



MULTILATERAL PRORATION AGREEMENT - CARGO

(EFFECTIVE: 01 DECEMBER 2008)

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Participation in this Agreement is limited to those airlines which are Signatories to the Prorate Agency Agreement.

The Signatory airlines agree that Joint Revenue arising from the carriage of cargo shipments over any routing shall be divided between the undersigned and other signatories according to the following rules:

1 DEFINITION OF PRORATION TERMS USED IN THIS AGREEMENT

Air Waybill Issuing Airline

The airline in whose name the air waybill for carriage of a cargo shipment which is to be prorated under this agreement has been issued.

Bulk Unitization Charges

Special charges for shipments carried in unit load devices pursuant to a bulk unitization programme, unitization incentive programme and/or unitization discount programme.

Charge

- a) the amount resulting from multiplication of a rate by the chargeable weight
- b) a flat amount applicable to a shipment (minimum charge or charge for a shipment carried in unit load devices) which is currently published in TACT as being applicable for carriage between the city of origin and city of destination,

Factor Based Proration

The principle of sharing joint revenue in proportion to the applicable factors for carriage over the section as published in the Prorate Manual – Cargo (PMC).

Flagged Rate or Charge

The Rate or Charge individually established by an airline and currently published in TACT as being applicable for carriage of goods between the city of origin and city of destination. It shall comprise either a rate for a unit of weight (or volume) and/or a flat amount applicable to a shipment (minimum charge or charge for a shipment carried in unit load devices).

This Rate or Charge shall be identified in TACT by the appropriate Airline Designator.

General Cargo Rate (GCR)

A cargo rate established for the carriage of general cargo.



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1 DEFINITION OF PRORATION TERMS USED IN THIS AGREEMENT (contd.)

Interpretation - Formal

An informal interpretation subsequently adopted by a General Prorate Meeting.

Interpretation - Informal

An interpretation made by the Prorate Agent at the request of one or more signatories. Such informal interpretation to be placed on the Agenda of the next Prorate Meeting for adoption.

Interline Carriage

Carriage over the section of two or more airlines.

Joint Revenue

The revenue for interline carriage between city of origin and city of destination shall be comprised of the Weight Charge and Valuation Charge only. All other charges, such as fuel surcharges, security surcharges, Transshipment and terminal charges, customs clearance, COD fees, etc. are excluded.

Mixed Consignments

A consignment of different commodities, articles or goods, whether packed or tied together or contained in separate packages: provided that a consignment consisting wholly of different articles or goods qualifying for the same rate and conditions need not be considered to be a mixed consignment.

Multilateral Rate or Charge

The Rate or Charge currently published in TACT as being applicable for carriage of goods between the city of origin and city of destination. It shall comprise either a rate for a unit of weight (or volume) and/or a flat amount applicable to a shipment (minimum charge or charge for a shipment carried in unit load devices).

This Rate or Charge shall not be identified in TACT by an airline designator.

Non-Signatory

An airline who has not signed the Multilateral Proration Agreement - Cargo.

Portion

Carriage by air or surface between any two consecutive points within a section.



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1 DEFINITION OF PRORATION TERMS USED IN THIS AGREEMENT (contd.)

Prorate Manual - Cargo (PMC)

The manual produced by the Prorate Working Group - Cargo and the Prorate Agency containing Prorate Factors, Provisos/Requirements, Prorate Agreements and relevant information pertaining thereto.

Proviso

A provision made and filed by a signatory for a share of joint revenue not in accordance with the proration rules of the Multilateral Proration Agreement - Cargo.

Rate

The amount charged for the carriage of a unit of goods which is currently published in TACT as being applicable for carriage of a unit of weight (or volume) between the city of origin and city of destination,

Rate, Class

A rate applicable to a specifically designated class of goods.

Rate, Full Applicable Local

The rate or charge which would have been charged for the shipment over the section concerned in the direction of carriage had such section been the complete carriage.

Rate, Normal

The under 45 kilogramme rate established for General Cargo.

Note: In certain areas under 45 kilogramme rates do not exist.
In such cases the Normal Rate will be the highest rate established for General Cargo.

Rate, Specific Commodity

A rate applicable to carriage of specifically designated commodities.

