

**No. 15876**

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**UNITED STATES OF AMERICA  
and  
YUGOSLAVIA**

**Exchange of notes constituting a provisional arrangement  
relating to scheduled and nonscheduled air services.  
Washington, 14 May 1976**

*Authentic text: English.*

*Registered by the United States of America on 25 August 1977.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
YOUGOSLAVIE**

**Échange de notes constituant un arrangement provisoire  
relatif aux services aériens réguliers et non réguliers.  
Washington, 14 mai 1976**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 25 août 1977.*

EXCHANGE OF NOTES CONSTITUTING A PROVISIONAL  
ARRANGEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF  
AMERICA AND YUGOSLAVIA RELATING TO SCHEDULED  
AND NONSCHEDULED AIR SERVICES

I

DEPARTMENT OF STATE  
WASHINGTON

May 14, 1976

Excellency:

I have the honor to refer to recent discussions between representatives of our two Governments with regard to the conclusion of appropriate arrangements for the provision of scheduled air services by the airlines of both countries. In view of the desire of the Yugoslav authorities for the early initiation of scheduled air services by the Yugoslav airline and the impossibility of concluding a full air transport agreement in the time available, I have the honor to propose, on behalf of my Government, that the following provisional arrangements shall be applied through March 31, 1977, pending the negotiation of such an agreement.

1. The United States Government grants the Yugoslav airline, Jugoslovenski Aerotransport (JAT), the right to offer scheduled nonstop air service between Belgrade/Zagreb and New York with two B-707 roundtrip frequencies per week. Requests for additional frequencies will be made by filing the proposed schedule through diplomatic channels at least 45 days before its proposed effective date. Requests for extra sections will be made by filing through diplomatic channels at least 30 days before the proposed date of operation. It is understood that JAT must obtain a foreign air carrier permit from the United States aeronautical authorities before commencing such operations.

2. The Government of the Socialist Federal Republic of Yugoslavia will renew Pan American World Airways' existing operating permit for scheduled air service and will authorize Pan American to offer three B-707 roundtrip frequencies per week or capacity equivalent to three B-707 frequencies per week.\*

3. Since Yugoslav law and policy does not permit Pan American to engage in business activities in its territory on terms which are normally allowed to foreign airlines in the United States, the parties recognize the need for provisional arrangements governing the sale of scheduled air transportation by the respective airlines, as follows:

(a) JAT will appoint Pan American as its general sales agent in the United States and as its ground handling agent at JFK Airport. Sales of scheduled air transportation by JAT in the United States for carriage on JAT's direct services between the United States and Yugoslavia and on its other services between the United States and Yugoslavia operating via Frankfurt where JAT is the carrier on any portion of the journey may be made by JAT directly, and in its discretion, through its agents

\* For the purpose of determining B-707 equivalents, the following aircraft substitution ratios should be applied:

<i>Seats</i>	<i>Ratio</i>		<i>Seats</i>	<i>Ratio</i>
0-200	1.0		301-400	2.0
201-300	1.5		401-above	2.5

<sup>1</sup> Came into force on 14 May 1976, the date of the note in reply, in accordance with the provisions of the said notes.

using Pan American transportation documents. All other sales of scheduled air transportation by JAT in the United States will be made through Pan American using Pan American transportation documents. Under the general sales agency agreement, Pan American will appoint and control sales agents from among those holding Pan Am appointments, taking into account the requests and recommendations of JAT. The general sales agency agreement may also provide for the placement of advertising and for other matters comparable to those required to be performed by JAT as general sales agent for Pan American in Yugoslavia. The foregoing general sales agency and ground handling agreements will be concluded between the two airlines promptly and in any event before the Yugoslav airline commences scheduled service to the United States. Such agreements will be subject to the approval of the respective aeronautical authorities.

