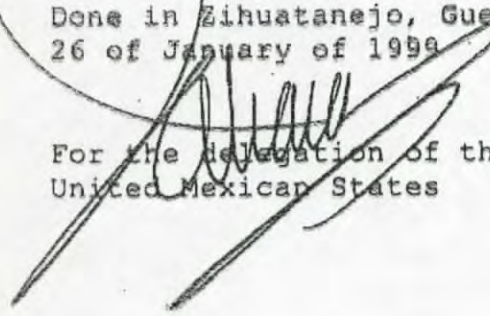
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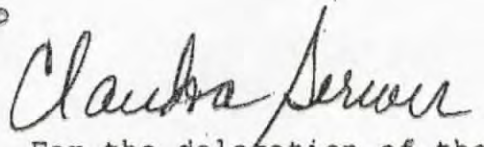
route segment would not be counted against the four airline limit of each Party on code-share only authority on that segment. The two delegations noted their expectation to meet again following six months of experience with the new provisions of the agreement. At that time, they will review the possibility of lifting the limits in the Agreement on the number of airlines permitted to code share on each non-stop gateway city pair segment.

The delegations discussed the possibility of including in the Agreement third-country code sharing rights. Unable to reach agreement at this time, the delegations noted that applications for third-country code sharing would continue to be considered on the basis of comity and reciprocity.

Finally, the delegations noted that each would recommend to its respective Government that the Agreement be brought into force as soon as possible and that, pending entry into force of the Agreement, its aeronautical authorities intended to implement the provisions of the Agreement, on the basis of comity and reciprocity, as of this date.

Done in Zihuatanejo, Guerrero
26 of January of 1998


For the delegation of the
United Mexican States


For the delegation of the
United States of America

Appendix A

DELEGATION OF THE UNITED MEXICAN STATES

ING. JUAN ANTONIO BARGES MESTRES
GENERAL DIRECTOR OF CIVIL AVIATION
HEAD OF DELEGATION

ING. EDUARDO PICCOLO CALVERA
DIRECTOR OF TRANSPORTATION AND AIR CONTROL
D.G.A.C.

LIC. RAQUEL RAMIREZ CARREON
DEPUTY DIRECTOR OF INTERNATIONAL AIR TRANSPORT
D.G.A.C.

LIC. RAFAEL GARCIA GIJON
HEAD OF INTERNATIONAL AGREEMENTS OFFICE
D.G.A.C.

LIC. ENRIQUE MORA Y MEDRANO
HEAD OF INTERNATIONAL AIR TRANSPORT OFFICE
D.G.A.C.

LIC. FERNANDO SOSA BETANCOURT
DEPUTY DIRECTOR OF TRATIES
LEGAL OFFICE
FOREIGN AFFAIRS MINISTRY

LIC. HECTOR COLIN MARTINEZ
DEPUTY GENERAL DIRECTOR OF TARIFFS
D.G.T. Y T.F.M.

Appendix A

MEXICAN INDUSTRY OBSERVERS

LIC. FRANCISCO CONTRERAS
ADVISOR FOR GENERAL DIRECTION
AEROVIAS DE MEXICO, S.A. DE C.V.

SR. JARED HARKHAM
PLANNING DIRECTOR
AEROVIAS DE MEXICO, S.A. DE C.V.

LIC. RICARDO HANEINE
DIRECTOR OF ESTRATEGY
AEROVIAS CARIBE, S.A. DE C.V.

LIC. SALVADOR RETANA ROZANO
MANAGER OF INDUSTRY AFFAIRS
AEROVIAS DE MEXICO, S.A. DE C.V.

LIC. JAVIER CHRISTLIEB MORALES
LEGAL DIRECTOR
CIA. MEXICANA DE AVIACION, S.A. DE C.V.

LIC. FABRICIO COJUC WOLFOWITS
DIRECTOR OF COMMERCIAL PLANNING
COMPAÑIA MEXICANA DE AVIACION, S.A. DE C.V.

LIC. ROGELIO RODRIGUEZ GARDUÑO
MANAGER OF INDUSTRY AFFAIRS
CIA. MEXICANA DE AVIACION, S.A. DE C.V.

ING. JUAN IGNACIO STETA GANDARA
GENERAL DIRECTOR
TRANSPORTES AEROMAR, S.A. DE C.V.

LIC. ALFREDO PALACIOS BALCAZAR
LEGAL MANAGER
TRANSPORTES AEREOS EJECUTIVOS, S.A. DE C.V.

LIC. MA. AURELIA FLORES VALDEZ
HEAD OF GOVERNMENT AFFAIRS
TRANSPORTES AEREOS EJECUTIVOS, S.A. DE C.V.

Appendix A

ING. ENRIQUE MENDEZ FERNANDEZ
DIRECTOR OF OPERATIONS
AEROCALIFORNIA, S.A. DE C.V.

