

REQUEST FOR PROPOSAL

Hiring of Firm For-Pakistan (Inbound) Cargo Hard Capacity Selling

A. Introduction

PIA is a national flag carrier of Pakistan, serves approx. **22** international destinations.

PIA for the optimal utilization of cargo space available for inbound Pakistan flights is looking for leading IATA approved Cargo Agent or other firm or company for Cargo Hard Block Capacity selling on **either entire network or region wise basis**.

B. Scope of Work

- 1 PIA will allocate space to a selected firm on hard block basis on each PIA flight specified as under whether such space is used or not. PIA's utilization of the unallocated space will be at its sole discretion for non-revenue shipments. Firm would have to transport on a priority basis PIA aircrafts AOG (Aircraft on Ground) parts and government shipments.
- 2 The selected firms, at its own expense, deliver cargo for carriage on PIA flights directly or through its IATA approved forwarding agents to PIA's GHA export premises after custom/other agencies clearance. PIA shall only be responsible for transportation of cargo from its international online points to its online destination within Pakistan and onward to other online international points subject to prior clearance from PIA Central Space Control at mutually agreed ad-on rates.
- 3 Cargo to be transported shall be subject to PIA's general conditions of carriage and safety, security, customs and any operational applicable laws and procedures.
- 4 Selected firm shall ensure that its booking staff are properly trained, qualified, well versed and its staff shall also ensure that booked cargo is properly packed in quality packages which are free of any leakage and can sustain air transportation
- 5 Selected firm will be obliged to utilize the cargo reservation system of PIA and execute the entries as required by PIA.
- 6 Selected firm to follow monthly sales reporting and settlement framework.
- 7 Any delay in payment by the Selected Firm shall result in delay penalty @ 6 month LIBOR prevailing at that time which shall be charged on the basis of number of days delayed after due date.
- 8 For the calculation of space availability, the minimum weight of a pallet will be considered as 1500 Kg, an AKE/ LD3/ FLA as 500 Kg and bulk hold for wide body aircraft as 2000kg.
- 9 In case the Origin of cargo shipments is any other station than PIA online point, the transfer expenses of other carrier or surface transportation and inward carriage expenses will be borne by selected firm.
- 10 For any new flight or additional flight charges / weight will have to be mutually decided and recorded as addendum to the agreement. Similarly, for any deletion of flight, Guaranteed Revenue may be mutually amended and adjustment may be made in payment schedule.
- 11 All handling cost at origin will be paid by the selected firm.
- 12 Fixed agreement term of 3 years with an annual increase in percentage of RG to be provided by "Selected Firm" at the time of submission of quotation.

- 13 Agreement is weight based and not based on ULD's. Available cargo can be accommodated in any of three aircraft holds (Forward/Mid/Bulk hold).
- 14 Any dispute claims raised by "BOTH PARTIES" will be discussed /adjusted at the time of quarterly performance review meeting.
- 15 Selected Firm shall not hold / delay the payment cycle as per the agreed schedule.

Tentative Schedule plan for Pakistan from international Online Points							
Regions	International Online Origin	Destination	Frequency Per Week	Aircraft type	Available Capacity per flight in Kg	Available Tonnage per Anum	Proposed Station-wise Rates per Kg
Europe	BCN	Pakistan	2	B-777	4500	468	
	CDG	Pakistan	4	B-777	4500	936	
	MXP	Pakistan	2	B-777	4500	468	
	CPH	Pakistan	2	B-777	4500	468	
	OSL	Pakistan	2	B-777	4500	468	
UK	BHX	Pakistan	3	B-777	9000	1404	
	MAN	Pakistan	9	B-777	9000	4212	
	LHR	Pakistan	10	B-777	9000	4680	
Canada	YYZ	Pakistan	4	B-777	6000	1248	
KSA	JED	Pakistan	30	B-777	9000	14040	
	MED	Pakistan	6	B-777	9000	2808	
	DMM	Pakistan	1	B-777	9000	468	
	RUH	Pakistan	4	B-777	9000	1872	
Far East Asia	PEK	Pakistan	2	B-777	4500	468	
	NRT	Pakistan	2	B-777	4500	468	
	KUL	Pakistan	2	B-777	9000	936	
Annual available Tonnage						35412	

**** Frequencies details are based on current PIA schedule which may vary due to operational reasons. Schedule changes will be intimated and guaranteed capacity may be reviewed accordingly.**

C. Requirements of Applicant Firms:

1. Applicant Firms should have a valid local registration in the respective territories in conformity with local laws and requirements through own branch offices or by partnership (e.g. sub-GSSA), to be specified in respect of each online point (city) with regards to whether it is being covered by own local branch office or by an office in Partnership/Joint Venture
2. No involvement of owners, directors, shareholders or any officers in any default and/or bankruptcy proceedings; nor any financial interest or position of management in any defaulted IATA or GSA/GSSA agency or any other firm or company.
3. Expertise and a minimum of a 5 years' experience as an IATA approved Cargo Agent or other firm or company. Applicant Firm who is working as a Cargo GSA of an airline in Pakistan will not be considered.
4. The Applicant Firms must provide three (3) years audited accounts from a well reputed and recognized audit firm. It may be noted that Applicant Firm who has been in losses for three consecutive year would not be considered.
5. Reputable quality of sales activity performed by trained staff with broad international experience in selling & booking, including but not limited to e-freight AWB, Basic Cargo and DGR license etc.
6. The Applicant Firms must have adequate size, structure, staffing, facilities and financial standing to provide comprehensive services. (Details mentioned in Evaluation Criteria).
7. Companies with incomplete documents will not be considered for further Hiring process.
8. Within 20 days from the commencement of this agreement, Applicant Firm shall provide an unconditional, irrevocable, first demand continue Bank Guarantee in a substance in the attached format, which shall be valid until a period of six months after expiry of the agreement. PIA can request a revision to the Bank Guarantee at any time to ensure at all times it covers 90 days of Revenue Guarantee. "MARKETING PARTY" shall arrange a revision of the Bank Guarantee within fourteen (14) days of receipt of notification from PIA. This Bank Guarantee shall be "Conform" by a Bank in Pakistan

