NB 280

CLMV

MULTILATERAL AGREEMENT

ON

AIR SERVICES

CLMV MULTILATERAL AGREEMENT ON AIR SERVICES

The Governments of the Kingdom of Cambodia, the Lao People's Democratic Republic, the Union of Myanmar and the Socialist Republic of Viet Nam, hereinafter referred to as "Contracting Parties"; -

DESIRING to promote, develop and enhance trade, commerce, tourism and cultural exchange among the Kingdom of Cambodia, the Lao People's Democratic Republic, the Union of Myanmar and the Socialist Republic of Viet Nam hereinafter referred to as "CLMV Countries";

DESIRING to step by step participate in the air transport liberalization in the region;

RECOGNIZING the importance to expand and strengthen the cooperation in air transport towards liberalization among CLMV Countries;

DESIRING to foster closer friendship, cooperation and solidarity among the peoples of the CLMV Countries as well as in air transport;

DESIRING to adhere to the principles and provisions of the Convention on International Civil Aviation signed at Chicago on December 7, 1944,

HAVE AGREED AS FOLLOWS:

PART I
AIR SERVICES

ARTICLE 1
DEFINITIONS

For the purpose of this Agreement, unless the context otherwise requires:

1. the term "the Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, and includes: (i) any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by all Parties to this Agreement, and (ii) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time effective for all Parties to this Agreement;
2. the term "aeronautical authority" means the Minister responsible for Civil Aviation, or the Department of Civil Aviation of the Ministry of Transport in the case of the Union of Myanmar, or any person or body authorised to perform any functions at present exercisable by him or similar functions;
3. the term "designated airline" means an airline which has been designated and authorised in accordance with Article 3 of this Agreement;
4. the term "territory" means the territory of a State deemed to be land areas (mainland and islands), internal waters and territorial waters adjacent thereto and the airspace above them under the sovereignty of that State:

5. the term "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Convention;

6. The term "User Charge" means a charge made to airlines by the competent authorities or permitted by them to be made for the provision of airport property or facilities or of air navigation facilities, including related services and facilities for aircraft, their crew, passengers and cargo;

7. "Agreement" means this Agreement, its Annex and Appendix and any amendments thereto;

8. the term "Depositary" means the Union of Myanmar.

ARTICLE 2
GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Parties the following rights for the conduct of international air transportation by the designated airlines of the other Contracting Parties:

   a) the right to fly across its territory without landing;

   b) the right to make stops in its territory for non-traffic purposes;

   c) the right, in accordance with the terms of their designations, to perform scheduled international air transportation between any two points on the following route: from any points in the territory of the Contracting Party designating the airline via any intermediate points to any points in the territory of any other Contracting Party and to any points beyond in any combination or order, provided that the service originates and terminates in the territory of the Contracting Party designating the airline and all the points are international airports in the CLMV countries listed in the Annex attached herewith.

      Notwithstanding the above provisions, the right to take on board or put down, in the territory of any other Contracting Party, passengers, baggage, cargo, or mail carried for compensation and destined for or coming from points in the territory of any non-Contracting Party, shall be subject to the agreement between the Aeronautical Authorities of the Contracting Parties concerned.

   d) the rights otherwise specified in this Agreement.

2. Each designated airline may on any or all flights and at its option:

   a) operate flights in either or both directions;

   b) combine different flight numbers within one aircraft operation;

   c) omit stops at any point or points;

   d) combine traffic on the same aircraft regardless of where such traffic originates;

3. Nothing in this Agreement shall be deemed to confer on the airline or airlines of one Contracting Party the right to take on board, in the territory of another Contracting Party, passengers, baggage, cargo, or mail carried for compensation and destined for another point in the territory of that other Contracting Party.

4. Each Contracting Party shall impose no limitation as to charter services, provided that such services are subject to submission procedures of each Contracting Party.

ARTICLE 3

DESIGNATION AND AUTHORISATION OF AIRLINES

1. Each Contracting Party shall have the right to designate in writing one or more airlines for the purpose of conducting international air transportation in accordance with this agreement and to withdraw or alter such designations. Such designations shall be transmitted to the concerned Contracting Parties in writing through diplomatic channels.

2. On receipt of such a designation, and of applications from the designated airline, in the form and manner prescribed for operating authorisations and technical permissions, each Contracting Party or Contracting Parties shall grant appropriate authorisations and permissions with minimum procedural delay, provided:

   a) The designated airline is substantially owned and effectively controlled by the Contracting Party designating the airline or by nationals of such Contracting Party;

   b) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air transportation by the Contracting Party considering the application or applications; and

   c) the Contracting Party designating the airline is maintaining and administering the standards set forth in Article 6 (Safety) and Article 7 (Aviation Security).

ARTICLE 4

REVOCATION OR SUSPENSION OF OPERATING AUTHORISATION

1. Each Contracting Party shall have the right to revoke an operating authorisation or to suspend the exercise of the rights specified in Article 2 of this Agreement by the airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights:

   a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party; or

   b) in the case of failure by that airline to comply with the laws or regulations normally and reasonably applied by the Contracting Party granting those rights; or

   c) if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party. Such consultation shall begin within a period of thirty (30) days from the day of the request.