Requirement

A notification by a non-signatory for a share of joint revenue not in accordance with the proration rules of the Multilateral Proration Agreement - Cargo.



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1 DEFINITION OF PRORATION TERMS USED IN THIS AGREEMENT (contd.)

Section

Carriage by air and/or surface between two or more points performed consecutively by one airline.

Shortest Operated Mileage (SOM)

The Shortest Operated Mileage is that which is operated by one consecutive carrier. This will be either a non-stop sector, or a combination of sectors on the same carrier, provided there is no direct service between the points concerned, by the same carrier.

Note for information- The carriers used will be those contained in the OAG schedule database excluding those passenger only airlines as designated as such in the IATA Airline Coding Directory as at the cut-off date for submissions to the subsequent issue of the PMC.

Signatory

An airline which has signed the Multilateral Proration Agreement - Cargo.

TACT

The Air Cargo Tariff published by IATA.

Transshipment

The unloading of cargo from one flight and loading to another for onward carriage.

Valuation Charge

The amount resulting from the application of a percentage based on a declared value for carriage of goods (valuation charge).

Weight Charges

The amount resulting from multiplication of a rate by the chargeable weight, or a flat amount applicable to a shipment (minimum charge or charge for a shipment carried in unit load devices).



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2. GENERAL RULES

2.1 Determination of Joint Revenue

Joint Revenue shall be determined in the following manner and order of precedence:

- a the Multilateral Rate or Charge applicable between the city of origin and city of destination, or
- b the Flagged Rate or Charge of the Air Waybill Issuing Airline applicable between the city of origin and city of destination

2.2 Action to be taken in the event Joint Revenue cannot be established

In the event that Joint Revenue cannot be established using the provisions of paragraph 2.1 above, the Air Waybill Issuing Airline shall make individual arrangements for the division of revenue with the airline(s) participating in the carriage of a shipment..

2.3 Allocation of Joint Revenue

- 2.3.1 Joint revenue will be allocated to the sections in proportion to the applicable factors as published in the Prorate Manual - Cargo, except that:
- 2.3.2 When prorating part shipments, the amount to be allocated to each part shall be in the same ratio to the total joint revenue as the actual weight of the part shipment is to the actual weight of the total shipment. Even when the volume weight is shown on the AWB, the above rule shall be applied.

2.4 Minimum Amount Allocated to a Section

In the event that an airline's share of revenue following application of the proration rules is less than USD 25.00, that airline's amount shall be increased to USD 25.00 and deducted from the joint revenue. The balance of the joint revenue shall then be shared amongst the remaining airlines in accordance with proration rules subject to the continued application of this procedure.

If, having applied the procedure detailed above, the total joint revenue is insufficient to achieve a minimum of USD 25.00 for each participating airline, such procedure will be ignored and the total joint revenue will be shared equally amongst all participating airlines.

2.5 Conversion and Rounding Off

2.5.1 Exchange Rate

Conversion, if necessary, of joint revenue and proviso/requirement amount(s) shall be made at the appropriate exchange rate(s) established in accordance with RAM Chapter A 12 (see Part 3 Section C).



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2. GENERAL RULES (contd.)

2.5 Conversion and Rounding Off (contd.)

2.5.2 Rounding Off

Any rounding of rates and charges shall be effected by use of the IATA rounding rules.

2.6 Rounding of Prorate Percentages

Joint revenue will be allocated to the sections based on whole percentages. Decimals of a percentage shall be rounded to the nearest whole percentage ignoring all decimal places beyond the first and 0.6 and above being rounded upwards; any surplus thus created shall be allotted to the airline with the smallest share and any deficiency shall be absorbed by the airline with the greatest share.

Note: In the event of there being two or more airlines with the smallest or greatest share, any surplus or deficiency shall be allotted or absorbed by the first carrying airline amongst the two or more airlines with the smallest or greatest share.

3. REROUTING

In the event of re-routing each participant in the carriage shall calculate his prorate in accordance with this Agreement on the basis of the section actually performed.

4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS

4.1 Exceptions to Factor-Based Proration

When airlines, signatories or not to this Agreement, provide for or require shares not in accordance with General Rules of this Agreement, such shares shall be deducted from the joint revenue and the balance prorated in accordance with the General Rules of this Agreement.

