

No. 19241

**UNITED STATES OF AMERICA
and
COLOMBIA**

**Memorandum of Agreement relating to jet fuel prices (with
annexed table). Signed at Bogotá on 22 February 1979**

Authentic texts: English and Spanish.

Registered by the United States of America on 7 November 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

**Mémorandum d'accord relatif au prix du carburant pour
avions à réaction (avec tableau annexé). Signé à Bogotá
le 22 février 1979**

Textes authentiques : anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 7 novembre 1980.

MEMORANDUM OF AGREEMENT¹

During the conversations held at the Ministry of Foreign Relations of Colombia on December 18 through 21, 1978, between the representatives of the Government of the United States of America and of the Government of Colombia, accompanied by their respective advisers from the public and private sectors, the subject of renewal of the Memorandum of Agreement of January 11, 1978,² concerning the price of jet fuel for the American companies which operate in Colombia, and, more specifically, the situation of Braniff International, was discussed.

The Representative of 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 October 24, 1956,³ noted that the 1978 Memorandum of Agreement had proved to be a useful arrangement, but urged that a more permanent accord be sought which would eliminate any differential between companies for the price paid for jet fuel in Colombia.

The Representative of the Government of Colombia reiterated the desire of eliminating in practice any discrepancy which could affect aviation relations between the two countries and declared his concurrence in a renegotiation of the cited Memorandum of Agreement.

As a result of these discussions, the following was agreed upon:

A) The competent Colombian authorities will set a reference price of 45.51 cents a gallon for the United States company and 43.94 cents a gallon for operations to the United States undertaken by the Colombian companies, taking into consideration the estimated consumption of jet fuel during 1979 by the Colombian air transport companies (Avianca: 12,300,000 gallons; Aerocondor: 7,300,000 gallons; and others 3,000,000 gallons) and by the United States company (Braniff: 6,500,000 gallons) which have routes between Colombia and the United States. Consumption estimates of the Colombian air transport companies may be adjusted among themselves, so long as the other provisions of this Agreement are not affected.

B) In order to arrive at the reference price, the above-mentioned airlines, with the prior authorization of the Empresa Colombiana de Petroleos (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 United States company will make a deposit, or any other equivalent arrangement acceptable to ECOPETROL, in Colombian pesos, for a period of one year, equivalent to the value of the consumption of jet fuel for one quarter. Such deposit shall be made on January 16, 1979. The amount of the deposit will be calculated on the basis of the official exchange rate in existence on January 16, 1979.

C) Any increase in the price in Colombia of international jet fuel occurring during the validity of this Agreement will be applied in such a manner as not to increase the price differential implied in paragraph A above.

¹ Came into force on 22 February 1979 by signature, with retroactive effect from 16 January 1979, in accordance with paragraph D.

² United Nations, *Treaty Series*, vol. 1147, p. 57.

³ *Ibid.*, vol. 476, p. 77.

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 16, 1979, and will remain valid through January 15, 1980.

E) Either party to this Agreement may request review and modification of this Agreement if it feels there is sufficient motive, including the possibility of accepting under this Agreement another United States airline certified to operate between the United States and Colombia. In such case, the parties will meet within 15 days following receipt of said request. If, after 15 days of discussion, no accord has been reached, either party will have the option of abrogating the Agreement, the Agreement remaining in force until such abrogation. It is further understood that every effort will be made to fulfill the terms of this Agreement and maintain the existing price ratio prior to request for abrogation by either party. This Agreement will cease automatically in the event that prices for international jet fuel in Colombia become equal for Colombian and United States companies involved in this Agreement.

F) The attached computations for consumption, cost, and price shall be made a part of this Agreement.

G) The two Governments agree to meet not less than 45 days prior to the expiration of this Agreement, unless agreed otherwise, to consider extending it for such term and under such conditions as may be agreed.

IN WITNESS WHEREOF, this Memorandum of Agreement is executed in the City of Bogotá on the 22nd day of February 1979.

[Signed]

DIEGO C. ASECIO
Ambassador Extraordinary
and Plenipotentiary

[Signed]

DIEGO URIBE VARGAS
Minister of Foreign Relations

<i>Source of income</i>	<i>Approximate consumption for 1979 (1)</i>	<i>Actual cost per gallon (2)</i>	<i>Total</i>	<i>Estimated cost per gallon (2)</i>	<i>Total (2)</i>	<i>Increase (2)</i>	<i>Decrease (2)</i>	<i>Difference (2)</i>
Avianca	12,300,000	.4200	5,166,000.00	.4394	5,404,620.00	238,620.00		
Aerocondor	7,300,000	.4200	3,066,000.00	.4394	3,207,620.00	141,620.00		
Other Colombian companies	3,000,000	.4200	1,260,000.00	.4394	1,318,200.00	58,200.00		
Braniff	6,500,000	.5500	3,575,000.00	.4551	2,958,150.00		616,850.00	
Interest	Annual rate: 24%				177,489.00	177,489.00		
Total			13,067,000.00		13,066,079.00	615,929.00	616,850.00	-921.00

NOTE: (1) All volumes expressed in United States gallons.
(2) All amounts expressed in United States dollars.