D. Selection Procedure:

1. For the bid submission purposes, the Bidders will ensure that each of the Technical Bid and Financial Bid should be sealed in two different envelopes, and further super scribed in bold as "Technical Bid" and "Financial Bid".
2. **Closing date & time which is the last date for submission of initial tender is 15-10-2019, 1200 hrs (PST) and opening date and time of bids is 15-10-2019 , 1230 hrs (PST).**
3. Tender should be submitted on or before due date at following address:

**DEPUTY GENERAL MANAGER
AGENCY AFFAIRS
Pakistan International Airlines Corporation Ltd.
PIA Head Office Building Karachi Airport-Pakistan
Phone: +92-21-99044969
E-mail: kihisapk@piac.aero**

4. In Technical evaluation there would be two requirements namely; Financial Standing and Technical Standing. Financial Standing would carry maximum of 30 Marks while Technical standing carries maximum of 20 Marks. Minimum Technical Qualification marks are 30 out of 50.
5. PIA may Visit/Meet with the Firm (if necessary) at their offices for confirmation of the company office and its profile.
6. Total Marks for the selection procedure is 100, 50 for Technical evaluation and 50 for Financial Evaluation. To Qualify minimum 70 marks out of total 100 marks would be required.
7. Opening of Financial proposals of only technically qualified bidders.
8. Minimum 70 and to qualify minimum 30 Marks to be secured from point "a to b" of financial standing and "a to d" of technical standing of Technical Evaluation (As per evaluation criteria below).
9. Selection of One Highest Bidder in combination of Technical evaluation and Financial proposal.
10. Issuance of Letter of Intent to first bidder of highest financial proposal
11. Signing of Formal Contract.

E. Selection Criteria

All applications will be evaluated as per the Evaluation Criteria in following categories:

Evaluation Criteria Points

Technical Evaluation (Financial Standing + Technical Standing)

1) Evaluation of Financial Standing

a) Financial Standing

- Shareholder's Equity in PKR

☐	01 Million-	10 Million	=	0.50
☐	10 Million-	20 Million	=	0.75
☐	20 Million-	30 Million	=	1.00
☐	30 Million-	40 Million	=	1.25
☐	40 Million-	50 Million	=	1.50
☐	50 Million-	60 Million	=	1.75
☐	60 Million+		=	2.00

- Current Ratios

☐	0.00 -	0.49	=	0.25
☐	0.50 -	0.99	=	0.50
☐	1.00 -	1.49	=	0.75
☐	1.50 -	1.99	=	1.00
☐	2.00 -	2.49	=	1.25
☐	2.50 +		=	1.50

- Acid Test Ratios

☐ 0.00 -	0.49	=	0.25
☐ 0.50 -	0.99	=	0.50
☐ 1.00 -	1.49	=	0.75
☐ 1.50 -	1.99	=	1.00
☐ 2.00 -	2.49	=	1.25
☐ 2.50 +		=	1.50

Applicant Firms with overall financial rating of 3.00 on their audited accounts are preferable

b) Annual Turnover

- USD 80 Million and above 25
- USD 70 Million and above 20
- USD 60 Million & above 15
- USD 50 Million & above 10
- Below USD 40 Million 05

2) Evaluation of Technical Standing

a) Office Location

- Own set up on all online stations 5
- Partner/JV setup on all online stations 4
- Own setup on major online station 3
- Partner/JV setup on major online stations 2
- Own/Partner/JV setup in only one or two major stations 1

b) Staff Experience

- Own staff trained on all locations with Cargo Basic & DGR Licenses 5
- Own trained Staff on at least one location with Cargo Basic & DGR Licenses while other locations manned by partner/JV trained staff 4
- Partner/JV trained staff on all locations with Cargo Basic & DGR Licenses 3
- One location where own or partner staff is not trained 2
- No staff (own/partner) trained on any location 1

c) Company Experience

- Nine to Ten years' experience in cargo sales as IATA accredited agent 5
- Seven to Eight years' experience in cargo sales as IATA accredited agent 4
- More than five years' experience in cargo sales as IATA accredited agent 3
- Five years' experience in Cargo Sales as IATA accredited agent 2
- Less than Five Years' experience in Cargo Sales 1

d) Quality of experience of Applicant Firms

- Dealing as GSA with 04 or more airlines 5
- Dealing as GSA with 03 airlines 4
- Dealing as GSA with 02 airlines 3
- Dealing as GSA with 01 airlines 2
- Not dealing as GSA with any airlines 1

3) Financial Evaluation

- Highest bidder to be rated as 50
- Second bidder highest 40
- Lowest bidder 30
- Any offer below top three will not be considered

Total Points: 100

Qualifying Points: To qualify minimum 30 points to be secured from 1 to 2

Technically Qualified Bidders (Financial Standing and Technical Standing) will be qualified for evaluation of financial proposals while only one bidder offering highest financial proposal will be selected as Hard Block Capacity Agreement Partner for a period of three years. The financial Proposals may be submitted in separate envelop along with profile and technical proposals

Evaluation Grid of HBSA Applicants											
Station:											
		Financial Evaluation (1)		Technical Evaluation (2)			Quality of Experience of applicant (d)	Total (1+2)	Financial Proposals (3)	Points Earned (1+2+3)	Remarks
Sr. No	Name of Applicant	Financial Standing (a)	Annual Turnover (b)	Office Location (a)	Staff Experience/Qualification (b)	Company Experience (in cargo sales) (C)					
Total Points		5	25	5	5	5	5	50	50	100	
1	Applicant 1										
2	Applicant 2										
3	Applicant 3										
4	Applicant 4										
5	Applicant 5										