ARTICLE 5

EXEMPTION FROM DUTIES AND TAXES

1. Aircraft operated on international services by the airline designated by each Contracting Party, as well as their regular equipment, supplies of fuel and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Parties, provided such equipment and supplies remain

on board the aircraft up to such time as they are re-exported or are used on the part of the journey performed over that territory.

2. There shall also be exempt from the same duties, fees and charges, with the exception of charges incurred for the services performed:

   a) aircraft stores taken on board in the territory of a Contracting Party, within limits fixed by the authorities of the said Contracting Party, and for use on board outbound aircraft engaged in an international service of the other Contracting Parties;

   b) spare parts and airborne equipment introduced into the territory of each Contracting Party for the maintenance or repair of aircraft used on international services by the airline designated by the other Contracting Parties;

   c) fuel and lubricants destined to supply outbound aircraft operated on international services by the airline designated by the other Contracting Parties, even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Parties in which they are taken on board.

   d) advertising and promotional materials, timetables and office equipment such as computers and other related equipment likewise be exempt from the customs duties and other charges.

3. Materials referred to in paragraphs 1 and 2 above may be required to be kept under Customs supervision or control.

4. The exemptions provided by this Article shall also be available where the designated airlines of one Contracting Party have contracted with another designated airline, which similarly enjoys such exemptions from another Contracting Party or Contracting Parties, for the loan or transfer in the territory of the other Contracting Party or Contracting Parties of the items specified in paragraphs 1 and 2 of this Article.

ARTICLE 6

SAFETY

1. Each Contracting Party shall recognize as valid, for the purpose of operating the air transportation provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued, or validated by the other Contracting Party and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards which may be established pursuant to the Convention. Each Contracting Party reserves the right, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party.

2. Each Contracting Party may request consultations concerning the safety and security standards maintained by the other Contracting Party relating to aeronautical facilities, air crew, aircraft, and operation of the designated airlines. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety and security standards and requirements in these areas that at least equal the minimum standards which may be established pursuant to the Convention, the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards; and the other Contracting Party shall take appropriate corrective action.

ARTICLE 7

AVIATION SECURITY

1. In accordance with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international laws, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offenses and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970 and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971;

2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, and of airports and air navigation facilities, and to address any other threat to the security of civil air navigation.

3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention; they shall require that operators of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees to observe the security provisions required by the other Contracting Party for entry into the territory of that other Contracting Party and to take adequate measures to protect aircraft and to inspect passengers, crew, and their carry-on items, as well as cargo and aircraft stores, prior to and during boarding or loading. Each Contracting Party shall also give positive consideration to any request from the other Contracting Party for special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, aircraft, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat.

6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party.

ARTICLE 8

TARIFFS

1. The term "tariff" means the prices to be paid for the carriage of passengers and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail.

2. The tariffs to be charged by the airline designated by one Contracting Party for the carriage to or from the territory of the other Contracting Parties shall be established at

reasonable levels with due regard paid to all relevant factors, including cost of operation, reasonable profit, and the tariffs of other airlines.

3. Each Contracting Party may require notification to or filing with, as the case may be, its aeronautical authorities of tariffs to be charged to or from its territory by airlines of the other Contracting Party. Notification or filing by the airlines of each Contracting Party may be required no more than thirty (30) days before the proposed date of effectiveness. In individual cases, notification or filing may be permitted on shorter notice than normally required. Neither Contracting Party shall require the notification or filing by airlines of the other Contracting Parties of tariff charges by charterers to the public, except as may be required on a non-discriminatory basis for information purposes.

4. No Contracting Party shall take unilateral action to prevent the inauguration or continuation of a tariff proposed to be charged or charged by (a) an airline of each Contracting Party for international air transportation between the territories of the Contracting Parties, or (b) an airline of each Contracting Party for international air transportation between the territory of the other Contracting Parties and any other country, including in both cases transportation on an interline or intraline basis. If any Contracting Party is dissatisfied with the tariff, it shall request consultations and notify the other Contracting Party of the reasons for its dissatisfaction as soon as possible. These consultations shall be held not later than thirty (30) days after receipt of the request, and the Contracting Parties shall cooperate in securing information necessary for reasoned resolution of the issue. If the Contracting Parties concerned reach agreement with respect to a tariff for which a notice of dissatisfaction has been given, each concerned Contracting Party shall use its best efforts to put that agreement into effect. Without such mutual agreement, the price shall go into effect or continue into effect.

5. The tariffs established in accordance with the provisions of this Article shall remain in force until new tariffs have been established in accordance with the provisions of this Article.

6. The aeronautical authority of each Contracting Party shall exercise their best efforts to ensure that the designated airlines conform with the agreed tariffs filed with the aeronautical authorities of the Contracting Parties as well as with the laws or regulations in this regard.

ARTICLE 9

OPERATION OF LEASED AIRCRAFT

1. When a designated airline proposes to use an aircraft other than one owned by it on the services provided hereunder, this would only be done on the following conditions:

   a) that such arrangements will not be equivalent to allowing a lessor airline of third Party access to traffic rights not otherwise available to that airline;

   b) that the financial benefit to be obtained by the lessor airline will not be dependent on the profit or loss of the operation of the designated airline concerned; and

   c) that the responsibility for the continued airworthiness and the adequacy of operating and maintenance standards of any leased aircraft operated by an airline designated by one Contracting Party will be established in conformity with the Convention.

2. A designated airline is not otherwise prohibited from providing services using leased aircraft provided that any lease arrangement entered into satisfies the conditions listed above.

ARTICLE 10

COMMERCIAL ACTIVITIES

The designated airline of one Contracting Party shall have the right:

1. in accordance with the laws and regulations of the other Contracting Parties relating to entry, residence and employment, bring in and maintain in the territory of the other Contracting Parties managerial and other specialist staff, office equipment and other related equipment and promotional materials required for the operation of international air transportation.

2. to establish offices in the territory of the other Contracting Party for the purposes of provision and sale of air services; to engage in the sale of air transportation in the territory of the other Contracting Party directly and, at its discretion, through its agents; to sell such transportation, and any person shall be free to purchase such transportation in local currency of that territory or, subject to the national laws and regulations, in freely convertible currencies of other countries.

3. to convert and remit to the territory of its incorporation, on demand, local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the rate of exchange applicable to current transactions and remittance on the date the carrier makes the initial application for remittance. Such conversion and remittance shall be made in accordance with the foreign exchange regulations of the Contracting Party concerned.

4. to pay for local expenses, including purchases of fuel, in the territories of the other Contracting Parties in local currency. At their discretion, the airlines of each Contracting Party may pay for such expenses in the territory of the other Contracting Parties in freely convertible currencies according to local currency regulation.

5. to select among competing authorised agents for ground handling services which shall be available on an equal basis to all airlines; and charges shall be based on the costs of services provided; and such services shall be comparable to the kind and quality of services as if self-handling were possible.

ARTICLE 11

COOPERATIVE ARRANGEMENTS

1. The designated airlines of each Contracting Party may enter into co-operative marketing arrangements such as blocked space or code sharing arrangement when operating or holding out the agreed services on the specified points, whether as the operating airline or the non-operating (hereinafter referred to as the "marketing") airline with:

   a) An airline or airlines of the same Contracting Party;

   b) An airline or airlines of the other Contracting Parties;

   provided that all participants in such arrangements hold the appropriate authority and meet the requirements applied to such arrangements.

2. The marketing airline is required to file for approval to the aeronautical authorities of each Contracting Party of any co-operative marketing arrangements entered into with an operating airline, in accordance with Paragraph 1, before its proposed introduction.

3. When holding out services for sale, the marketing airline will make it clear to the purchaser of tickets for such services, at the point of sale, which airline will be the

operating airline on each sector of the service and with which airline or airlines the purchaser is entering into a contractual relationship.

ARTICLE 12

COMPUTER RESERVATION SYSTEMS

Each Contracting Party shall apply the ICAO Code of Conduct for the Regulation and Operation of Computer Reservation Systems within its territory consistent with other applicable regulations and obligations concerning computer reservation systems.

ARTICLE 13

USER CHARGES

1. No Contracting Party shall impose or permit to be imposed on the designated airlines of other Contracting Parties user charges higher than those imposed on its own airlines operating similar international air transportation.

2. Each Contracting Party shall encourage consultation on user charges between its competent charging authorities and airlines using the services and facilities provided by those charging authorities, where practicable through airlines' representative organisations. Reasonable notice of any proposals for changes in user charges should be given to such users to enable them to express their views before changes are made. Each Contracting Party shall further encourage its competent charging authorities and such users to exchange appropriate information concerning user charges.

ARTICLE 14

FAIR COMPETITION

1. Each Contracting Party shall allow a fair and equal opportunity for the designated airlines of all Contracting Parties to compete in providing the international air transportation governed by this Agreement.

2. Each Contracting Party shall allow each designated airline to determine the frequency and capacity of the international air transportation it offers based upon commercial considerations in the marketplace. Consistent with this right, no Contracting Party shall act to limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airlines of the other Contracting Parties, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention. However, safety net and/or safeguards mechanism may, in consultation with concerned Contracting Parties, be introduced by one Contracting Party to end any anti-competition act.

3. There shall be no limitations as to the operation or sale of the charter international air transportation subject to submission procedures of each Contracting Party.

ARTICLE 15

APPLICATION OF LAWS AND REGULATIONS

1. While entering, within, or leaving the territory of one Contracting Party, its laws, regulations and rules relating to the operation and navigation of aircraft shall be complied with by the airlines designated by any other Contracting Party.