4.2 Presentation of a Proviso/Requirement

4.2.1 Provisos of signatories and requirements of non-signatories are classified into the following categories:

- a) Revenue based on the full applicable local rate/charge
- b) Revenue based on a percentage of the full applicable local rate/charge
- c) Revenue based on a rate expressed as an amount per kg/lb

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4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS (contd.)

4.2 Presentation of a Proviso/Requirement (contd.)

4.2.2 The following standardised wording should be used for provisos/requirements classified under 4.2.1 above:

- a) Require for carriage within/between ... (definition of area or sector(s) to which proviso/requirement is applicable) revenue based on the full applicable local rate/charge
- b) Require for carriage within/between ... (definition of area or sector(s) to which proviso/requirement is applicable) revenue based on ... (percentage) of the full applicable local rate/charge
- c) Require for carriage within/between ... (definition of area or sector(s) to which proviso/requirement is applicable) revenue based on ... per kg/lb
- d) In the division of a minimum charge, a minimum revenue of ... (amount to be stated in local currency or US Dollars, when appropriate) per consignment

4.2.3 Where reference is made to full applicable local rates/charges and unless otherwise specified these shall be deemed to be those rates/charges published in TACT

4.3 Unacceptable Provisos/Requirements

4.3.1 Provisos/Requirements must not exceed the full applicable local rate.

4.3.2 Provisos for international sections are not permitted.

4.3.3 A Proviso/Requirement shall not contain the option of applying either factor based proration or a proviso/requirement whichever gives the higher amount.

4.4 Valuation Charges

In calculating revenue relating to transportation under the terms of provisos/requirements, joint revenue shall not include valuation charge.



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4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS (contd.)

4.5 Filing and Notification Procedures

4.5.1 Filing of Provisos

Provided that any request by a signatory for shares not in accordance with this Agreement must be accompanied by a full explanation in justification of the request. Such request will be submitted for the approval of the Prorate Working Group - Cargo (PWG-C).

The PWG-C will examine the statement of justification for the proviso requested, and act as an arbitration board investigating all facets in an effort to determine the reasonableness of such airline's request. The group will report their findings to the Prorate Agent who will circulate them to all signatories. If an airline's request for a proviso is found to be unreasonable, the group will advise the airline concerned with a documented explanation for further consideration at the following Prorate Meeting and such proviso will only be accepted until such Meeting unless extended by that Meeting.

4.5.2 Notification of Requirements

Provided further that any signatory who is aware of a requirement of a non-signatory will immediately notify the Prorate Agent for circulation to all signatories, and that the rule set out above will apply as from the first day of the second month succeeding that of notification to the Prorate Agent. In all other cases, the signatories will debit the issuing airline, if prepaid shipment, or the receiving airline, if charges collect shipment, with their share calculated in accordance with the proration rules of this Agreement.

4.6 Portion of Section

A proviso/requirement relating to a portion of a section will be ignored. For example:

A	B	C	D
_____Airline X_____		_____Airline Y_____	

Two airlines participating in the carriage of a shipment from A to D. Airline 'X' has filed a proviso/requirement relating to portion B-C. Because Airline 'X' also carries shipment over portion A-B, the proviso/requirement relating to portion B-C will be ignored and joint revenue will be divided in proportion to A-C; C-D.

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4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS (contd.)

4.7 Effective Date of Provisos/Requirements

- 4.7.1 The effectiveness of a Proviso/Requirement will be 01 January or 01 July of each year. Notifications (additions, changes, withdrawals) received by the Prorate Agency between 01 May and 31 October will become effective from 01 January of the following year. Notifications received between 01 November and 30 April will become effective from the following 01 July.
- 4.7.2 Notifications for effect from 01 January will be published in a Bulletin to the PMC. Notifications for effect from 01 July will be published in the PMC
- 4.7.3 Any date of effectiveness notified by the airline concerned will prevail, if it is later than stated in 4.7.1. However, if such notified effective date is not the first day of a calendar month, the effective date will be the first day of the following calendar month.

