

## Memorandum of Understanding

The Delegations representing the Royal Government of Bhutan and the Government of Nepal met in Thimphu, Bhutan, on 16-17 May, 2014, to discuss matters relating to the Air Services Agreement between the two countries.

A list of the delegations appears in Attachment.

The discussions were held in a cordial and friendly atmosphere and the two sides reached understanding on the following matters:

### **1. Discussion on the initialled ASA**

The revised text of the Air Services Agreement (ASA), which was in conformity with the recommendations of the International Civil Aviation Organization (ICAO), was already agreed and initialled by the leaders of both delegations during the last ASA meeting held in Paro on 4 February, 2004.

Both Parties agreed to formally sign the ASA at the earliest convenient date.

### **2. Designation and Authorization of Airlines**

2.1 Both Parties agreed to designate one or more airline(s) to operate on the routes as specified in the ASA.

2.2 Both Parties agreed to accept the designation of airlines having principal place of business in one Contracting Party for air services to another contracting party provided that the effective regulatory control of the airline is maintained by the State designating airlines.

2.3 Both Parties agreed to revise the ASA by incorporating clause 2.2 above at the time of signature.



### **3. Capacity and frequencies**

Both Parties agreed to increase the frequencies up to 21 flights per week with 3<sup>rd</sup> and 4<sup>th</sup> freedom traffic rights, from the existing 7 flights per week with any type of aircraft whether owned or leased.

### **4. Intermediate Points-Bagdogra and Gaya**

The Bhutanese delegation requested the Nepalese delegation to provide Bagdogra and Gaya as intermediate points to operate to Nepal. The Nepalese delegation noted this request and suggested for further discussions at a suitable time later.

### **5. Elimination of Royalties**

The Bhutanese delegation requested the Nepalese delegation to eliminate royalties being charged on passenger and cargo along Kathmandu-Delhi sector for the airlines designated by Bhutan. The Nepalese delegation agreed to eliminate these royalties with immediate effect.

### **6. Cooperative Marketing Arrangements**

6.1 In operating or holding out the agreed services on the specified routes, any designated airline of one Contracting Party may enter into cooperative marketing arrangements such as code-sharing, blocked-space, etc. with:

- (a) an airline(s) of the same Contracting Party, or
- (b) an airline(s) of the other Contracting Party; or
- (c) an airline(s) of a third country,

provided that all airlines in such arrangements hold the appropriate authority to operate on the specified routes and segments and meet the relevant requirements.



6.2 The designated airline(s) of both Contracting Parties shall, when holding services out for sale, in terms of code share, blocked-space or other joint venture arrangements, make it clear to the purchaser at the point of sale which airline will be the operating airline on each sector of the service and with which airline(s) the purchaser is entering into a contractual relationship. Before providing code share services, the code sharing partners shall agree as to which party shall be responsible in respect of the liability and on consumer related matters, security, safety and facilitation. The agreement setting out these terms shall be filed with both Aeronautical Authorities before implementation of the code share arrangements.

6.3 All code-sharing arrangements are subject to approval by the aeronautical authorities of both Contracting Parties.

6.4 It is the common understanding of both Contracting Parties that code-sharing services are not counted against the frequency entitlement of the marketing airline.

## **7. Remittance of earnings to Bhutan from Nepal**

The Bhutanese delegation raised the issue of difficulty in remitting of earnings under the terms of the ASA from Nepal to Bhutan. The Nepalese delegation mentioned that there is no such restriction on remitting of earnings in convertible currency to Bhutan from Nepal.

## **8. Payment in local currency**

The Bhutanese delegation requested the Nepalese delegation to accept payments in local currency for local services like refueling, ground handling, landing and parking charges, etc. The Nepalese delegation informed the Bhutanese delegation that there is no restriction on payment in local currency for the said local services.



## 9. Other matters of mutual interest

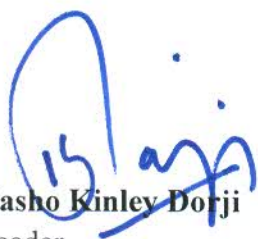
9.1 During the meeting, the Bhutanese delegation expressed the desire to make use of the training facilities run by the Civil Aviation Authority of Nepal. In response, the Nepalese delegation offered Bhutan the opportunities to avail training courses provided by the Civil Aviation Academy, Kathmandu, in different subject areas of civil aviation.

9.2 Both Parties agreed to enhance technical cooperation in the field of civil aviation, exchange of technical expertise, tourism promotion, and other related matters.

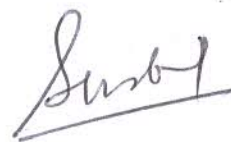
The understanding reached in the Memorandum of Understanding dated 4 February, 2004 shall remain valid in the case of those that are not amended and revised by this Memorandum of Understanding.

