

No. 18011

**UNITED STATES OF AMERICA
and
COLOMBIA**

**Memorandum of Agreement relating to the price of aviation
fuel. Signed at Bogotá on 11 January 1978**

Authentic texts: English and Spanish.

Registered by the United States of America on 22 October 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

**Mémorandum d'accord relatif au prix du carburant pour
avions. Signé à Bogotá le 11 janvier 1978**

Textes authentiques : anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 22 octobre 1979.

MEMORANDUM OF AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND COLOMBIA RELATING TO THE PRICE OF AVIATION FUEL

[REPUBLIC OF COLOMBIA

[MINISTRY OF FOREIGN RELATIONS

[MEMORANDUM OF AGREEMENT]

During the conversations held at the Ministry of Foreign Relations of Colombia on December 19 and 20, 1977, between the representative of the Government of the United States of America and officials of the Government of Colombia, accompanied by their respective advisors from the public and private sectors, the subject of the price of aviation fuel for the American companies which operate in Colombia and, more specifically, the situation of Braniff International were discussed. It was agreed that the airlines of the two countries would be treated by the two governments in this regard in a non-discriminatory manner.

The Government of the United States, interpreting articles 7 and 8 of the Air Transport Agreement between the Government of the Republic of Colombia and the Government of the United States of America, signed on October 24, 1956,² on several occasions cited the existence of discrimination in jet fuel prices in Colombia which was affecting the commercial operations of the aforementioned North American airline.

The Government of Colombia, desirous of eliminating in practice any discrepancy which could affect aviation relations between the two countries, requested the collaboration of the competent Colombian entities in the public sector and of the private air transport companies offering regular service to the United States, in order to clarify the situation cited.

As a consequence, a consultative group composed of representatives of the Government of the United States and the Government of Colombia met in Bogotá on March 14, 1977, in order to analyze, among other things, the situation arising from the price differential.

Beginning at that time, various studies were made, the results of which were communicated to the Government of the United States of America in Notes No. 4609 of September 20 and No. 5778 of December, 14, 1977.

The foregoing process resulted in the following formula of agreement:

A) The competent Colombian authorities will set a reference price of 45 cents a gallon for the United States company and 43.43 cents a gallon for operations to the United States undertaken by the Colombian companies, taking into consideration the estimated consumption of jet fuel during 1978 by the Colombian air transport companies (Avianca, 15,500,000 gallons, and Aerocóndor,

¹ Came into force on 11 January 1978, by signature, effective 15 January 1978, pursuant to the provisions of the Agreement.

² United Nations, *Treaty Series*, vol. 476, p. 77.

5,362,500 gallons) and by the United States company (Braniff, 4,100,000 gallons) on routes to and from Colombia and the United States.

B) In order to arrive at the reference price, the above-mentioned airlines, with the prior authorization of the Empresa Colombiana de Petróleos (ECOPETROL), will enter into arrangements with their fuel distributors in accordance with the following principles:

- 1) The Colombian companies will pay a surcharge on consumption of jet fuel in Colombia for flights to the United States;
- 2) The North American company will make a deposit in Colombian pesos, for a period of one year, equivalent to the value of the consumption of jet fuel for one quarter; such a deposit shall be made on January 15, 1978, and in the event that it is not made on that date, then it shall be made by April 15 at the latest, with the interest income for the first quarter paid in advance; the amount of the deposit will be calculated on the basis of the official exchange rate in existence on January 15, 1978.

C) Any increase in the price in Colombia of international jet fuel occurring during the validity of this Agreement will be applied equally to the airlines of both countries.

D) The Agreement between the two governments as well as the arrangements made for the supply of jet fuel will enter into effect on January 15, 1978, and will remain effective until January 15, 1979.

E) The Government of Colombia and the Government of the United States of America will revise the present Agreement whenever one of the following situations occurs:

- 1) When the increase in the price of international fuel affects only the Colombian companies;
- 2) When there is a fluctuation of more than 10 percent (10%) in the estimated consumption of the North American company;
- 3) When a new company is authorized to provide air services between the two countries, in accordance with the 1956 Agreement.

IN WITNESS WHEREOF, this Memorandum of Agreement is executed in the city of Bogotá on the eleventh day of January 1978.

[Signed]

DIEGO C. ASENCIO
Ambassador Extraordinary
and Plenipotentiary

[Signed]

INDALECIO LIÉVANO AGUIRRE
Minister of Foreign Relations