2. While entering, within, or leaving the territory of one Contracting Party, its laws, regulations and rules relating to the admission to or departure from its territory of passengers, crew or cargo on aircraft (including regulations relating to entry, clearance, aviation security, immigration, passports, customs and quarantine or, in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew or cargo of the airlines of any other Contracting Party.

3. Passengers, baggage and cargo in transit through the territory of any Contracting Party and not leaving the area of the airport reserved for such purpose shall not undergo any examination except for reasons of aviation security, narcotics control, prevention of illegal entry or in special circumstances.

ARTICLE 16
STATISTICS

The aeronautical authorities of each Contracting Party shall provide the aeronautical authorities of the other Contracting Parties, upon request, with periodic statistics or other similar information relating to the traffic carried on the agreed services.

PART II
COOPERATION

ARTICLE 17
COOPERATION AGENDA

Contracting Parties shall endeavor to implement cooperation agenda items set forth in the Agreement among Directors General of Civil Aviation of the Kingdom of Cambodia, the Lao People's Democratic Republic, the Union of Myanmar and the Socialist Republic of Viet Nam on the establishment of Sub-regional Air Transport Cooperation signed at Ho Chi Minh city on January 14, 1998.

ARTICLE 18
RULES AND PROCEDURES FOR COOPERATION

Cooperation between and among Contracting Parties shall be conducted in the manner set forth in the Rules of Procedure for the Organization and Activities of the Sub-regional Air Transport Cooperation among Cambodia, Laos, Myanmar and Viet Nam, which is annexed to this Agreement.

PART III
FINAL PROVISIONS

ARTICLE 19
CONSULTATIONS

Any Contracting Party may at any time, through the Depositary, request consultations on the implementation, interpretation, application or amendment of this Agreement or compliance with this Agreement. Such consultations, which may be through correspondence or discussions, between or among aeronautical authorities, shall begin within a period of 60 days from the date on which the Depositary forwards such request to the other Contracting Parties, unless otherwise agreed by the Contracting Parties.

ARTICLE 20
SETTLEMENT OF DISPUTES

The provisions on Dispute Settlement Mechanism contained in the Rules of Procedure for the Organization and Activities of the Sub-regional Air Transport Cooperation among Cambodia, Laos, Myanmar and Viet Nam, which is annexed to this Agreement, shall apply to the settlement of disputes under this Agreement.

ARTICLE 21
AMENDMENT

1. Any amendment to the main Agreement so agreed shall enter into force 30 days following the date on which the Depositary notifies that it has received all instruments of ratification or acceptance by the Contracting Parties.
2. If the amendment relates only to the annexes, appendixes of the Agreement, the amendment shall come into force on the date on which the Depositary notifies that it has received all confirmation by the Aeronautical Authorities of the Contracting Parties through diplomatic channels.

ARTICLE 22
RELATIONSHIP TO OTHER AGREEMENTS

Upon entry into force of this Agreement, any bilateral air transport agreement existing between any Contracting Parties at the time of such entry into force shall terminate.

In the case a Contracting Party withdraws from this Agreement the respective bilateral air transport agreement between that Contracting Party and each of the other Contracting Parties concerned shall automatically resume its validity.

ARTICLE 23
ACCESSION OF NEW MEMBERS

This CLMV Multilateral Agreement on Air Services shall be open for accession by other countries as Contracting Countries subject to the acceptance of all existing Contracting Countries. The new Contracting Countries shall adhere to all legal instruments of the Sub-

region by a written notification of adherence, and observe strictly applicable Rules of Procedure for the Organization and Activities of the Sub-regional Air Transport Cooperation among Cambodia, Laos, Myanmar and Viet Nam.

ARTICLE 24

WITHDRAWAL

A Contracting Party may withdraw from this agreement by giving written notice of withdrawal to the Depositary. The withdrawal shall be effective 12 months after receipt of the notice by the Depositary, unless the Contracting Party withdraws its notice by written communication to the Depositary prior to the end of the 12-month period.

ARTICLE 25

ENTRY INTO FORCE

This Agreement is subject to ratification or acceptance by the Contracting Parties. The instrument of ratification or acceptance shall be deposited with the Depositary, who is the Government of the Union of Myanmar. The signatory Contracting Parties shall endeavor to provide their instrument of ratification or acceptance no later than three months from signature. This agreement shall enter into force three months after the deposit of the last such instrument of ratification or acceptance. The Depositary Government shall promptly inform all the signatory Contracting Parties of the date of deposit of each instrument of ratification or acceptance, the date on which this Agreement comes into force, and other notices.

This Agreement thereto shall be registered with the International Civil Aviation Organisation as soon as it enters into force.

No reservations may be made to this Agreement either at the time of signature or ratification or acceptance.

IN WITNESS WHEREOF, the undersigned, being duly authorised to sign by their respective Governments, have signed this CLMV Multilateral Agreement on Air Services.

DONE at Ha Noi, this fourth day of December 2003 in a single copy in the English Language.