SR. GONZALO GLORIA
MANAGER OF INTERLINE AGREEMENTS AND IATA AFFAIRS
AEROCALIFORNIA, S.A. DE C.V.

ING. ALBERTO GOMEZ OBREGON
GENERAL DIRECTOR
AEROMEXPRES, S.A. DE C.V.

LIC. LUIS SIERRA
GENERAL DIRECTOR
AEROTRANSPORTES MAS DE CARGA, S.A. DE C.V.
"MAS AIR"

LIC. LUIS RAMOS LANDEROS
GENERAL DIRECTOR
AEROCHARTER DE MEXICO, S.A. DE C.V.

LIC. CARLOS HERNANDEZ Y GAROSAIN
ADVISOR FOR THE BOARD
AEROCHARTER DE MEXICO, S.A. DE C.V.

CAP. EUCARIO LEON
GENERAL DIRECTOR
LINEA AEREA MEXICANA DE CARGA, S.A. DE C.V.

Appendix A

DELEGATION OF THE UNITED STATES OF AMERICA

Ms. CLAUDIA H. SERWER
HEAD OF DELEGATION
OFFICE OF AVIATION NEGOTIATIONS
DEPARTMENT OF STATE

Ms. CAROLYN K. COLDREN
SENIOR NEGOTIATOR
OFFICE OF INTERNATIONAL AVIATION
DEPARTMENT OF TRANSPORTATION

Ms. KAREN T LEVINE
COORDINATOR FOR LATIN AMERICA, THE CARIBBEAN, AND
SOUTH ASIA
OFFICE OF AVIATION NEGOTIATIONS
DEPARTMENT OF STATE

Mr. DAVID S. NEWMAN
LEGAL ADVISER
DEPARTMENT OF STATE

Mr. WHITNEY J. WITTEMAN
ECONOMIC OFFICER
OFFICE OF MEXICAN AFFAIRS
DEPARTMENT OF STATE

Mr. BRIAN J. BLOOD
CIVIL AVIATION OFFICER
U.S. EMBASSY, MEXICO CITY

Appendix A

AMERICAN INDUSTRY OBSERVERS

Mr. ANANIAS BLOCKER
AMERICAN AIRLINES

Mr. DICK HAFERBECKER
ALASKA AIRLINES

Mr. DAVID KINZELMAN
CONTINENTAL AIRLINES

Mr. JOHN KLOOSTERMAN
AIRPORTS COUNCIL INTERNATIONAL

Mr. WILLIAM MAHAFFEY
LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Mr. JOHN MOLONEY
DELTA AIRLINES

Mr. DAVID MISHKIN
NORTHWEST AIRLINES

Ms. JULIE OETTINGER
US AIR

Ms. YVONNE RAMOS
UNITED AIRLINES

Mr. RHETT WORKMAN
AIR TRANSPORT ASSOCIATION

APPENDIX B

1. Point e of paragraph 1 of Annex II shall be replaced with the following:

c. In the case of individual charter flights and charter flight programs or series of flights, each Party's airlines which are in possession of the corresponding permits issued by the Government of Mexico and the Government of the United States that have all of their documents in order and that have complied with all of the established requirements, may perform charter flights of passengers or of cargo between both territories, presenting a flight notification form: (1) at least 24 hours in advance of an individual charter or in advance of the first flight in a charter flight program or series of flights involving ten or more flights; or (2) at least five working days in advance of the first flight in a charter flight program or series of flights involving ten or more flights. The notification period may be shortened by either Party at its discretion. Each Party shall make its best efforts to facilitate the authorization of a charter flight program or series of flights for which notice was not timely filed.

2. Points f and g of paragraph 1 of Annex II shall be deleted.

3. An Annex III shall be added to the agreement as follows:

Annex III

COOPERATIVE MARKETING ARRANGEMENTS

1. In operating or holding out the authorized services on the agreed routes, any designated airline of one Party may enter into cooperative marketing arrangements with an airline or airlines of either Party, provided that all airlines in such arrangements 1) hold the appropriate authority and 2) meet the requirements normally applied to such arrangements.

2. In addition to designations provided for in paragraph 4, Section B, of Annex I of the Agreement, either Party shall have the right to authorize its airlines to exercise the rights in paragraph 1, above, to hold out

scheduled services on any or all segments of the routes in Section A (Route Schedule: Combination Service) or Section C (Route Schedule: All-Cargo Service), of Annex I of the Agreement, as applicable, by placing the airline's code on services of an airline or airlines designated under paragraph 4 of Section B of Annex I. With respect to services on each non-stop gateway city pair segment between the territories of the Parties, each Party shall have the right to grant such authorization to no more than four of its airlines for each non-stop gateway city pair segment. Each authorizing Party shall notify the other Party in writing of its airlines so authorized and the non-stop gateway city pair segments for which code-share authority has been given.

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