- (b) Pan American will continue its appointment of JAT as its general sales agent in Yugoslavia. Pan American will be allowed to sell scheduled air transportation in Yugoslavia on all of its services directly to any person for freely convertible currency using JAT transportation documents. Sales of scheduled air transportation by Pan American in Yugoslavia for Yugoslav currency to Yugoslav citizens for carriage on Pan American's direct services between Yugoslavia and the United States and on its other services between Yugoslavia and the United States operating via Frankfurt where Pan American is the carrier on any portion of the journey may be made by Pan American directly, and, in its discretion, through its agents using JAT transportation documents. All other sales of scheduled air transportation by Pan American in Yugoslavia will be made through JAT using JAT transportation documents. An agreement for the foregoing purposes will be concluded between the two airlines promptly and in any event before the Yugoslav airline commences scheduled service to the United States. Under the GSA, JAT will appoint and control sales agents from among those holding JAT appointments, taking into account the requests and recommendations of Pan American. Such agreement shall be subject to the approval of the respective aeronautical authorities.
- (c) The Yugoslav currency revenues earned from sales performed under subparagraph (b) above may, at the option of Pan American, be used in whole or in part to cover its local expenses connected with the operation of its air services and with the activities of its local representative and, with the approval of the Yugoslav authorities, for other purposes. Local expenses for which such revenues may be used include rent and maintenance of offices and housing, salaries of employees, purchase and maintenance of company vehicles, advertising, and domestically produced items necessary for the maintenance and servicing of aircraft.
- (d) The Yugoslav Government guarantees the prompt and expeditious conversion into convertible currency of dinar revenues in excess of local expenditures accumulated by Pan American from sales of air transportation in Yugoslavia.

4. The Yugoslav authorities will continue to use their best efforts to ensure that the commercial opportunities of Pan American in Yugoslavia are further expanded. In no event will Pan American enjoy less favorable commercial opportunities in Yugoslavia than any other foreign airline.

Furthermore, in order that the benefits accorded by the Agreement on Nonscheduled Air Service between our two Governments of September 27, 1973,<sup>1</sup> are appropriately related to the foregoing provisional arrangements, I also have the honor to propose, on behalf of my Government, that the following amendments be made to that Agreement:

- (1) Add the following subparagraph (g) to Annex A Section II, Paragraph A, 3:

“(g) Until the conclusion of an agreement on scheduled air services between the two parties, and as long as JAT is authorized for an interim period to

<sup>1</sup> United Nations, *Treaty Series*, vol. 951, p. 205.

operate scheduled air services to the United States, JAT, in addition to conforming its charter flights to the conditions specified in subparagraphs (a) through (f) above, may operate no more than 80 one-way revenue charter aircraft movements to or from the United States during the twelve-month period expiring March 31, 1977, unless prior approval to operate a specific higher number of revenue charter aircraft movements is obtained from the United States aeronautical authorities.’

(2) Substitute “March 31, 1977” for “December 31, 1976” in Section III of Annex A.

If the foregoing arrangements and amendments are acceptable to your Government, I have the honor to propose that this note and your confirmatory reply constitute an agreement between our two Governments which shall enter into force on the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

[Signed — Signé]<sup>1</sup>

His Excellency Dimce Belovski  
Ambassador of the Socialist Federal Republic  
of Yugoslavia

## II

*The Yugoslav Ambassador to the Assistant Secretary of State  
Bureau of Economic and Business Affairs*

EMBASSY OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA  
WASHINGTON

May 14, 1976

Excellency,

I have the honor to acknowledge receipt of Your Excellency’s Note, dated May 14, 1976, regarding the provisional arrangements of scheduled air services between our two countries, which reads as follows:

[See note I]

I wish to confirm that the foregoing arrangements and amendments are acceptable to my Government and that Your Excellency’s note and this note in reply to it constitute the agreement between the two Governments.

Please accept, Your Excellency, the assurances of my highest consideration.

[Signed]

DIMCE BELOVSKI  
Ambassador of the SFR of Yugoslavia

His Excellency Joseph A. Greenwald  
Assistant Secretary  
Department of State  
Washington, D.C.

<sup>1</sup> Signed by Joseph A. Greenwald — Signé par Joseph A. Greenwald.