Hard Block Capacity Draft Agreement

Contents

- 1 Definitions
 - 2 Flights and Capacity
 - 3 Commodities
 - 4 Price and Burden of Costs
 - 5 General Procedures
 - 6 Payload and Cargo Capacity Planning
 - 7 Operational Security
 - 8 Liability
 - 9 Insurance
 - 10 Force Majeure
 - 11 Non-Disclosure of Confidential Information and Personal Data Protection
 - 12 Termination
 - 13 Surviving Sections of this Agreement. Accrued Rights and Obligations
 - 14 Notice and Variation
 - 15 Severability
 - 16 Trade Marks and Corporate Identification
 - 17 Bank Guarantee and Deposit
 - 18 Anti-Corruption & Legal Compliance
 - 19 Governing Law, Jurisdiction and Arbitration
 - 20 Headings
 - 21 Complete Agreement
- Annex 1 – Capacity and Remuneration
- Annex 2 – Remuneration and Payment Procedure

This Agreement is made as of this 01st day of Month, Year

Between: **Pakistan International Airlines Corporation Limited** ("PIACL")

Principal office at: PIA Head Office Building

Karachi Airport

Karachi, Pakistan

A Public Limited Company

(hereinafter referred to as "PIA")

And:

Full Name and registration details

Principal office at:

(PIA and "MARKETING PARTY" are collectively hereinafter referred to as the "Parties" and individually as a "Party")

Commencement Date:

Preamble

Whereas: PIA is a Pakistani national carrier offering passenger transportation services on various routes throughout the world;

Whereas: PIA has available belly hold Cargo Capacity on selected routes from its International online points to its online destinations within Pakistan, that it would like to offer exclusively to "MARKETING PARTY" on a hard block basis.

Whereas: "MARKETING PARTY" is interested in acquiring such air Cargo Capacity of PIA, Whereas PIA floated its tender as per applicable law wherein the Marketing Party has also participated amongst others and selected by PIA.

Now the Parties

AGREE AS FOLLOWS:

1. Definitions

Agreed Capacity has the meaning as defined in Paragraph 2.1 of this Agreement.

Agreement means this Agreement and any schedules and appendices to it, together with any amendments as agreed in writing from time to time between the Parties, including TORS and other documents of RFP.

AWB Airway bill as provided for under the applicable conventions of carriage by air

Bank Guarantee shall have the meaning assigned to it in Paragraph 17 of this Agreement.

Calendar Day means each day during the annual period.

Cargo means all Cargo or freight loaded or intended to be loaded for carriage within the Network on aircraft operating in the Network (other than (a) passenger or crew baggage; and (b) COM/COMAT and (c) Human Remains).

Cargo Bumping (Report) has the meaning given in Article 5 of Annex 1.

Commencement Date the date on which this agreement shall be signed by both the parties. If the agreement is signed on different dates the commencement date shall be taken from the date of last signature of the agreement.

Company Mail (COM) means PIA internal inter-office correspondence transported by air between airports, which is not manifested and carried without the payment of postal charges.

Company Material (COMAT) means any non-revenue cargo that is owned by or is for use/benefits of PIA, and is transported on the PIA's aircraft.

Confidential Information has the meaning given in Paragraph 11 of this Agreement.

Contract Year means the twelve (12) month period from- to and there after any successive twelve-month period unless earlier terminated in accordance with the provisions of this Agreement.

Convention means whichever of the following instruments, as applicable and as amended from time to time that relates to any particular carriage of Cargo based on the country of departure and destination of such Cargo:

- (i) The Convention for the Unification of Certain Rules Relating to International Carriage by Air, signed at Montreal, 28 May 1999;
- (ii) The Convention for the Unification of Certain Rules Relating to International Carriage by Air, signed at Warsaw, 12 October 1929 (hereinafter referred to as the Warsaw Convention);
- (iii) The Hague Protocol, dated 28 September 1955 and modifying the Warsaw Convention.

Default means any default of either party in complying with its obligations under this Agreement.

Effective Date the date on which the Marketing Party shall submit Bank Guarantee in accordance with clause 17 of the agreement which shall immediately be followed by allocation of space by PIA.

End Date shall have the meaning as set forth in Paragraph 12 of this Agreement.

FOC abbreviation for “free of charge.”

Guarantor shall have the meaning as set forth in Paragraph 17 of this Agreement.

Hard Block means that the Revenue Guarantee agreed under this Agreement shall be paid to PIA for the allotment of space to “MARKETING PARTY”, irrespective of degree of utilization by “MARKETING PARTY”.

HUM is the abbreviation for “Human Remains.”

Kg means Kilogram.

Network means the airports/country combinations in respect of which PIA shall (a) be from time to time licensed to carry Cargo and (b) operate revenue passenger carrying services on the relevant flight number including sub-charters and certain ad-hocs.

Payload Capacity made available for the transportation of Cargo.

Revenue Guarantee (“RG”) equals the agreed remuneration for PIA to be paid by “MARKETING PARTY” as stipulated in Annex 1 of this Agreement.

Term is defined in Paragraph 12 of this Agreement.

ULD means an aircraft unit load device.

Working Day means Monday thru Friday, excluding Saturdays, Sundays and nationwide Bank Holidays in Pakistan.