For the Government of the Kingdom of Cambodia

For the Government of the Lao People's Democratic Republic

For the Government of the Union of Myanmar

For the Government of the Socialist Republic of Viet Nam

ANNEX I

LIST OF INTERNATIONAL AIRPORTS OF CLMV COUNTRIES (AIRPORTS IN OPERATION OR TO BE OPENED FOR INTERNATIONAL AIR SERVICES IN IMMEDIATE FUTURE)

1. **THE KINGDOM OF CAMBODIA**

   Phnom Penh International Airport

2. **THE LAO PEOPLE'S DEMOCRATIC REPUBLIC**

   Vientiane/Wattay International Airport

   Luang Phabang International Airport

   Pakse International Airport

3. **THE UNION OF MYANMAR**

   Yangon International Airport

   Mandalay International Airport

4. **THE SOCIALIST REPUBLIC OF VIETNAM**

   Noi Bai International Airport

   Da Nang International Airport

   Tan Son Nhat International Airport

   Dien Bien Phu Airport

   Phu Bai Airport

   Cat Bi Airport

   Lien Khuong Airport

ANNEX II

RULES OF PROCEDURE
FOR
THE ORGANIZATION AND ACTIVITIES
OF THE SUB-REGIONAL AIR TRANSPORT COOPERATION
AMONG CAMBODIA, LAOS, MYANMAR AND VIETNAM

Amended by
3rd DGCA Meeting
21 – 23 March 2000, Vientiane , Lao PDR

RULES OF PROCEDURE FOR THE ORGANIZATION AND ACTIVITIES OF THE SUB-REGIONAL AIR TRANSPORT COOPERATION AMONG CAMBODIA, LAOS, MYANMAR AND VIETNAM

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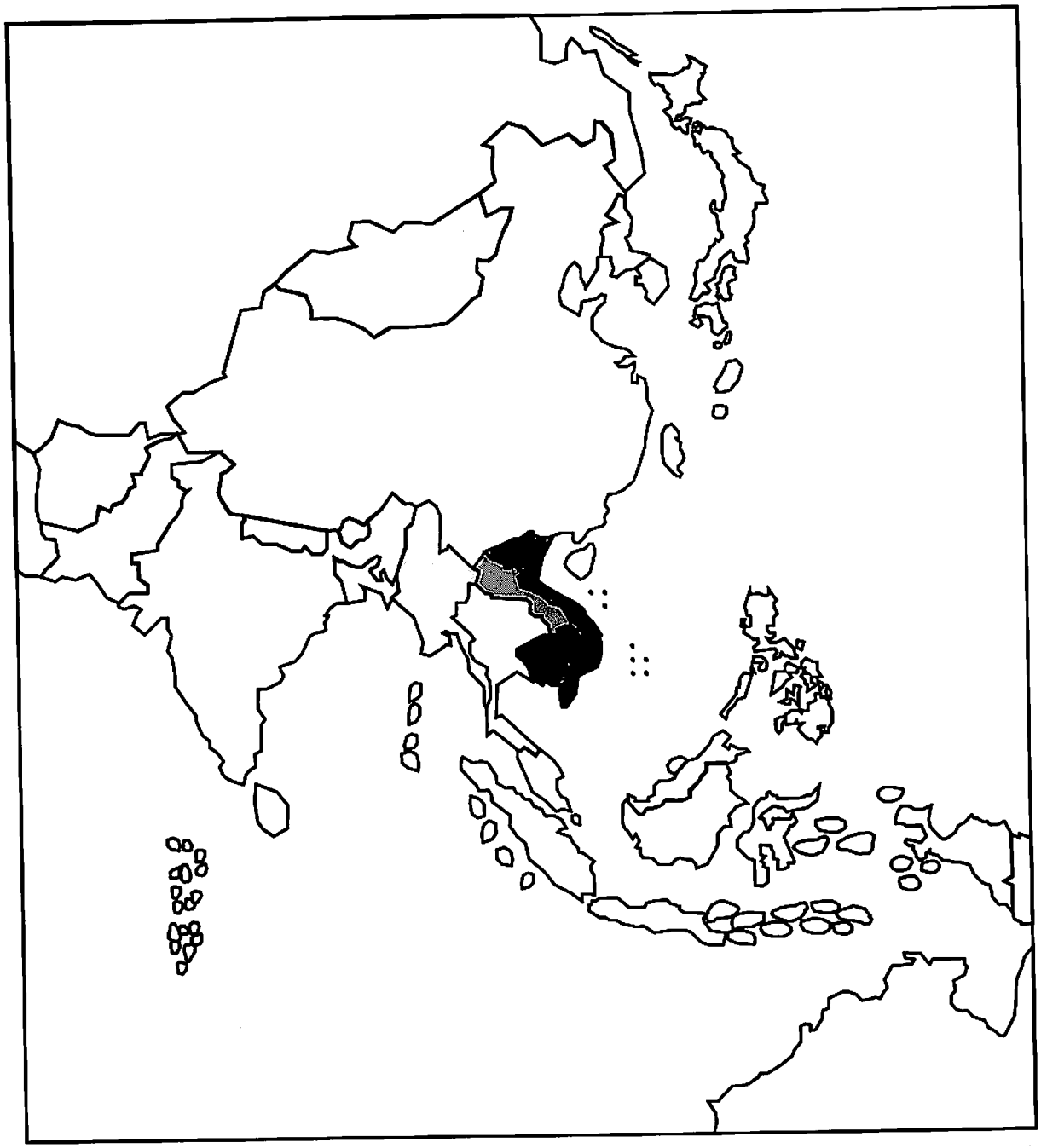
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CHAPTER I