4.8 Class Rates

A proviso/requirement amount will be subject to the same percentage adjustment as applied to class rates. (This rule does not apply to Specific Commodity Rates).

4.9 Local Rates/Charges

4.9.1 Provisos

An airline requiring revenue conditioned by a proviso for its carriage on domestic sectors will be assumed to accept that the proviso will apply to the domestic full applicable local rate/charge.

4.9.2 Requirements

An airline requiring revenue conditioned by a requirement for its carriage on domestic and/or international sectors will be assumed to accept that the requirement will apply to the full domestic and/or international full applicable local rate/charge,.

4.10 Actual Volume Weight

4.10.1 Weight/Volume Charges

Provisos/requirements will be applied on the basis of the actual weight except, when shipments are rated on a volume basis, application will be on the basis of the volumetric weight when the volumetric weight is shown on the air waybill.

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4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS (contd.)

4.10 Actual Volume Weight (contd.)

4.10.2 Part Shipments

With regard to calculation of provisos/requirements, the volume weight to be applied to each part concerning a proviso/requirement shall be in the same ratio to the total volume weight as the actual weight of the part shipment is to the actual weight of the total shipment.

Note: Article 4.3.1 always takes precedence over Article 4.10.

4.11 Applicability of Provisos and Requirements

Provisos/requirements will apply to air waybills issued on or after the date of effectiveness of such provisos/requirements.

4.12 Provisos and/or Requirements Ignored

In the division of joint revenue:

4.12.1 Provisos and Requirements exceeding Joint Revenue

Where the total airlines' provisos/requirements exceed the joint revenue collected, such proviso/requirement will be ignored and the joint revenue to be prorated will be divided using factor based proration, or

4.12.2 Seventy per cent rule

Where an airline receives less than 70% of its share obtained by factor based proration, provisos/requirements will be ignored and factor based proration will be mandatory.

4.13 Mixed Consignment

Whenever joint revenue relating to mixed consignments is to be shared, provisos/requirements will be applied, when applicable, to the joint revenue and will be those provisos/requirements relating to the individual rating producing the highest sub-total charge. In the event of two or more sub-total

charges being equal highest, provisos/requirements relative to the first equal highest amount will be applied to the joint revenue.

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4. RULES WITH REGARD TO PROVISOS AND REQUIREMENTS (contd.)

4.14 Bulk Unitization Charges

When an air waybill is issued showing Bulk Unitization Charges (ULD) and charges for cargo carried outside the ULD, for purposes of proration, such 'consignment' shall not be considered as a mixed consignment. Joint revenue shall be divided in accordance with the rules of proration applicable to each separately rated part of the shipment.

4.15 Effective Date of Requirements

The requirements from non-signatories to the Multilateral Proration Agreement published in this directory are to be observed, from the date shown, by signatories to the Multilateral Proration Agreement in billing other signatories in accordance with 4.3 of this Agreement. They are to be interpreted in accordance with Rules 4.4, and 4.6 through 4.15 above.

4.16 Settlement with Non-Signatories

The publication of requirements in this directory does not oblige any signatory to settle with any non-signatory on this basis.

5. INTERPRETATIONS

In the event of a dispute caused by conflicting interpretations of the rules contained in this Agreement not being settled between airlines in an exchange of correspondence subsequent to the third rejection, such dispute may be directed to the Prorate Agent by the airlines involved requesting an informal interpretation should they fail to reach a bilateral agreement.

On receipt of such request the Prorate Agent will try to settle the dispute by correspondence and decide whether or not an informal interpretation will be issued and published in the PMC

Should an informal interpretation be issued that interpretation will be placed on the agenda of and be subject to ratification by the next General Prorate Meeting.

6. TERMINATION

Any signatory may withdraw from this Agreement by giving at least two calendar months notice to other signatories with a copy to the Prorate Agent. Such withdrawal will become effective on the following 01 July or 01 January whichever is the earlier.



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7. EFFECTIVE DATE

This Agreement was adopted at the Special Prorate Meeting – Cargo in October 2008 and its provisions will be applied to all Air Waybills executed on or after 01 December 2008

_____ Name of Airline	_____ Signature
_____ Witness	_____ Typed or Printed Name of Signatory
_____ Date	_____ Title or Capacity