2. Flights and Capacity

- 2.1. PIA agrees to allocate, subject to the terms and conditions of this Agreement, and “MARKETING PARTY” agrees to pay for the Space Blocked on each PIA flight specified in Annex-1 of this Agreement (“Agreed Capacity”), whether such space is used or not, except as specifically provided herein. “MARKETING PARTY” acknowledges that the Agreed Capacity does not cover 100 percent available capacity on each of the specific routes set forth in Annex 1. PIA’s utilization of the unallocated space shall be at its sole discretion for non-revenue shipments. “MARKETING PARTY” undertakes to transport on a priority basis HUM, AOG parts and government shipments.
- 2.2. PIA shall account for the Agreed Capacity as minimum Pay load and shall take reasonable efforts to perform operations as scheduled.
- 2.3. This agreement is weight based and is not based on ULDs. Available Cargo can be accommodated in any of three aircraft holds (Forward/Mid/ Bulk Hold)
- 2.4. For the calculation of space availability, the minimum weight of a pallet shall be considered as 1500 Kg, an LD3/AKE/FLA as 500 Kg and bulk hold for wide body aircraft as 2000kg.

3. Commodities

- 3.1. The following commodities shall be allowed for transportation under this Agreement: Live animals (AVI), Dangerous Goods (DGR), General Cargo, Perishable (PER), Valuable (VAL) subject to the compliance with IATA/ICAO regulations and all applicable laws and PIA policies. Furthermore, Marketing Party to ensure that all labels (hazard and handling labels) used on packages of dangerous goods must conform, in shape, color, format, symbol and text to the specimen designs of IATA DGR (Subsection 7.3).
- 3.2. "MARKETING PARTY" shall, at its own expense, deliver cargo for carriage on PIA flights directly or through its IATA approved agents to PIA at the premises of PIA's handling agents. All cargo delivered to PIA by "MARKETING PARTY" shall be built-up by PIA's handling agent on ULDs and bulk as agreement is weight based and not based on ULD's. available cargo can be accommodated in any of three aircraft holds
- 3.3. Approval by PIA for the carriage of any "MARKETING PARTY" cargo requiring special handling, such as high value cargo, dangerous goods, live animals and over-size cargo shall be required. Such approval of PIA shall be obtained by Marketing Party in advance at least one week before. For shipment(s) involving applicability of DGR, the above limitation shall not be less than 48hrs
- 3.4. "MARKETING PARTY" shall ensure that its staff is fully trained and authorized in the booking acceptance of DGR (IATA dangerous goods training category 6 training and certification). In this respect "MARKETING PARTY" shall ensure that all shipments accepted are approved for transportation on passenger aircraft and are to be considered legal, safe for transportation and shall not contain any contraband. In all operations conducted pursuant to this Agreement, PIA holds the right to disapprove the carriage of cargo that does not meet the requirements of laws or regulations. In case of such disapproval, PIA disclaims any responsibility or liability for such shipment.
- 3.5. "MARKETING PARTY" shall ensure that such shipments fully comply with IATA/ICAO regulations." "MARKETING PARTY" shall ensure that bookings of all shipments shall comply with applicable regulations set forth by countries of origin/destinations, planned transit, planned destination and primary planned alternate. PIA shall not be liable for loss or expense due to the failure of "MARKETING PARTY" to comply with the provisions of this clause.
- 3.6. Loading and unloading, as well as weight and balance, shall be performed under the guidance of ground personnel approved or employed by PIA.
- 3.7. COMAT of PIA shall be uplifted free of charge based on the remaining space allocation of PIA.
- 3.8. The uplift of HUM of Pakistani citizens which requires transportation by PIA specifically shall be transported free of charge. The appointed handling agent of PIA shall make all reasonable efforts to ensure that loading of HUM does not limit the utilization of any pallet position.

4. Price and Burden of Costs

- 4.1. "MARKETING PARTY" shall pay to PIA the remuneration in line with the provisions set forth in Annexes 1 and 2.
- 4.2. All handling cost at origin shall be paid by the "Marketing Party".

- 4.3. In case the Origin of cargo shipments is any other station than PIA online point, the transfer expenses of other carrier or surface transportation and inward carriage expenses shall be borne by "Marketing Party"

5. General Procedures

- 5.1. Cargo to be transported shall be subject to PIA's general conditions of carriage and safety, security, customs and any operational applicable laws and procedures. This transportation shall be at the sole expense of Marketing Party, without any liability to PIA.
- 5.2. The "MARKETING PARTY" shall indemnify and hold harmless Principal from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, awards, suits, costs, expenses or disbursements of any kind or nature whatsoever, that may be imposed on, incurred by, or asserted against Principal in any way relating to, arising out of or in connection with this Agreement or the services provided by the "MARKETING PARTY" (or its Sub Agents) pursuant hereto or the transactions contemplated herein (including any liabilities, losses, etc. in respect of lost, stolen or, claims of employees of the Agent or any claims of sub-agents) and including any and all out-of-pocket expenses, the reasonable costs and expenses of counsel, which Principal may incur or suffer or is likely to incur or suffer as a result of having entered into this Agreement or the performance of its obligations hereunder
- 5.3. PIA shall ensure that all of its personnel and any subcontractors assigned to, or directly involved in, ground operations and/or cargo handling are properly instructed, trained, qualified, and are aware of their responsibilities and the relationship of such duties to the operation as a whole and to the common standard in the air cargo transportation industry.
- 5.4 "Marketing party" shall ensure that its booking staff are properly trained, qualified, well versed and its staff shall also ensure that booked cargo is properly packed in quality packages which are free of any leakage and can sustain air transportation
- 5.5 The Airway bill stock distributed to "MARKETING PARTY" shall bear the IATA number of PIA with designated prefix 214 and PIA shall be the contractual air carrier under the provisions of the applicable Convention. Nevertheless, PIA holds its right to issue AWB for PIA Company Material (COMAT)/non-revenue cargo under its prefix of 214.
- 5.6 "MARKETING PARTY" shall be responsible and permitted to negotiate special prorated Agreements (SPA) with IATA approved interline partners based on local settlement between "MARKETING PARTY" and specific interline carrier with no additional cost to or any direct or indirect obligation for PIA. However, scanning and handling charges of interline shipments shall be paid to PIA by the Marketing party.
- 5.7 "MARKETING PARTY" is obliged to utilize the cargo reservation system of PIA and execute the entries as required by PIA.
- 5.8 Any dispute claims raised by "BOTH PARTIES" will be discussed /adjusted at the time of quarterly performance review meeting
- 5.9 "MARKETING PARTY" shall not hold / delay the payment cycle as per the agreed schedule.
- 5.10 In case of early termination or completion of contract final meeting shall be held within one month of the termination/completion of the contract

6 Payload and Cargo Capacity Planning

- 6.1 PIA shall inform “MARKETING PARTY” in advance about Payload and Cargo transportation volume available for the subsequent winter and summer schedule.
- 6.2 PIA shall give by electronic means adequate access to PIA’s passenger reservation system to the relevant department of “MARKETING PARTY” for the purpose of Payload calculation for effective planning. “MARKETING PARTY” agrees to indemnify and reimburse PIA in whole for any and all liabilities, losses, damages, claims and every expense resulting from the unauthorized or improper usage of such reservation system by “MARKETING PARTY”, its employees or its agents.
- 6.3 PIA shall inform “MARKETING PARTY” as early as possible about short-term flight schedule changes through generally accepted means of communication due to operational irregularities or general short notices of schedule changes.
- 6.4 “MARKETING PARTY” shall ensure delivery of shipments to PIA’s handling agent premises “ready for carriage”, including packaging that shall be in accordance with industry practice for air cargo transportation. PIA or its agents shall be solely responsible for the ULD management.
- 6.5 PIA is obliged through its relevant department to collaborate with “MARKETING PARTY” in the preparation of an offload analysis (“Cargo-Bumping-Report”) in the format as shown below, only if planned cargo is offloaded. Cargo-Bumping-Report shall be signed by “Marketing Party” as well as PIA representative after each flight and must be submitted to station head within three days otherwise no claim regarding bumping shall be acceptable

Date	Station	Flight No	A/C Type	Guaranteed Space (Kg)	Route	Booked Wt. (Kg)	Pallet(Min. 1500)		LD3/AKE/FLA(Min.500)		Bulk Hold (Kg)	Can Uplift (Kg)	Uplifted Cargo Gross Wt. (Kg)	Bumping Claimed (Kg)	Justified Bumping Wt. (Kg)	Excess Bumping Wt (Kg)	Remarks	
							Actual Wt. (Kg)	Wt. for Calaculation Purpose (Kg)	Actual Wt. (Kg)	Wt. for Calaculation Purpose (Kg)								

7 Operational Security

- 7.1 PIA has the right (a) to delay, cancel, divert or interrupt a flight due to technical or safety reasons, and (b) to decrease the established payload due to operational conditions including weather.
- 7.2 PIA shall at all times maintain operational control of all PIA aircrafts used in the performance of the flights conducted pursuant to this Agreement. The captain of the aircraft shall be in command of the aircraft and its operations and shall have full authority with respect to all matters involving the safe and lawful operation of the aircraft.

8 Liability

- 8.1 “MARKETING PARTY” agrees to indemnify and hold harmless PIA, its officers, agents and employees from all liabilities, damages and claims, including all costs and expenses incidental thereto, which may accrue against, be charged to or recoverable from PIA, its officers, agents and employees by reason of any injury, death, or property damage suffered by third parties, arising

out of or in connection with any breach of "MARKETING PARTY's" obligations set forth under Paragraphs 3.4 and 3.5 of this Agreement.

- 8.2 The Marketing party shall obtain and inform PIA a comprehensive insurance coverage acceptable to PIA in respect of its obligations under this agreement, covering all claims of any nature if brought by third party against PIA in respect of performance of obligations by "MARKETING PARTY" under this agreement.
- 8.3 The insurance policy shall also cover the Equipment/ULD's used by the marketing party. The insurance policy shall also be applicable in respect of claims of Personal Injury/Death/Accident to PIA and third party.

9 Insurance

"In addition to clauses 8.2 & 8.3 above, throughout the contract term, the MARKETING PARTY shall, at its own expense, effect and maintains in full force and effect the insurance of the ULDs including third party war liability insurance and shall provide a certificate of insurance and aviation liability certificate to PIA before signing the contract."

10 Force Majeure

- 10.1 Neither Party to this Agreement shall be liable to the other Party for any failure to fulfill any of its obligations under this Agreement if such failure is due to any cause beyond its reasonable control but through no fault or negligence of the Party invoking this clause including, acts of God, acts of public enemies, orders of any governmental authority, earthquake, hurricane or other catastrophic weather related phenomenon, fire, explosions, floods, volcanoes or volcano ashes, air traffic control delays, strikes, embargoes, war, civil war, riots, insurrection, civil disorder, terrorism or terrorist actions, epidemics or quarantine (each a "Force Majeure") This shall also include cancellation/delay of flight for any reason what so ever.
- 10.2 In the event that the Agreed Capacity decreases as a result of Force Majeure, reduction in remuneration for PIA should only take place, when PIA is unable to transport the cargo so affected on account of force majeure.
- 10.3 If any Party is affected by any case of Force Majeure, it shall promptly notify the other Party of its nature and extent.
- 10.4 The Party so prevented or delayed shall be excused from such non-performance to the extent and during the period of prevention or delay without extending the term of this Agreement and shall exercise all due diligence (i) to minimize the extent of the prevention or the delay in the performance of its obligations hereunder and (ii) to resume performance as soon as possible.
- 10.5 The termination of the Force Majeure shall similarly be notified.
- 10.6 In case such Force Majeure lasts longer than 30 (thirty) consecutive days from the date of its notice, then the Parties shall meet and agree on the necessary arrangements for the further

implementation of this Agreement or of the termination of the same, but without prejudice to accrued rights and liabilities.

11 Non-Disclosure of Confidential Information and Personal Data Protection

- 11.1 The Parties agree to use all reasonable endeavors to keep the other Party's confidential information and data secret. Each Party may disclose confidential information and data to its own officers, directors, employees and advisers who reasonably need to know such confidential information or to any governmental, judicial or administrative authority. Each Party shall take appropriate action with its employees and advisers to satisfy this obligation. Each Party shall become responsible to the other for any violation of this obligation by its own officers, directors, employees or advisers.
- 11.2 The Parties shall comply in every respect with all applicable law relating to data protection and have established procedures in place to ensure continued compliance with such applicable law.
- 11.3 Clauses 11.1 & 11.2 above shall not be applicable, if disclosure of all or any information regarding or in relation to this agreement is required by any authority including any court.

12 Term and Termination

- 12.1 This Agreement shall commence on the Commencement Date of and shall remain in effect for a period of three years from the effective date until _____ (the "**End Date**") subject to earlier termination in accordance with the provisions of this Agreement.
- 12.2 PIA shall be entitled to immediately terminate this Agreement if the bank guarantee covering 90 days of full block space agreed rates is not provided to PIA within 30 days after the commencement of this agreement.
- 12.3 PIA shall be entitled to immediately terminate this Agreement in the event of (A) failure by "MARKETING PARTY" to promptly pay the monthly installment of the Revenue Guarantee as set forth in Annex 2 or (B) default by the Guarantor to promptly pay to PIA a demand for payment under the Bank Guarantee or (C) if the Guarantor does not extend the term of the Bank Guarantee as set forth in Paragraph 17 of this Agreement.
- 12.4 Except for matters covered by Paragraphs 12.2 and 12.3 of this Agreement, in the event of any material breach of the obligations under this Agreement and its Annexes by either Party hereto, the other Party may terminate this Agreement by giving 30 days' prior written notice thereof; provided however, that this Agreement shall not terminate at the end of said 30 days' notice period if the Party in breach has cured the breach of which it has been notified prior to the expiration of said 30 days.
- 12.5 Either Party hereto shall be entitled by written notice to the other Party to immediately terminate this Agreement including all Annexes: a) in case of other Party's insolvency, receivership or involuntary bankruptcy or any substantial assignment for the benefit of its creditors or b) if a substantial part of the other Party's property is or becomes subject to any levy, seizure, assignment or sale for or by any creditor or government agency.

12.6 PIA shall be entitled to immediately terminate this Agreement if the Guarantor shall default in the payment of any amount payable to PIA under the Bank Guarantee or the Bank Guarantee is terminated for any reason or is or becomes of no force and effect.

13 Surviving Sections of this Agreement; Accrued Rights and Obligations

13.1 The provisions “Non-Disclosure of Confidential Information and Personal Data Protection” shall remain effective and shall survive for a period of 2 years after termination of this Agreement. The provisions of Paragraph8 (“Liability”) shall survive and remain in full force and effect, notwithstanding the expiration or termination of this Agreement.

13.2 Accrued rights and obligations of Parties arising whilst this Agreement is being in force, shall also survive its expiration or termination.

14 Notice and Variation

14.1 Any notice or communication required to be given in writing by either Party to this Agreement shall be in writing and shall be hand-delivered or sent by certified mail, return receipt requested to the addresses indicated below:

Pakistan International Airlines Corporation

PIA Head Office Building,
**Chief Commercial Officer/
General Manager Cargo**
e-mail: khiszpk@piac.aero
e-mail: khifypk@piac.aero
Karachi Airport
Karachi, Pakistan

and

MARKETING PARTY

14.2. Whenever a notice is given by email it shall, without prejudice to the efficacy of the original notice, be confirmed by sending a copy thereof to the addressee by first class recorded delivery post within twenty-four (24) hours after dispatch of the original notice.

14.3. No variation or modification of this Agreement shall be in any way effective unless in writing, and signed by persons authorized in that behalf by the Parties.

15 Severability

If any part of any provision of this Agreement shall be considered or become invalid or unenforceable under the applicable law, such part shall be ineffective to the extent of such invalidity only, without in any way affecting the remaining parts of such provisions or the remaining provisions. In such case, the Parties shall consult in order to amend the Agreement, its Annexes and amendments (if any) to the required extent, or to jointly find any other solution suitable to the continuation of the Agreement.

16 Trade Marks and Corporate Identification

- 16.1 Each Party hereby covenants that its respective advertising and promotions shall be in accordance with all applicable governmental rules, laws and regulations.
- 16.2 Each Party acknowledges and agrees that it has no right, title or interest in the other Party's logo, nor any part thereof, except the use of the same as herein set out and that it shall not use any of the other Party's logos, trademarks or trade names except in accordance with the other Party's prior approval and direction.
- 16.3 It is understood and agreed that the logos, trademarks and trade names of each Party shall be and remain at all times its exclusive property.

17 Bank Guarantee

Within 20 days from the commencement of this agreement, "MARKETING PARTY" shall provide an unconditional, irrevocable, first demand continue Bank Guarantee in a substance in the attached format, which shall be valid until a period of six months after expiry of the agreement. PIA can request a revision to the Bank Guarantee at any time to ensure at all times it covers 90 days of Revenue Guarantee. "MARKETING PARTY" shall arrange a revision of the Bank Guarantee within fourteen (14) days of receipt of notification from PIA. This Bank Guarantee shall be "Conform" by a Bank in Pakistan.

18 Integrity Pact (PPRA Government of Pakistan)

- 18.1 "MARKETING PARTY" hereby declares that it has not obtained or induced the procurement of any contract, right, interest, privilege or other obligation or benefit from Government of Pakistan (GoP) or any administrative subdivision or agency thereof or any other entity owned or controlled by GoP through any corrupt business practice.
- 18.2 Without limiting the generality of the foregoing, "MARKETING PARTY" represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or inducing the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP, except that which has been expressly declared pursuant hereto.
- 18.3 "MARKETING PARTY" certifies that it has made and shall make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with GoP and has not taken any action or shall not take any action to circumvent the above declaration, representation or warranty.
- 18.4 "MARKETING PARTY" accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest,

privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other rights and remedies available to GoP under any law, contract or other instrument, be voidable at the option of GoP.

- 18.5 Notwithstanding any rights and remedies exercised by GoP in this regard, "MARKETING PARTY" agrees to indemnify GoP for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to GoP in an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by "MARKETING PARTY" as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP.

19 Governing Law, Jurisdiction and Arbitration

- 19.1 This Agreement, any Annex to it, and any Agreement incorporating the same shall be governed by and construed in accordance with the Laws of Pakistan and the Parties irrevocably agree that the courts at Karachi, Pakistan shall have exclusive jurisdiction to settle all claims or disputes arising out, relating to or in connection with this agreement.
- 19.2 Any dispute arising out of, relating to or in connection with the Agreement which cannot be amicably settled by the Parties shall be referred to in the first instance to senior management of both Parties. Should amicable Agreement is not reached by senior management then it shall be referred for resolution to arbitration under the Arbitration Act of 1940, and the seat of arbitration shall be at Karachi, Pakistan.
- 19.3 The parties submit to the jurisdiction of the courts at Karachi, Pakistan.

20 Headings

The headings to the Paragraphs contained in this Agreement are for the sake of convenience only and shall not be relied upon in the interpretation hereof.

21 Complete Agreement

21.1 This Agreement and its Attachments constitute the entire Agreement between the Parties as to the subject herein mentioned and any other prior or contemporaneous. Agreements, whether written or oral, with respect hereto are expressly superseded by this Agreement.

21.2 Any Agreement or negotiation which preceded this Agreement shall not be valid unless ratified by written instrument signed by the Parties and included in this Agreement.

21.3 The preamble as well as the following documents constitutes an integral part of this Agreement:

- **Annex 1** **Capacity and Remuneration**
- **Annex 2** **Remuneration and Payment Procedure**

IN WITNESS WHEREOF, THE PARTIES HAVE SET THEIR HANDS FOR SIGNATURE

On behalf of:

Pakistan International Airlines Corporation Limited

Constituted and governed under the laws of Pakistan

On behalf of:

MARKETING PARTY.

By:

Title: Chief Commercial Officer

Date:

By:

Title:

Date:

Witness:

By:

Title:

Date:

Witness:

By:

Title:

Date:

Annex 1

Capacity and Remuneration

1. Flights & Capacity Due

From the Effective Date of this Agreement, after receiving agreed Bank Guarantee as per Paragraphs 17 of this Agreement, PIA commits to make available to “MARKETING PARTY” exclusively on a hard block basis the Cargo Capacity on the sectors as shown below. For the avoidance of doubt “MARKETING PARTY” agrees to pay for the space blocked on each PIA flight specified in this Annex, whether such space is used or not.

Tentative Schedule plan for Pakistan from international Online Points							
Regions	International Online Origin	Destination	Frequency Per Week	Aircraft type	Available Capacity per flight in Kg	Available Tonnage per Anum	Proposed Station-wise Rates per Kg
Europe	BCN	Pakistan	2	B-777	4500	468	
	CDG	Pakistan	4	B-777	4500	936	
	MXP	Pakistan	2	B-777	4500	468	
	CPH	Pakistan	2	B-777	4500	468	
	OSL	Pakistan	2	B-777	4500	468	
UK	BHX	Pakistan	3	B-777	9000	1404	
	MAN	Pakistan	9	B-777	9000	4212	
	LHR	Pakistan	10	B-777	9000	4680	
Canada	YYZ	Pakistan	4	B-777	6000	1248	
KSA	JED	Pakistan	30	B-777	9000	14040	
	MED	Pakistan	6	B-777	9000	2808	
	DMM	Pakistan	1	B-777	9000	468	
	RUH	Pakistan	4	B-777	9000	1872	
Far East Asia	PEK	Pakistan	2	B-777	4500	468	
	NRT	Pakistan	2	B-777	4500	468	
	KUL	Pakistan	2	B-777	9000	936	
Annual available Tonnage						35412	

**** Frequencies details are based on current PIA schedule which may vary due to operational reasons. Schedule changes will be intimated and guaranteed capacity may be reviewed accordingly**

The flight schedule data of this sample week multiplied by 52 shall form the baseline of the annually available and provided Capacity when considering any proposed changes to the Revenue Guarantee (“RG”).

2. Revenue Guarantee

To be provided by Marketing Party in accordance with the mutually agreed rates. Furthermore, an annual increase in percentage of RG shall be provided by Marketing Party at the time of submission of quotation.

For any new flight or additional flight charges / weight shall have to be mutually decided and recorded as addendum to the agreement. Similarly, for any deletion of flight, Guaranteed Revenue may be mutually amended and adjustment may be made in payment schedule

Any adjustment regarding over utilization, additional capacity, bumping and 6th freedom shall be discussed /adjusted at the time of quarterly performance review meeting and shall be billed separately.

In case of adjustment of bumping, credit note shall be issued by PIA which shall be adjustable against next month advance payment of RG. However, in case of over utilization, additional capacity, and 6th freedom invoices shall be raised by PIA and "Marketing Party" shall be responsible to settle these invoices in the immediately preceding next month with advance payment of RG.

Additional Capacity, over utilization and bumping rates shall be calculated on same rates as being used for "RG" calculation

3. 6th Freedom Rates beyond Pakistan to International Destinations

For shipments generated by "MARKETING PARTY" 6th freedom rates beyond Pakistan to international destinations within the route network of PIA (**subject to prior clearance from PIA Central Space Control**) are mutually agreed as below for the period beginning on the Commencement Date and Ending in the first Contract Year:

The Parties shall mutually agree for the above mentioned 6th freedom rates for the subsequent Contract Year.

4. Annual Flight Schedule Variances & Cancellations

In the event that any change was made to the flying programme (no matter whether this is done to either frequencies or routes or aircraft type and no matter to which extent), then the flying programme set forth in this Annex 1 shall be adjusted accordingly by removing or adding therefrom the flights affected by any (single) alteration and reducing or increasing the budgeted revenues and the RG agreed for PIA by the Cargo tonnage corresponding to these flights and recorded as addendum to the agreement.

5. Payload Variances & Restrictions

In the event any scheduled flight is being conducted but that it is evidenced that the Payload according to Annex1 of this Agreement changes, then the flying programme set forth in Annex1 shall be adjusted accordingly by providing alternate space to "MARKETING PARTY" by PIA.

6. Cargo Bumping

In the event that any cargo allowed under this Agreement and duly booked for a specific flight is being off loaded or left behind

on short notice (“Bumped Cargo”), then the RG stipulated under Article 2 of this Annex shall be adjusted accordingly. For this purpose, a documented monthly Cargo Bumping report shall be established in the format as set forth in Paragraph 6.5 of the Agreement.

Annex 2

Remuneration and Payment Procedure

1. "MARKETING PARTY" shall pay to PIA in respect of each calendar month, based on the Revenue Guarantee (RG) for any given Contract Year, the corresponding amount for one calendar month against invoice received from PIA as per the following breakdown. All payments shall be made by "MARKETING PARTY" to PIA in US Dollars, in immediately available funds, to the designated bank account of PIA and shall be made without any set off, counterclaim or any other deduction. PIA shall issue the invoice of Revenue Guarantee (RG) in advance on first working day of each calendar month. Payments shall be made by "Marketing Party" on or before the 10th of same month.
2. Any delay in payment by the "Marketing Party" shall result in delay penalty @ 6 month LIBOR prevailing at that time which shall be charged on the basis of number of days delayed after due date

(*subject to annual increase in percentage of RG to be provided by "Marketing Party" at the time of submission of quotation as laid down in Annex 1, Article 2)

3. Any accrued charges under the sixth freedom shall be invoiced by PIA on a monthly basis to "MARKETING PARTY" as laid down in Annex 1, Article 3. "MARKETING PARTY" shall pay the amount in upcoming schedule payment.
4. Pursuant to Article 6 of Annex 1, the reduced Payload (if any) due to Cargo Bumping, and documented by the Cargo Bumping Report set forth in Paragraph 6.5 of the Agreement, shall be settled against the schedule payment due to PIA. The corresponding amount of tonnage shall be determined by the Cargo Bumping Report as laid down in Paragraph 6.5 of this Agreement.
5. PIA shall provide to "MARKETING PARTY"'s controlling department at the beginning of each calendar month an actual-state analysis of all flight operations performed during the preceding month in the SSIM chapter 7 format.
6. All payments to PIA shall be made to:

To be advised by PIA to "MARKETING PARTY"

FORMAT OF BANK GUARANTEE FOR MARKETING PARTY
(ON NON-JUDICIAL STAMP PAPER)

To,

Pakistan International Airlines Corporation Ltd,
Cargo Complex, near PIA Head Office,
Jinnah International Airport,
Karachi-Pakistan

BANK GUARANTEE NO.....

DATE

1. In consideration of your having agreed to appointment of M/s
.....(Name & Address of agent) as Marketing Party for your Airline vide Agreement dated On their furnishing a Banker's Guarantee in the sum(in words.....) for the due performance to your entire satisfaction of the terms and conditions, liabilities, responsibilities and duties devolving on the said Marketing Party including the liability and responsibility of making periodical payments to you under the said agreement, we the undersign M/s.....hereby unconditionally and irrevocably guarantee to you the payment on your demand, of all outstanding amounts or any other claim arising out of the said Hard Block Capacity Agreement, on due dates and/or on the dates when such payments fall due, in accordance with the terms and conditions of the Hard Block Capacity Agreement referred above.
2. We further undertake that if any act or acts of misappropriation, embezzlement, larceny or unlawful conversion of monies, goods or freight parcels meant for PIAC as a carrier or otherwise or any other act/omission resulting into loss to the airline, is committed, by the said Marketing Party or any member of their staff or otherwise, then we shall forthwith on demand by you make good any such loss which you will sustain thereby.
3. The guarantee shall be valid for a period of Year/s i.e. from To
But our aggregate liability under this guarantee shall not exceed the sum of USD..... (in words) during the continuance of this guarantee. Within the aforesaid limit of liability, this guarantee shall extend to and be applicable to whole of the debt or dues that may ultimately remain due to you from the said M/s in respect of your monies due from the said agent as per your accounts. We undertake to accept and fully settle any claims or claims arising during the validity of this guarantee and six (6) months thereafter.
4. This guarantee shall remain in full force and effect notwithstanding any changes in the constitution of firm/company of the said Marketing Party.
5. Bankruptcy/liquidation or insolvency of the said Marketing Party shall not affect or determine our liability under this Guarantee.
6. We agree to accept as correct the statement of accounts that may be furnished by you to us in respect of the liabilities of the said Marketing Party.
7. You will be at liberty without discharging us from liability hereunder to grant time or other indulgence to the said Marketing Party.
8. This guarantee shall be governed and construed by the laws of Pakistan.

IN WITNESS WHEREOF, the above mentioned Bankers have signed and executed this letter of Guarantee on the day of

For and on behalf of

Signature
Full Name-----
Title-----

Bank Seal

For and on behalf of
Signature
Full Name-----
Title-----

(Sign & Stamps with names and designation of TWO Bank official authorised to execute the Guarantee.)