GENERAL

1. Map of Sub-regional countries



2. History of the Sub-regional Air Transport Cooperation

The Sub-regional Air Transport Cooperation was established on January 14, 1998 in Ho Chi Minh City, Vietnam with the signing of the "Agreement among Directors General of Civil Aviation of the Kingdom of Cambodia, the Lao People's Democratic Republic, the Union of Myanmar and the Socialist Republic of Vietnam on the Establishment of Sub-regional Air Transport Cooperation" which appears as Appendix 1.

The objectives of the Sub-regional Air Transport Cooperation among Cambodia, Laos, Myanmar and Vietnam (CLMV) are:

(i) to promote, develop and enhance trade, commerce, tourism and cultural exchange among CLMV countries;

(ii) to expand and strengthen the cooperation in air transport towards liberalization among CLMV countries;

(iii) to participate step by step towards the liberalization of the air transport services in the CLMV sub-region, ASEAN region and the rest of the world;

(iv) to foster closer friendship, cooperation and solidarity among the peoples of CLMV countries.

CHAPTER II

RULES OF PROCEDURE FOR ACTIVITIES

The Rules of Procedure of the Sub-regional Air Transport Cooperation shall include the following major ones for:

1. Meeting of Directors General of Civil Aviation (either of annual or ad hoc nature);
2. Meeting of Executives of Air Transport (either of annual or ad hoc nature);
3. Functions and responsibilities of the Coordinating Country;
4. Dispute Settlement Mechanism.

SECTION I

MEETING OF DIRECTORS GENERAL OF CIVIL AVIATION

Meetings of Directors General of Civil Aviation shall be held on rotation basis in the alphabetic order at least once a year to review the development of air transport in the Sub-region and work out measures to enhance the cooperation and air transport in the Sub-region. Special Meetings of Directors General of Civil Aviation shall be convened at the request from

at least two Participating Countries or at the request of the Coordinating Country if necessary. Unofficial meeting of air transport executives shall be held one (01) day prior to the Meeting of Directors General of Civil Aviation to finalize the contents for the latter meeting.

Rule 1: Attendance at the Meeting

Meetings of Directors General of Civil Aviation of the Sub-region shall be attended by Directors General of Participating Countries or by any persons designated by their respective aeronautical authorities to act on their behalf. Each Participating Country has one vote at the Meeting.

Aeronautical authorities of other countries, international organizations or other organizations may attend the Meeting as observers at the invitation of the Coordinating Country upon the agreement by other Participating Countries.

In case of necessity, the Meeting shall decide not to allow these observers to attend some close sessions of the Meeting or those of Working Groups.

Rule 2: Expenses

The hosting country shall bear expenses relating to the organization of the Meeting such as those for the meeting rooms and related facilities, and document production. The Participating Countries shall bear all expenses at their own account for their attendance.

Rule 3: Language of the Meeting

The Meeting shall be conducted in English and its documentation shall also be produced in English.

Rule 4: Officers at the Meeting

The hosting country shall be the chairman of the Meeting or the Chairman shall be elected by the Meeting if the hosting country does not wish to do so. The Secretariat shall also be established to assist the work of the Chairman. The Secretariat shall consist of officers from each Participating Country.

Rule 5: Agenda

Draft Agenda of each Meeting shall be proposed by the current Coordinating Country, forwarded to Participating Countries for their comments sixty (60) days prior to the Meeting and shall be agreed upon at the preceding meeting of air transport executives. Such an agenda shall be approved by the Meeting.

Rule 6: Documentation

Participating Countries are encouraged to prepare documentation on any specific agenda items. Papers to be presented by the Participating Countries should be produced in A4 format and submitted either in the form of discussion/working papers (DP/WP) or information papers (IP).

Papers should be submitted as far in advance of the Meeting as practicable but not less than fifteen (15) days before the Meeting.

Rule 7: Conduct of business

The Meeting will normally be held in plenary. The Chairman shall declare the opening and the closing of the Meeting, direct discussions and announce documents adopted by the Meeting. If the Meeting finds it necessary, the Meeting shall hold meeting(s) of chief delegates of the Participating Countries or establish working groups with specified number of attendees from all Participating Countries to deal with any specific agenda items which the Meeting may assign to them. Each Participating Country may appoint one or more delegates to these working groups. The working groups shall report results of their discussions to the Meeting for adoption or further deliberations.

Rule 8: Decisions of the Meeting

The Meeting shall adopt reports and resolutions on all or some of the agenda items on the basis of consensus. Should this fail, the Meeting shall reach a decision by taking a vote. In such a case, decisions made by a vote shall be by a simple majority of those voting. Those Participating Countries which vote against or vote with abstention to any decisions of the Meeting shall not be bound to them, except those relating to the settlement of disputes as specified in the Dispute Settlement Mechanism. Those above-mentioned Participating Countries may later on adhere to those decisions by notifying the Coordinating Country of their intention. Within fifteen (15) days from the date of receipt of such notice, the Coordinating Country shall be responsible for notifying other Participating Countries, and within thirty (30) days from the date the Coordinating Country has received such notice, those decisions shall be binding upon those Participating Countries.

Rule 9: Record of the Meeting

All proceedings, decisions and conclusions of the Meeting shall be recorded in a Record of Meeting which shall be in the order of the agenda items considered at the Meeting.

SECTION II

MEETING OF AIR TRANSPORT EXECUTIVES

Meetings of Air Transport Executives shall be held at least once a year and not later than sixty (60) days prior to the Meeting of Directors General of Civil Aviation to prepare for and submit to the Meeting of Directors General of Civil Aviation its conclusions and recommendations on the implementation of resolutions and decisions adopted with regard to measures of enhancing the cooperation and development of air transport in the Sub-region. Meetings of Air Transport Executives shall be held in the country which hosts the Meeting of Directors General of Civil Aviation.

Rule 1: Attendance at the Meeting

Participants at the Meeting of Air Transport Executives shall include executives of Participating Countries who are in or involved in the field of air transport regulation. In a certain case, Participating Countries may invite others to attend the Meeting as observers upon the agreement by other Participating Countries. In case of necessity, these observers shall not be allowed to attend some close sessions of the Meeting.

Rule 2: Expenses

The hosting country shall bear expenses relating to the organization of the Meeting such as those for the meeting rooms and related facilities, and document production. The Participating Countries shall bear all expenses at their own account for their attendance.

Rule 3: Language of the Meeting

The Meeting shall be conducted in English and its documentation shall also be produced in English.

Rule 4: Officers at the Meeting

The hosting country shall be the chairman of the Meeting and assume the functions of the Secretariat.

Rule 5: Agenda

Draft Agenda of each Meeting shall be proposed by the current Coordinating Country on the basis of requirements by and resolutions of previous Meeting(s) of Directors General of Civil Aviation or on the basis of issues arising from the implementation of those resolutions and shall be forwarded to Participating Countries sixty (60) days prior to the Meeting.

Rule 6: Documentation

In considering the proposed agenda items, the Coordinating Country may request Participating Countries to prepare, either by themselves or jointly with the Coordinating Country, documentation for the Meeting. Papers to be used at the Meeting should be produced in A4 format and submitted either in the form of discussion/working papers (DP/WP) or information papers (IP).

Papers should be submitted to the Coordinating Country as far in advance of the Meeting as practicable but not less than fifteen (15) days before the Meeting.

Rule 7: Conduct of business

The Meeting will normally be held in plenary. The Chairman shall declare the opening and the closing of the Meeting, direct discussions and announce conclusions and recommendations adopted by the Meeting. Those conclusions and recommendations shall be submitted to the Meeting of Directors General of Civil Aviation for adoption or further deliberations.

Rule 8: Conclusions of the Meeting

The Meeting shall adopt conclusions of agenda items deliberated on the basis of consensus. Should this fail the Meeting shall submit these matters to the Meeting of Directors General of Civil Aviation for further consideration.

Rule 9: Report of the Meeting

All proceedings, decisions and conclusions of the Meeting shall be recorded in a report which shall be in the order of the agenda items considered at the Meeting and submitted to the Meeting of Directors General of Civil Aviation.

SECTION III

FUNCTIONS AND RESPONSIBILITIES OF COORDINATING COUNTRY

The Participating Country hosting the Meeting of Directors General of Civil Aviation shall be the Coordinating Country. The responsibilities of the Coordinating Country shall be maintained during and between two Meetings of Directors General of Civil Aviation and shall terminate at the time when one of other Participating Countries has assumed such responsibilities. In case the Coordinating Country does not wish to organize or due to unexpected circumstances it is unable to organize the Meeting of Directors General of Civil Aviation and the Meeting of Air Transport Executives, it shall hand over the responsibilities to the next Participating Country in the alphabetic order upon the agreement by that other Participating Country. Such transfer shall be notified to all other Participating Countries by the receiving Participating Country. The former Coordinating Country shall be responsible for maintaining coordination with the next Coordinating Country until such time that the latter has fully assumed the responsibilities of a coordinating country.

Functions and Responsibilities

The Coordinating Country shall have the following functions and responsibilities:

1. to organize Meeting(s) of Directors General of Civil Aviation and Meeting(s) of Air Transport Executives except otherwise agreed by the Participating Countries. The Coordinating Country shall bear expenses relating to the organization of the Meeting of Directors General of Civil Aviation and Meeting of Air Transport Executives such as those for the meeting rooms and related facilities, and document production;

2. to act as chairman at the Meeting of Directors General of Civil Aviation and Meeting of Air Transport Executives;

3. to work out draft agenda and to prepare documents on the proposed agenda items of the Meeting of Directors General of Civil Aviation and Meeting of Air Transport Executives;

4. to be a main communication channel among Participating Countries; to collect proposals and recommendations relating to the application and/or amendment to the legal documents of the Sub-region;

5. to monitor and coordinate activities of the Sub-region relating to the implementation of the Agreement of Sub-region and other legal instruments adopted at Meeting(s) of Directors General of Civil Aviation;

6. to propose programmes and plans of cooperation in the Sub-region to be considered at the Meeting of Air Transport Executives and Meeting of Directors General of Civil Aviation;

7. to prepare an annual report to be submitted to the Meeting of Directors General of Civil Aviation;

8. to discharge other tasks as assigned by the Meeting of Directors General of Civil Aviation; and

9. to represent and to be the official spokesman of the Sub-region at international conferences and forum in the field of civil aviation of interest to the Sub-region.

SECTION IV

DISPUTE SETTLEMENT MECHANISM

The Participating Countries of the Sub-regional Air Transport Cooperation shall show their strong determination and goodwill as not to allow disputes to occur.

Dispute settlement Mechanism

In case a dispute arising out of the application and interpretation of the Agreement, the following settlement mechanism shall be applied:

1. the Participating Countries shall, in the first place, endeavour to settle the dispute by amicable negotiation.

2. If the Participating Countries fail to settle the dispute by negotiation, they may agree to refer it to the Meeting of Directors General of Civil Aviation for settlement.

3. The Meeting of Directors General of Civil Aviation shall be convened within a period of sixty (60) days from the date at least two (02) Participating Countries concerned have agreed to refer the dispute to the Meeting of Directors General of Civil Aviation for settlement. The Meeting of Directors General of Civil Aviation shall be an intermediary for conciliation and shall recommend to the parties in the dispute appropriate measures for settlement.

4. If the circumstances so require, the Meeting of Directors General of Civil Aviation may adopt a resolution on the basis of consensus or by taking a vote by a simple majority for settling the dispute. Such a resolution shall be binding upon all Participating Countries in the dispute.

CHAPTER III

OTHER RULES

Rule 1: Accession of New Members

This Sub-regional Air Transport Cooperation shall be open for accession by other countries as full Participating Countries subject to the acceptance of all existing Participating Countries. The new Participating Countries shall adhere to all legal instruments of the Sub-region by a

written notification of adherence, and observe strictly applicable rules and regulations of the Sub-region.

Rule 2: Membership Withdrawal

Any Participating Country shall have the right to withdraw its membership from this Sub-regional Cooperation by giving a notice in writing to the Coordinating Country at least one (01) year before the date of its intended withdrawal. The Coordinating Country shall send a written notification of this matter to other Participating Countries. The withdrawal in such case shall be effected as requested by that Participating Country.

CHAPTER IV

AMENDMENT AND MODIFICATION

Any Participating Country shall, at any time, have the right to request amendment and modification to these Rules of Procedure by a written proposal attached with proposed contents of the amendment and modification. Such proposal shall be considered at the Meeting of Directors General of Civil Aviation and shall be applicable upon the consensus by all Participating Countries.

CHAPTER V

ENTER INTO FORCE

These Rules of Procedure shall be effective upon approval at the Second DGCA Meeting of Directors General of Civil Aviation held at Hanoi from 4-6 February 1999.

ANNEX III

ON ARTICLE 5 - EXEMPTION OF DUTIES AND TAXES

Recognising that Cambodia has not yet been ready to fully implement Article 5 - Exemption of Duties and Taxes;

Understanding that inoperational provisions of Article 5 with regard to Cambodia shall not be deemed to prevent Cambodia from maintaining her application of measures affecting exemption of duties and taxes as applied in her respective bilateral air services agreement with each of the Contracting Parties;

Notwithstanding Article 5 and Article 22 of the CLMV Multilateral Agreement on Air Services

The Contracting Parties agree:

1. Cambodia shall provisionally not be bound by provisions of Article 5 - Exemption of Duties and Taxes until Cambodia is ready to fully implement Article 5 - Exemption of Duties and Taxes;

2. Pending such provisions in Article 5, Cambodia shall maintain relevant provisions of exemption of duties and taxes as normally applied in bilateral air services agreements between Cambodia and each of the Contracting Parties.

3. Cambodia shall expedite the process to fully adhere to Article 5- Exemption of Duties and Taxes.

4. This Annex shall automatically end its validity on the date when the Depositary Country receives notification by Cambodia that she is fully bound by Article 5 - Exemption of Duties and Taxes. The Depositary Country shall promptly circulate such notification and update the status of the CLMV Multilateral Agreement on Air Services to the other Contracting Parties.