

No. 27314

**MEXICO
and
UNITED STATES OF AMERICA**

**Exchange of letters constituting an agreement concerning
reduced air fares and charter air services. Mexico City,
20 January 1978**

Authentic texts: English and Spanish.

Registered by Mexico on 7 June 1990.

**MEXIQUE
et
ÉTATS-UNIS D'AMÉRIQUE**

**Échange de lettres constituant un accord relatif aux vols à
tarifs réduits et aux services de vols affrétés. Mexico,
20 janvier 1978**

Textes authentiques : anglais et espagnol.

Enregistré par le Mexique le 7 juin 1990.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED MEXICAN
STATES AND THE GOVERNMENT OF THE UNITED STATES
OF AMERICA CONCERNING REDUCED AIR FARES AND
CHARTER AIR SERVICES

I

EMBASSY OF THE UNITED STATES OF AMERICA
MEXICO, D.F.

January 20, 1978

Dear Mr. Secretary:

During the talks which took place in Washington, D.C. during September and December, 1977 and in Mexico City during November, 1977, an *ad referendum* agreement was reached on the terms of the amendment and extension of the Air Transport Agreement between our two governments. This Agreement was signed and implemented in Mexico City on January 20, 1978.²

In addition, further *ad referendum* agreements were reached with respect to reduced air fares and charter air services. With respect to reduced air fares, our respective delegations agreed to the following undertaking:

"Both Governments undertake to increase opportunities for the transportation of passengers and cargo of the air lines designated by the parties. They will therefore encourage the designated airlines of both countries to:

- (1) Offer services at the lowest possible fares and rates;
- (2) Propose, implement and apply, innovative reduced passenger and cargo fares and rates which are reasonably related to the individual carrier's costs of providing the services, a reasonable level of profits, and the characteristics of each type of service, so long as the fares and rates do not result in predatory and/or ruinous competition and provided that the procedures set forth in Article 11 are followed."

With respect to charter air services, it has been agreed *ad referendum* that the Memorandum of Understanding Relating to Charter Air Services shall be applicable to the provision of such services between our two countries. The text of this Memorandum is as follows:

"Recognizing the importance with which charter flights contribute to air transport and tourism for the benefit of passengers and shippers, the desirability of permitting charter flight operations with the fewest possible restrictions, and the desirability of ensuring certainty in the conditions under which charter flights operate,

¹ Came into force on 20 January 1978, the date of the letter in reply, in accordance with the provisions of the said letters.

² United Nations, *Treaty Series*, vol. 402, p. 177.