This Memorandum of Understanding shall come into force with immediate effect from the date of signing.

Done in Thimphu, Bhutan on 17 May 2014.



**Dasho Kinley Dorji**  
Leader  
Delegation of the  
Royal Government of Bhutan



**Mr. Sushil Ghimire**  
Leader  
Delegation of the  
Government of Nepal

**Attachment**

**Bhutanese Delegation**

- |   |                      |
|---|----------------------|
| 1. Dasho Kinley Dorji<br>Hon'ble Secretary<br>Ministry of Information & Communications                                      | Leader of Delegation |
| 2. Mr. Karma Wangchuk<br>Officiating Director<br>Department of Civil Aviation   | Member               |
| 3. Mr. Bhimlal Suberi<br>Chief Planning Officer<br>Policy & Planning Division<br>Ministry of Information and Communications | Member               |
| 4. Mr. Sithar Dorji<br>Planning Officer<br>Policy & Planning Division<br>Ministry of Information and Communications         | Member               |
| 5. Mr. Sonam Tshering<br>Airworthiness Officer<br>Department of Civil Aviation  | Member               |
| 6. Mr. Dorji Khandu<br>Desk Officer, Nepal<br>Ministry of Foreign Affairs   | Member               |
| 7. Mr. Tandin Jamso   | Member               |

Chief Executive Officer  
Druk Air Corporation Ltd.

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| 8. Mr. Namgay Wangchuk<br>General Manager<br>Commercial and Domestic Air Services<br>Druk Air Corporation Ltd. | Member |
| 9. Mr. Chewang Gyeltshen<br>Manager, Corporate Planning<br>Druk Air Corporation Ltd.                           | Member |
| 10. Mr. Wangchuk Dorji<br>Chairman<br>Bhutan Airline   | Member |
| 11. Mr. Phala Dorji<br>Chief Executive Officer<br>Bhutan Airline   | Member |
| 12. Mr. Tshenchok Thinley<br>Executive Director<br>Bhutan Airline  | Member |
| 13. Mr. Ugyen Tenzin<br>General Manager<br>Bhutan Airline  | Member |



## Nepalese Delegation

1. Mr. Sushil Ghimire  
Secretary  
Ministry of Culture, Tourism and Civil Aviation. Leader of Delegation
2. Mr. Suresh Acharya  
Joint Secretary  
Ministry of Culture, Tourism and Civil Aviation Member
3. Mr. Ratish Chandra Lal Suman  
Director General  
Civil Aviation Authority of Nepal Member
4. Mr. Sanjiv Gautam  
Deputy Director General  
Civil Aviation Authority of Nepal Member
5. Mr. Rajan Pokhrel  
Director  
Civil Aviation Authority of Nepal Member
6. Mr. Dalbahadur Adhikari  
Under Secretary  
Ministry of Law, Justice, Constituent Assembly and Parliamentary Affairs Member
7. Mr. Ram Hari Sharma  
Director, Nepal Airlines Corporation Member
8. Mr. Ramesh Kumar Charmakar  
Section Officer  
Ministry of Foreign Affairs Member







## Memorandum of Understanding (MOU)

The Delegations representing the Government of Nepal and the Royal Government of Bhutan (hereinafter referred to collectively as the “Delegations” or “the Nepalese Delegation” and “the Bhutanese Delegation” individually) met in Kathmandu on 8<sup>th</sup> January 2016 to discuss matters relating to air transportation between and beyond their respective countries and to further expand the opportunities available under the Air Services Agreement initialed on 4 February 2004, as amended on 17 May 2014 (hereinafter referred to as the “Agreement”).

The discussions were held in a very cordial and friendly atmosphere.

The composition of the Delegations is attached as Attachment A and Attachment B.

The Delegations held discussions and reached understanding on the following matters:

1. Finalization of ASA
2. Capacity and Frequencies
3. Route Schedule
4. Immigration Procedures
5. Other Matters

### 1. Finalization of ASA

The Delegations agreed to formally sign the initialed Air Services Agreement dated 4 February 2004, while incorporating contents of MOU signed on 17 May 2014 and 8 January 2016 as soon as possible to complete the procedure for entry into force.

### 2. Capacity and Frequencies

- 2.1 The Delegations agreed to increase the frequency of flights between Kathmandu and Delhi to 6 (Six) flights per week from the existing 4 (Four) flights per week with fifth freedom traffic rights to be utilized by designated airlines of Bhutan. This provision shall come into force after completing the internal procedures of both countries. This shall be communicated through exchange of letters at the earliest.
- 2.2 The Bhutanese Delegation requested for two additional frequencies per week on Kathmandu-Delhi sector. The Nepalese Delegation took note of the request for future consideration.

### 3. Route Schedule

The Delegations agreed to amend the Route Schedule annexed to the Agreement as follows:



