

Request for Proposal:

**Appointment of General Sales Agent
(GSA) – Turkey**

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Section – I**APPOINTMENT OF GSA OF PIA IN TURKEY**

Pakistan International Airlines Corporation Limited (PIACL) invites application from reputable technically and financially sound, and managerially capable firms / companies for appointment as PIA GSA in Turkey. Applicants should meet the “Eligibility Criteria” given in the RFP available on websites of www.piac.com.pk and www.ppra.org.pk.

Applications in sealed envelopes clearly marked as “Appointment of GSA for Turkey”, should reach PIA through the registered mail or courier service till February 10, 2023 at 1600 Hrs PST at the address given below. Tenders will be opened on the same date i.e. February 10, 2023 at 1630 Hrs PST in the office of DY.GM Agency Affairs.

PIACL reserves the rights to reject or accept any or all applications; however, the reason for the same will be communicated on request.

Dy. GM, Agency Affairs
Pakistan International Airlines Corporation Limited
Room No. 327, PIA Office Building, Blue Area
Fazl-i. Haq Road, Islamabad, Pakistan,
Email: khisapk@piac.aero , Tel: +92 51 920 9972



Pakistan: ☎ 111-786-786, 📠 021-111-786-786
International Dialing: 00-92-21-111-786-786
Website: www.piac.aero 📺 📢

SECTION – II
INSTRUCTIONS TO BIDDERS

1. Scope of Bid

Pakistan International Airline (PIA) invites “sealed bids” from interested parties for the appointment of its General Sales Agent (Passenger) in the territory of Istanbul, Turkey.

2. Eligibility Criteria

1. Applicant should be a locally registered firm / company and possess trading license for Travel Trade Services with office in commercial area.
2. Applicant should have minimum 03 years’ experience in the respective field of Passenger Sales.
3. Provision of latest three (03) years, applicable Balance Sheet and Profit & Loss Statement certified by locally registered Chartered Accountancy or equivalent firm as per local laws. All reports / documents submitted by a potential candidate must be in English.
4. Applicant should not be a GSA for any airline operating direct services including Code Share operation from that territory to Pakistan.
5. Applicant should be a GSA of at least one major airline. Preference will be given to those having GSA of more than one airline.
6. Applicant for Passenger GSA should not be an IATA approved Passenger Sales Agent. IATA Sales Agent may apply subject to relinquishment of their accreditation if appointed as GSA of PIA.
7. Owners, Directors, Shareholders should not have been involved in default / bankruptcy proceedings or had a financial interest or a position of management in a defaulted IATA or GSA agency or any other firm/company. An affidavit to be submitted by the Company in this regard.
8. Applicant should not have gone into any legal dispute in the past with PIACL.
9. Applicable financial/bank guarantees will be required upon appointment.
10. Applicant has experience of GSA in passenger sales of an airline.

Note: (The bidders are expected to examine all the above conditions prior to submission of their bids. The Bids of the applicants not meeting “Eligibility Criteria” may be rejected and may not be processed for technical and financial evaluation).

The ‘Instructions to Bidders’ will not be part of Contract and will cease to have effect once the Contract is signed.

3. Remuneration Payable to GSA

The GSA is entitled to charge a service fee as well as ORC on Passenger Air Transportation in his territory as per terms and conditions defined in the GSA Agreement.

4. Clarification on Bidding Documents

A prospective bidder requiring any clarification(s) in respect of the Bidding Document shall notify PIA in writing. PIA will respond to any request for clarification which it receives earlier than ten (10) days prior to the deadline for the submission of bid.

Additionally, Bidders might be asked for the clarification and supporting Documents which they should provide within the given notice period by PIACL.

5. Amendment to Bidding Document

At any time prior to the deadline for submission of bid, PIA may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify the tender document by issuing addendum(s)/corrigendum. These addendums shall be construed to be a part of Bidding Documents by reference. PIA shall issue addendum/corrigendum (if any) at least seven (7) days prior to deadline for submission of bids.

6. Extension in Submission Dates

At any time prior to the deadline for submission of bid, PIA may, for any reason, whether at its own initiative or to provide prospective bidders reasonable time, in which to take an addendum into account, at its discretion extend the deadline for submission of bids.

7. Submission of Bid

Interested bidders will have to submit their offer in sealed envelopes either in person or through courier. Each offer should be clearly marked as “**Appointment of GSA for Turkey**”.

8. Tender Proceedings

“**Single Stage One Envelope**” tendering process shall apply. Application and all requisite documents shall be submitted in two sets.

9. Bid Related Details:

Below information should be noted while preparing and submitting the bids.

- i) Currency of Bid:** All the figures provided in the bid shall be in US Dollars (US\$) or the **verified/attested legal translation** shall be provided.
- ii) Bid Validity:** The bid shall have to be valid for a period of **180 days** from closing date of tender.
- iii) Language of Bids:** The bids prepared by the bidder and all correspondence and documents relating to the bid, exchanged between the bidder and PIA shall be written in the English language. If a document is other than English language then bidder shall provide a true copy of that document in English.
- iv) Format and Signing of Bids:** The bidder shall prepare one set of the bid typed or written in indelible ink and shall be signed by the Authorized Representative of the bidder (who should be an employee of the bidder).
- v) Period of Appointment:** Successful bidder will be appointed for the period of three (03) years.

10. Deadline for Submission of Bids: Bids must be received by PIA at the address specified in the Invitation to Bid no later than 1600 Hrs on February 10, 2023.

11. Late Bids: Any bid received by PIA after the bid submission deadline, for any reason whatsoever, shall be rejected.

12. Opening of Bids:

Pakistan International Airlines will open the bid on February 10, 2023 Hrs at 1630 Hrs (Pakistan Standard Time) in the office of Dy. GM Agency Affairs, Room No. 327, 3rd Floor, PIA Office, Blue Area, Islamabad, Pakistan. Authorized representatives of the bidders can attend the bid opening.

13. Evaluation of Bids

All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

14. Site Visit of the Bidder

Site visit of the eligible applicants/bidder will be conducted by PIACL team to verify the provided information before the final evaluation and results announcement.

15. Letter of Intent

The Letter of Intent will be issued to bidder with highest total points in the final evaluation.

16. PIA's Right

PIA reserves the right to reject all bids and to annul the bidding process at any time prior to award of Contract. PIA upon request from bidder, who submitted a bid, shall communicate the grounds for its rejection of all bids, but is not required to justify those grounds. Notice of the rejection of any or all bids shall be given promptly to all the bidders.

SECTION – III
FORMS TO BE FILLED BY BIDDERS

Eligibility Criteria Form:

All the information given in the table should be supported with appropriate and acceptable documents.

Total Points = 10 | Qualifying Points = 10

S#	Description	Agency Remarks	
		Yes	No.
		1	0
1	Should be a locally registered firm / company and possess trading license for Travel Trade Services.		
2	Should have minimum 03 years' experience in the respective field of Passenger Sales.		
3	Provision of latest three (03) years Balance Sheet and Profit & Loss Account certified / audited by Chartered Accountancy or equivalent eligible firm as per local laws. All reports / documents submitted by a potential candidate must be in English.		
4	Should not be a GSA for any airline operating direct services including Code Share operation from that territory to Pakistan.		
5	Should be a GSA of at least one major airline. Preference will be given to those having GSA of more than one airline.		
6	Applicant for Passenger GSA should not be an IATA approved Passenger Sales Agent. IATA Sales Agent may apply subject to relinquishment of their accreditation, if appointed as GSA.		
7	Owners, Directors, Shareholders should not have been involved in default / bankruptcy proceedings or had a financial interest or a position of management in a defaulted IATA or GSA agency or any other firm/company. An affidavit to be submitted by the Company in this regard.		
8	Applicant should not have gone into any legal dispute in the past with PIACL.		
9	Applicable financial/bank guarantees will be submitted upon appointment		
10	Applicant has experience of GSA in passenger as applicable.		

Name: _____

Signature: _____

Company Stamp: _____

Date: _____

DETAIL OF THE COMPANY / AGENCY (To be filled by bidder)

Sr. No.	Description	Remarks
1	Company annual sales turnover for the latest financial year (in USD)	
2	No. of GSA held by the bidder (attach the list)	
3	Office Location (which floor office is located)	
4	No. of Trained Staff (attach the list)	
5	Company Experience (No. of years)	

Name: _____

Signature: _____

Company Stamp: _____

Date: _____

Form of Bid –Stage Bid

Date: _____

Ref: AA/GSA/TK

To: Dy. General Manager Agency Affairs
Pakistan International Airlines

Dear Sir,

Having examined the Bidding Documents, we, the undersigned, offer our services to be appointed as GSA of PIA under the tender reference AA/GSA/TK/2022/12/2022 in full conformity with the said Bidding Documents against the terms and conditions mentioned in the tender document.

We undertake, if invited to do so by PIACL, and at our own cost, to attend a clarification meeting at a place of your choice. We agree to abide by this Bid, for a period of 06 months from the date fixed for submission of bids as stipulated in the Bidding Documents, and together with the above written undertakings, it shall remain binding on us.

Until a formal contract is prepared and executed between us, this bid, together with your written acceptance thereof and your notification of award shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any bid you may receive.

Signature of Authorized Person: _____

Name: _____

Position: _____

Official Seal: _____

SECTION – IV
EVALUATION OF BIDS

A. TECHNICAL EVALUATION (50 Points)

1. Staff Experience / Qualification - (10 Points)

Online station	Points
Trained staff 5 & above	10
Trained staff 3 to 4	07
Trained staff 2	04

2. Office Location (10 Points)

Description	Points
Ground floor, Commercial area	10
1 st floor, Commercial area	08
2 nd floor, Commercial area	06
3 rd , Commercial area	04
4 th Floor and above, Commercial area	0

3. Company Experience (10 Points)

Description	Points
11 years and above	10
9 to 10 years	08
7 to 8 years	06
5 to 6 years	04
3 to 4 years	02

4. No. of GSAs (20 Points)

Applicant with the highest no. of GSAs will be awarded 20 points and the other will be awarded points in proportion. (Example: If highest no. of GSAs by an applicant is 10, it will be awarded 20 points and applicant with 5 GSAs will be awarded 10 points and so on).

B. FINANCIAL EVALUATION - (50 Points)1. Financial Standing (30 Points)

For in depth financial evaluation, Agents must provide following information:

1. Financial statements including Annual Balance Sheet and Profit & Loss Statement for latest 03.
2. Points will be awarded under following financial heads:

Shareholder's Equity in PKR (in millions)		
From	To	Points
01	50	3
51	100	4.5
101	150	6
151	200	7.5
201	250	9
251	300	10.5
301	>300	12.00

Current Ratios		
From	To	Points
0.01	0.49	1.20
0.50	0.99	2.40
1.00	1.49	3.60
1.50	1.99	4.80
2.00	>2.00	6.00

Asset Turnover		
From	To	Points
0.01	0.49	1.20
0.50	0.99	2.40
1.00	1.49	3.60
1.50	1.99	4.80
2.00	>2.00	6.00

Net Profit Margin		
From	To	Points
1%	5%	1.20
6%	10%	2.40
11%	15%	3.60
16%	20%	4.80
21%	>21%	6.00

2. Sales Turnover (20 Points)

Applicant with the highest sales turnover will be awarded 20 points and the others will be awarded points in proportion. For instance, highest sales turnover is USD 100 million will be awarded 20 points and 2nd highest sales turnover of USD 90 million will be awarded 18 point ($90/100 \times 20$).

C. FINAL EVALUATION

(Final Evaluation = Technical Evaluation Points + Financial Evaluation Points)

SECTION – V
GENERAL & SPECIAL CONDITIONS OF CONTRACT

GENERAL SALES AGENCY AGREEMENT

This General Sales Agency Agreement is made on this day of XX.XX.XXXX between **PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED**, a public limited company incorporated and governed by and under the laws of Pakistan having its Head Office at Karachi, Pakistan (the “PIA” hereinafter referred to as “Principal”) of the one part and **XXXXXXXXXXXXXXXXXXXXXXXXXXXX** (hereinafter referred to as the “GSA” of the other part) hereinafter referred to as the “GSA” of the other part), hereby agree to the following:

The PIA and the GSA may individually be referred to as a “Party” and collectively be referred to, as “Parties”, respectively, as the context of this Agreement requires.

ARTICLE – 1

APPOINTMENT OF GENERAL SALES AGENT

The Principal hereby appoints M/s. XXXXXXXXX as its **General Sales Agent (GSA) for Passenger Sales in Turkey**, (hereinafter referred to as the “Territory”) to the extent of and in accordance with the terms and conditions contained in this Agreement.

ARTICLE– 2

SEPARATION OF FUNCTIONS:

The GSA shall not be accredited, or have a location approved as an IATA Agent in any country including in whole or in part in the territory for which it is appointed by the Principal under this Agreement. In the event that the GSA applies for accreditation as an IATA Agent in that country, it shall immediately notify the Principal. Acquiring IATA accreditation is a disqualification; therefore, the agreement shall be terminated forthwith without any liability against PIAC. Such termination shall be without prejudice to any outstanding liabilities accrued and arising herein under between the Parties hereto.

ARTICLE – 3

VALIDITY/TERMINATION:

1. This agreement after signature by both Parties shall be deemed to have commenced on **XXXX, XXXX** (“commencement date”). However, the agreement will only come into effect when the Bank Guarantee (as defined in Article 4) is submitted by GSA to the Principal. This agreement shall continue in force for three (03) years from the commencement date effective **XX.XX.XXX till XX.XX.XXXX** unless earlier terminated by either Party in pursuance to the provisions of Articles 2, 3.4 and 4 of this agreement.
2. This agreement may be renewed / extended for a further period subject to satisfactory financial and sales performance of GSA and written agreement of the Parties and on such terms as the Parties may agree at that time.
3. This Agreement may be terminated at any time by either Party at its option by giving to the other Party 90 days written notice through courier/mail/email.
4. The termination of the Agreement shall be without prejudice to any outstanding liabilities accrued and arising hereunder between the parties hereto.

5. Either party shall be entitled to terminate this Agreement forthwith by written notice to the other Party if:
- a) the other Party is in breach of this Agreement and in the case of such breach, being capable of remedy, fails to remedy the same within fourteen (14) days after receipt of written notice giving particulars of that breach and requiring it to be remedied;
 - b) the other Party repeatedly breaches any of the terms of this Agreement in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this Agreement;
 - c) the other Party is unable to perform its obligation as a result of Force Majeure falling within the scope of Article which continues for more than thirty (30) days as a continuous period;
 - d) the other Party convenes a meeting of its creditors;
 - e) a proposal is made by the other Party for a voluntary arrangement or any other composition, scheme or arrangement with (or assignment for the benefit of) its creditors;
 - f) the other Party is unable to pay its debts; or
 - g) a trustee, receiver or administrative receiver or similar officer is appointed in respect of all or any part of the other Party's business or assets; or
 - h) a petition is presented or a meeting is convened for the purpose of considering a resolution (or other steps are taken) for the winding-up of the other Party otherwise than for the purpose of an amalgamation or reconstruction.

ARTICLE – 4

BANK GUARANTEE

1. Designated GSA will be required to submit unconditional/irrevocable, interest free bank guarantee/security deposit on PIA approved format and from bank acceptable to PIA, upon the execution of this agreement with amount of equivalent to 35 days' average territory sales based on fortnightly reporting or equivalent to 20 days' average territory sales based on weekly reporting. PIA may require GSA to furnish any additional cash guarantee to cover the whole or part of the term of the agreement. No interest/profit will be payable on the return of the bank/cash guarantee/security deposit.
2. Bank Guarantee will be reviewed by the station on a six-monthly basis. For proper coverage of PIA's exposure, an additional or increased bank guarantee will be obtained if it is found insufficient to cover the amount at risk. Failure to comply with the request for an increased security/bank guarantee within 15 days will permit the Principal to terminate the Agreement forthwith under the termination article.
3. Bank Guarantees shall be valid for the entire period of the Agreement with six months' additional validity after the term of the agreement. In case of termination, Bank/Cash Guarantee will be returned only after adjustment of all outstanding invoices/amounts/discrepancies. In case of termination of Agreement by either Party, Bank Guarantee shall be retained by the Principal for at least one year to adjust any discrepancies / Debit Memos arising therefrom.
4. GSA shall be responsible for the territory sales. Individual bank guarantee from local IATA Agents will be submitted with GSA.

ARTICLE – 5**DUTIES & RESPONSIBILITIES OF GSA:**

The GSA shall perform on behalf of the Principal, the following functions:

1. Providing and operating inquiry, reservations and Booking Offices readily identifiable as the Principal offices(s) according to PIA Brand Image on the ground floor, with the reasonable requirements of the Principal and adequately equipped/furnished for the sales of transportation of passengers over the counter, by mail or by telephone/fax. Additionally, GSA will also provide office space for PIA staff including PIA's Country Manager, Finance Manager and Passenger Sales Manager at its own cost.
2. The sales of transportation of passengers on the regular air transport services of the Principal. In this regard, the GSA shall make reservations and issue passenger tickets strictly in accordance with the Principal's laid down procedures, rules, and code of Computerized Reservation System and IATA/BSP Regulations.
3. Solicitation and promotion of sales on the regular air services of Principal, including the development of specific markets for air transportation by personal and regular contacts with actual and prospective passengers/clients and Sales Agents. In cooperation with the Principal's management in the Territory, suitable personnel will be employed for this purpose.
4. To promote sales including the development of specific markets for air transportation by personal and regular contact with actual/prospective passengers and with commercial houses/sales agents, suitable personnel shall be employed for this purpose.
5. GSA will allocate 0.5% of the territory net / net revenue annually as advertisement/promotion budget for PIA promotion purposes.
6. To undertake special publicity when so requested by the Principal, the cost of which will be chargeable to the Principal.
7. Achieve sales targets, in collaboration with appointed country manager of PIA, as may be set by Principal.
8. To display prominently outdoor as far as is practicable of the Principal's advertising, publicity and display material in windows and interiors of all its (GSA's) office(s) in the territory and on billboards at the prominent places in the designated territory. The colour of the interior walls should conform to PIA's colour scheme.
9. To bring promptly to the notice of its (GSA's) booking and reservations staff and to sales agents in the territory instructions, special advice and sales points sent by the Principal.
10. To issue in accordance with the provisions of Article-6 hereof of passenger tickets / Consignment Notes/ EMD as appropriate in connection with all sales made on behalf of the Principal.
11. To advise the passengers concerning passport, health, currency, immigration and other regulations in force in countries to and through which they are to travel and to shippers concerning the import, export and other customs regulations applicable to their shipments, and ensuring so far as is practicable that such regulations are observed by all such passengers and shippers.
12. To advise and recommend for the appointment of Passenger Agents in the Territory, provided that the Principal will not appoint any Sales Agent who is not duly approved by IATA for an appointment.
13. To supervise instructions to and settlement of accounts with Sales Agents appointed by the Principal in the Territory and designated by the Principal to act under the responsibility of the GSA excluding PIA virtual agent.

14. Providing and efficiently operating reservations office (s) equipped and adequately staffed for sales of transportation of passenger over the counters, by telephone, fax, mail and email.
15. GSA will be responsible for all the sales of all Agents in the territory for the purpose of allowing sales and for the financial/credit coverage to principal, in case of any default of an agent.
16. Immediate notification to the Principal of any failure by such Sales Agents to report and remit sales made by the Sales Agents on the services of the Principal in accordance with the time limits laid down and advised by the Principal.
17. GSA will bear all litigation and retrenchment costs if any.
18. GSA will facilitate Principal in all matters, related to business events, seminars, press briefings, familiarization trips etc.
19. Maintain liaison with relevant Regulatory Authorities and Government Agencies such as Civil Aviation and Airport Authorities, Banks, Tax Department, National Carrier and Handling Agent etc.
20. Following will be provided by the GSA:

STAFF

- a) 02 Ticketing & Reservation staff
- b) 01 Secretarial staff / Office Assistant
- c) 01 Finance Support Staff
- d) 01 Cleaner/helper/office support
- e) PIA may require extra staff at any stage subject to the remuneration separately agreed between the Parties.
- f) Any employees/staff hired by GSA, if terminated, the lay-off/ litigation/ compensation costs will be borne by the GSA. Principal will not bear any cost in this regard.

OFFICE

- g) A fully furnished/equipped ticketing & reservation office for PIA sales by the GSA,
- h) Proper offices for Country Manager, Passenger/Cargo Sales Manager and Finance Manager as well as one Record Room for PIA records.
- i) Rentals/utility bills (Electricity/Janitorial) and communication cost of PIA sales office will be borne by the GSA.
- j) Provision of one respectable car for Country Manager; insured as per local laws.
- k) GSA will process and bear the cost of visa/immigration services and related costs (Medical & social welfare etc.) for PIA's Turkey based officers/staff in the territory.
- l) Assisting in visit visas for PIA officials requiring travelling to the territory for Official commercial purposes.
- m) Assist and facilitate PIA in all matters related to business events, seminars, press briefings, familiarization trips, etc. in the territory.
- n) All items provided as per this Article shall remain the property of the GSA and shall be returned to the GSA at the time of termination of the Agreement.

ARTICLE – 6

PRINCIPAL'S RIGHT OF DIRECT APPROACH TO OTHER SALES INTERMEDIARIES:

Without prejudice to the provisions of any Article hereof, PIA reserves the right to direct sales approach and direct distribution of publicity matter and similar materials to sales agents in the Territory.

ARTICLE - 7**SALE OF TRANSPORTATION:**

1. All passenger transportation sold by the GSA under the terms of this agreement shall be sold subject to the General Conditions of Carriage of the Principal, as amended from time to time and advised to the GSA, applicable to such transportation and to the rules, regulations, and instructions governing the sale in force from time to time as published in the Principal's time-tables, tariffs, manuals, notices and elsewhere.
2. No sale of passenger transportation shall be deemed to have been made unless and until space has been reserved by the Principal except that passenger tickets or Miscellaneous Charges Orders (MCOs) may be issued where no reservations have been made, provided such tickets or MCOs are not issued for transportation by a particular service, and are plainly marked on the face "open date" and in all other respects conform to the Principal's ticketing instructions laid down in Annexure "A" hereto, as amended from time to time.
3. No transportation for passenger may be sold directly or indirectly at a fare or rate greater or less than the fare or rate published in the current tariff of the Principal or advised to the GSA by the Principal through any other means by/through the Principal.
4. The GSA shall be responsible for the proper collection of the correct passenger fares and air cargo charges. In case of any short collection, missing documents, ticketing errors, PIA will issue ADM whereby GSA is liable to settle the claim within 15 days of communication of discrepancy either through the production of documents or payment thereof as the case may be.
5. The GSA shall account to the Principal for all amounts received by the GSA for sales of transportation on the Principal's services in the territory.

ARTICLE – 8**COSTS OF SPECIAL PUBLICITY:**

The costs of special publicity undertaken at the Principal's request shall be subject to the prior approval of the Principal and shall be chargeable to the Principal.

ARTICLE – 9**TRAFFIC DOCUMENTS:**

All Passenger Tickets and MCOs required by the GSA in connection with the sale of transportation herein shall be supplied free of charge by the Principal, provided always that:

- a) Such documents shall remain the absolute property of the Principal.
- b) GSA shall be responsible for the safe custody, care and proper use of such documents
- c) The GSA shall send to the Principal on regular basis, a monthly statement showing the tickets and other documents stock (if any) it holds for the Principal and also make available the same for monthly inspection if desired by the Principal or its duly authorized representative.
- d) GSA shall be liable to notify the Principal, the defects if any in the tickets and other documents at the time of their delivery provided that Principal shall not be liable for any loss subsequent to the delivery of tickets and other documents and agents hereby hold the Principal harmless in this respect.
- e) GSA shall at all reasonable times permit any authorized official of the Principal to inspect and check the stock of Principal's tickets and other Principal's documents held by the GSA.

- f) GSA shall be responsible on the termination of this Agreement, for the return to Principal, within 3 days, of all the Principal's traffic documents held by the GSA.
- g) GSA shall not sell, validate or issue a traffic document of the Principal for transportation solely on any other carrier unless authorized in writing by the Principal.

ARTICLE – 10

REMUNERATION OF GSA:

a. Service Fee

The GSA may charge a service fee on Passenger Air Transportation sales made in his territory on the services and documents of the Principal, at the rates laid down in Annexure "B" hereto, as amended from time to time.

b. Overriding Commission

The Principal shall pay the GSA an overriding commission on sales made in GSA authorized Territory which are effected on the Principal Documents for transportation on the services of the Principal at the rates laid down in Annexure "B" hereto, as amended from time to time.

ARTICLE – 11

REMUNERATION OF AGENTS:

Sales Agents appointed in the Territory, shall be paid sales commission on sales made on the traffic documents of the Principal at the rate notified by the Principal from time to time.

ARTICLE – 12

TRANSITION AFTER TERMINATION OR EXPIRATION

Upon termination/expiration of this agreement by the GSA, the GSA will coordinate to provide services to the Principal for the sake of uninterrupted flight operation until the Principal appoint a new GSA in the territory and the GSA will ensure smooth transition to handover necessary documentation and installation to the new newly appointed GSA of the Principal.

ARTICLE – 13

PROSCRIPTION AGAINST DISBURSEMENT OF COMMISSION:

The GSA shall not disburse any part of its commission or overriding commission payable under this Agreement to any person whatsoever, except to a person to whom the GSA has, with the consent of the Principal, subcontracted its appointment; provided also that the provision of this Article shall not prevent payment of sales commission to a sales agent appointed by PIA.

ARTICLE – 14

RESPONSIBILITY FOR SALES AGENTS REMITTANCES AND DEFAULTS:

The GSA accepts unconditional responsibility for:

1. Ensuring that Sales Agents in the territory who have been appointed by the Principal/GSA and who have been supplied with the Principal's Traffic Documents by

the GSA, on the due date, submit sales returns and remit payment of monies in respect of sales of Passenger air transportation made on the documents of the Principal, in accordance with the instructions of the Principal.

2. The GSA undertakes that all monies received by him on Principal's behalf shall at all times upon and after receipt be the sole property of the Principal. In addition, the GSA hereby waived its right to retain any such monies or funds in case of any dispute or problem with the Principal.
3. Notifying the Principal immediately, by the most expeditious means, of failure by any such Agent to report or remit monies by the due date.

ARTICLE – 15

ASSIGNMENT OF BENEFITS:

The GSA may assign any of its financial benefits to any person. However, it shall in no manner transfer or assign its obligations arising out of this agreement.

ARTICLE – 16

DESIGNATED CARRIERS:

In case the Principal is acting as GSA for any airline/carrier, it may subject to the prior permission of airline/carrier to transfer or assign all or any of its obligations in respect of the territory of the GSA provided however that the GSA shall account to the Principal and not to the designated carrier in respect of all monies received by the GSA in pursuance of this Agreement.

ARTICLE – 17

ACCOUNTING AND SETTLEMENT:

1. In respect of all sales of air transportation made by the GSA and by all other duly appointed Sales Agents, to whom ticket stocks are supplied through the GSA, in the Territory of the GSA, on Principal documentation; the GSA shall render account and remit all dues/monies to the Principal fortnightly or at a greater frequency if so designated by Principal.
2. Reporting /remittance by the GSA will be as follows:

The GSA shall submit Sales Reports and Remittances on fortnightly basis in the following manner:

- a. For sales done from 1-15 of the month, Sales Report and payment to be remitted to the Principal not later than the last day of the same month.
- b. For sales done from 16th to last day of the month, sales report and payment to be remitted to the Principal no later than the 15th day of the following month.
- c. Late payments by GSA will be subject to PIA Credit/GSA Policy and financing cost (delay payment penalty) of 1.25% per month to be charged to the overdue outstanding amount (receivable).
3. All monies collected by the GSA for transportation sold including any commission withheld by the GSA are the property of the Principal until satisfactorily accounted for to the Principal. The GSA shall not use such monies to engage directly or indirectly in any transactions, which are intended to obtain for the agent any advantage additional to his commission.
4. Commission entitlements as specified in Appendix "B" may be deducted from the total amount due to the Corporation.
5. The GSA shall submit to the Principal a monthly statement of sales and disbursements made on behalf of the Principal under this Agreement, within 15 days of the end of the month in which those transactions are made. The statement shall be

in the format provided by the Principal, at the time this Agreement is executed and subject to the terms and conditions advised by the Principal and agreed by the GSA; provided that the format, terms, and conditions may be subsequently amended from time to time with the concurrence of the parties.

ARTICLE – 18

AGENCY EXPENSES:

The GSA shall provide at its own expense, for the purpose of the Agency hereby created, adequate and suitable premises, qualified staff, equipment, facilities, and supervision and in consideration of the remuneration and reimbursements payable under the provisions of the Agreement hereto shall defray all costs and expenses of and incidental to the Agency except as may be provided specifically in this Agreement.

ARTICLE – 19

EQUIPMENT:

In pursuance of Article 5 of this Agreement, the GSA shall provide at the premises referred to all common user equipment and stationery as may be necessary for the purposes hereof, but specific type equipment and stationery forms especially required by the Principal for its use/operations herein shall be provided by the Principal at its own expenses.

ARTICLE – 20

INSTRUCTIONS & STANDARDS:

The GSA shall at all times observe and comply with all reasonable directions and instructions given to it by the Principal or its authorized local representatives concerning the services to be provided under the terms and conditions of this Agreement and shall ensure that all its staff concerned shall be at all times familiar with all such directions and instructions as amended or altered from time to time.

In providing the services required herein, the GSA shall observe and comply with all applicable laws and regulations and generally shall carry out its duties hereunder with all due efficiency and dispatch and to the standards required by PIA.

ARTICLE – 21

PIA's RIGHT TO MAINTAIN OWN OFFICE/STAFF LIAISON:

The Principal reserves the right to establish its own office and to station its own management and staff in the territory in any capacity, the GSA will undertake to facilitate the principal in carrying out the above activities and extend all necessary liaison with such staff in carrying out of their duties and responsibilities; provided that the duties of such management and staff do not prevent, restrict or inhibit the GSA in the performance of its duties described in this Agreement.

The Agent also undertakes to arrange or provide such office Space including heating, lighting, sanitation, etc., free of charge as may be required by such staff and generally to administer such staff on behalf of the Principal if so desired by the Principal. The agent agrees to bear the cost of accommodation and messing of any Director, Officer or employee of the Agency during such person's attendance at a Principal's course of training or instruction.

ARTICLE – 22

INFORMATION REPORTS AND INSPECTION OF RECORDS:

1. The GSA shall make the Principal aware of all relevant information concerning local laws, regulations, and restrictions affecting the passage of aircraft, passengers and air cargo including those relating to taxes, customs immigration, currency and health, and shall promptly advise any alternations thereto.
2. The GSA shall compile and render promptly to the Principal such statistics, returns and reports as may reasonably be required by the Principal in respect of the GSA's activities under this Agreement.
3. The GSA shall at all reasonable times permit the authorized officials of the Principal to inspect and check all GSA records, documents and accounting transactions maintained on behalf of the Principal relating to Principal's business. The Principal may make copies of such records or documents.
4. The GSA shall at all reasonable times permit the authorized officials of the Principal access to the premises of the GSA to inspect documents and property of the Principal held by the GSA.
5. All records, accounts, and documents held by the GSA on behalf of the Principal must be preserved by the GSA for a period of 10 years or according to local laws.

ARTICLE – 23

DESIGNATION OF AGENCY:

The GSA shall be entitled to describe itself as Agents of the Principal at its place(s) of business and on commercial documents, advertisements, notices, publications, letterheads, and similar items but shall in all cases qualify such description by prefixing the words "*General Sales Agent*".

ARTICLE – 24

DIRECTORY INSERTION AND PUBLICITY:

1. The GSA shall if so, requested; arrange for the insertion of Principal's telephone contacts inappropriate directories in the name of the Principal along with the local address of the GSA and showing its own name as GSA if it so wishes. Any charge for such entries shall, when inserted at the Principal's request, shall be rechargeable by the Principal.
2. The GSA shall as far as to arrange adequate display boards showing the name of PIA at Airports and other prominent places in the GSA's territory.

ARTICLE – 25

NO ACTION CONTRARY TO LAW:

Nothing contained herein shall require the GSA to take any action contrary to law or contrary to any rule, resolution, regulation or agreement of the International Air Transport Association.

ARTICLE – 26

PROHIBITED DEALINGS:

In matters arising out of this Agreement, the GSA shall not give credit to or deal with any person, firm or company to whom Principal shall, from time to time, instruct it not to give credit or to deal with.

ARTICLE – 27**EXEMPTION FROM FAILURE TO PERFORM:**

The GSA shall be exempt from liability in respect of any failure to perform its obligations under this agreement, arising from any of the following causes: -

1. Labour disputes involving a complete or partial stoppage of work and strikes threatened or actual whether of the employees of the GSA or of others on whom the GSA may be depending to fulfil this Agreement.
2. Force majeure or any other cause beyond the control of the GSA including accidents to or failure of aircraft or any part thereof or any machinery or parts thereof used in connection therewith or in servicing or maintenance thereof provided that in the event of such stoppage or failure the GSA shall use its best endeavours to fulfil its obligations herein.

ARTICLE – 28**LIABILITY/INDEMNITY:**

Except as otherwise expressly provided in this agreement thereto, Principal shall indemnify the GSA from and against all actions, claims proceedings, costs, losses, damages, charges and expenses which the GSA may sustain, incur or pay by reason of any service rendered by the GSA under the terms of this Agreement.

The GSA undertakes and agrees to indemnify and hold harmless the Principal, its officers and staff from and against all claims including but not limited to litigation, foreign and domestic, (Including lawyers' fees), demands, liabilities, damages expenses of any nature whatsoever, arising out of, in connection with or resulting from this agreement whether or otherwise due to performance/non-performance poor or under performance of any obligations under this agreement by the GSA, its employees or its agent or otherwise.

ARTICLE – 29**SETTLEMENT OF DISPUTES / ARBITRATION:**

In the event of any dispute concerning the interpretation or application of this Agreement or concerning any rights or obligations arising therefrom, and no amicable settlement can be reached, such dispute shall be referred to and finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce with the seat of arbitration at neutral territory.

ARTICLE - 30**WARRANTY:**

The GSA shall not give any warranty in the name of the Principal except where the same shall have been authorized by the Principal.

ARTICLE - 31**LEGAL PROCEEDINGS:**

The GSA shall not take legal proceedings in the name of the Principal without the consent in writing of the Principal nor shall it without such consent defend, settle, release, or

discontinue any action or other legal proceedings or otherwise prejudicially affect the interests of the Principal.

ARTICLE - 32

TRANSFER OF AGENCY/SUBCONTRACTING OF APPOINTMENT:

The GSA shall not assign, transfer or delegate its rights or liabilities under this Agreement without the prior consent in writing of the Principal, provided, however, that it may subcontract the doing or performing of the acts, duties or obligations which by this Agreement, is required or obliged to do or perform but shall, nevertheless, be responsible to the Principal for all such acts, duties, and obligations being properly and duly done or performed.

When the agent intends to transfer, assign or delegate its rights and liabilities or sub-contract the doing or performing of any of the acts, duties or obligations under this agreement, he shall provide to the Principal such documents and information in such manner which may be required by the Principal in order to consider the change.

ARTICLE - 33

ACCEPTANCE OF OTHER APPOINTMENTS:

The GSA shall not accept any new appointments as Passenger Sales Agent for any other carrier that operates direct flights from the Territory to Pakistan and is a direct competitor of the Principal without the prior written consent of the Principal, which consent shall not be withheld unreasonably.

ARTICLE - 34

DEFAULTS:

If the GSA at any time defaults in observing or performing any of the provisions of this Agreement or becomes the subject of bankruptcy proceedings or makes an assignment for the benefit of, or enters into any arrangement with its creditors, or goes into liquidation, or suffers any of its goods to be taken in execution or ceases to be in business for the purpose of the sale of air transportation, this Agreement may at the sole option of the Principal and notwithstanding the provisions of any other Article of this Agreement, be terminated forthwith and the Principal may forthwith take possession of any documents or other property of the Principal that is in the possession of the GSA. GSA will be liable for any outstanding amounts in default and will be liable for recovery and payment to the Principal.

ARTICLE - 35

RETURN OF PROPERTY:

On the termination of this Agreement, however occasioned, the GSA shall forthwith surrender to the Principal all property, material, and matter of a permanent nature entrusted to it by the Principal and shall account for any deficiency therein. Inventory should be made on yearly basis by both parties.

ARTICLE - 36

APPLICABLE LAW:

This Agreement shall be interpreted in accordance with the laws of the Islamic Republic of Pakistan. The place of jurisdiction for any legal action arising out of or in connection with this Agreement shall be Karachi, Pakistan.

ARTICLE - 37**CONFIDENTIALITY:**

GSA shall keep confidential any Confidential Information (as defined below) obtained from PIA, or any of its affiliates under or in connection with this Agreement and shall not divulge the same to any third party without the prior written consent of PIA. Such Confidential Information will only be used by GSA in connection with the performance of obligations under this Agreement.

For the purpose of this Agreement, Confidential Information shall mean all information, data, records, reports, know-how, manuals, agreements and other proprietary information which is not publicly known concerning or relating to the following matters and which may be disclosed by PIA, or any of its affiliates, in either written or oral form, prior to or after the date of this Agreement, with respect to:

1. This Agreement; or any of PIA's past, present or future business activities, policies or plans including but not limited to its sales, fleet, marketing, engineering, flight services and operations etc.
2. GSA agrees that damages may not be an adequate remedy in the event of breach therefore injunctive relief may be sought in respect thereof.
3. The provisions of clauses shall not apply to:
4. Any information which, after disclosure to GSA, come into the public domain otherwise than through breach of this Agreement;
5. Information lawfully in the possession of GSA (as evidenced by its or its advisers' written records) before disclosure to GSA by PIA;
6. Information lawfully received or obtained by GSA from a third party which has acquired it lawfully and which is not bound by an obligation of confidentiality to PIA; or
7. Information required to be divulged by law, regulation or order of a court of a competent jurisdiction.

ARTICLE - 38**NOTICES AND REQUESTS:**

Any notice or other communication required or permitted including any demand for arbitration to be given herein shall be sufficient if sent by mail and courier letter, by one party to the other, as follows: -

if to the GSA:	If to the Principal:
Name: Address: Tel: Email:	Chief Commercial Officer Pakistan International Airlines Corporation Ltd. P.I.A. Building, Jinnah International Airport Karachi - 75200, Pakistan Fax: +92-21-99242346

ARTICLE - 39**MARGINAL NOTES:**

Marginal notes are inserted in this Agreement for the purpose of reference and convenience and in no way define, limit or describe the scope or intent of the Agreement.

ARTICLE - 40**WAIVER:**

Failure by either party at any time to enforce any of the provisions of this agreement shall not be construed as a waiver by such party of such provisions or in any way affect the validity of this agreement or any part thereof.

ARTICLE - 41**MODIFICATIONS:**

Modifications of or additions to this Agreement must be approved in writing by the responsible official of both parties and shall, thereafter, be attached to this Agreement as "Amendments".

ARTICLE - 42**OTHER AGREEMENTS SUPERSEDED:**

This Agreement shall supersede any and all prior agreements and amendments thereon, if any, between the parties hereto concerning the sale of air transportation offered by PAKISTAN INTERNATIONAL AIRLINES CORPORATION except with respect to all liabilities as may exist as at the date hereof.

IN WITNESS HEREOF the parties hereto through their duly authorized officials have set their respective hands on these presents on the date and year first mentioned hereinabove.

Signed for and on behalf of: M/s. XXX Signature: _____ Designation: _____	Signed for and on behalf of: Pakistan International Airlines Corporation Signature: _____ Designation: <u>Chief Executive Officer, PIACL</u>
<u>Witness – I</u> Signature: _____ Name: _____ Designation: _____ Date: _____	<u>Witness – II</u> Signature: _____ Name: _____ Designation: _____ Date: _____

Annexure "A" to GSA Agreement

AIRLINE ALPHA NUMERIC CODE: PK – 214

Unless otherwise specified, PIACL will generally issue ADM in all BSP for the following reasons:

1. Unreported sales.
2. Incorrect commission levels.
3. Under collected taxes.
4. Under collections of fares/incorrect fares.
5. Short collection due to deduction of non-refundable taxes.
6. Duplicate Refunds - Refunds via BSP Link and manual.
7. Refund of expired ticket.
8. Refund of out of sequence utilized tickets.
9. On Issuance of Duplicate RA's a penalty amounting to USD. \$30/- equivalent will be charged.
10. Excess Refunded Fare.
11. Excess Refunded Taxes.
12. Cancellation fees or Administration fees not deducted on refunds as per PIA policies communicated from time to time and also available on PIA website which can be accessed through given link <https://www.piac.com.pk/booking-conditions>.
13. INAD/Deportees fines and penalties.
14. Credit card charge backs / fraudulent use of credit cards
15. Re-issuance without endorsements of other airline tickets.
16. Difference in booking classes versus fare basis class as per fare rules.
17. Issuance of ADMs with respect to penalty fees on PK Inventory Violations (**Annexure- I**).
18. Interline tickets issued when no interline agreement exists.
19. Ticket issued with an OPEN segment status whereas the fare basis does not permit an open segment status.
20. Ticket issued with a segment status NOT CONFIRMED (RQ) whereas the fare rules demands that all segments be confirmed.
21. Passengers' claim or legal proceeding against airline arising due to agent fault, Agent will be liable to damages, cost of suits & administration fee and fines/penalty.
22. Reversal of ACM due any reason.
23. Applicable penalties/fines due non-compliance of corporate policies communicated to agents from time to time.
24. Differential amount of Mark-up will be collected over and above the amount collected by IATA @ of 1.25 % per month from the Agents in case of late and non-payments, as per the PIA's Credit Control policy.
25. Post Billing Disputes of the agents.

26. It may be noted that it is not a conclusive list and any other willful act causing loss to Corporation not mentioned above will also constitute to be a fraudulent activity and recovery action will be initiated through issuance of ADM.

PIACL regards all ADM's as being disputable but retains the right to issue ADM for the above-mentioned anomalies which can only be disputed through correspondence with the airline or its representative.

If an agent disputes any one of our ADM (as per list above), PIACL maintains the right to re-issue any of these disputed ADM raising an administration fee of 10% based on the value of the disputed ADM should investigation reveal that the agent's dispute was not justified. PIACL reserves the right to change any of these requirements without advance notification. All parties involved will be notified of any changes.

Annexure – I

Serial No.	Inventory Violation	Fee/Penalty*(per Passenger Segment)
1	Not removed/Un-ticket Passive/Inactive Segments	5 US\$
2	Churning – Cancel/Re-book after 3 rd attempt in the same PNR or separate PNR	10 US\$
3	Fictitious (Name/Ticket)	50 US\$
4	Duplicate bookings	10 US\$
5	Missing Passenger information e.g. DOCS/Pax Contact	10 US\$
6	Voided Ticket holding Segment	50 US\$
7	Using robotics/scripts to hunt/block seat etc	10 US\$
8	Multiple Tickets issued In one PNR for single pax (i.e. for an RT booking KHI-DXB-KHI, two OW tickets issued separately i.e. 01 Ticket for KHI-DXB and another for DXB-KHI)	10 US\$
9	Service Fee per ADM	5 US\$

Annexure "B" to GSA Agreement

Given below are the rate of Service Fee, Overriding Commission, Commission on Regular and Charter Sales 7 Service, on the following conditions: -

For Sales on Regular/Charter Services including extra Sections:

1. Service Fee

a. Passenger Sales:

GSA will be entitled to charge a passenger service fee (YR) up to 7% (not applicable in case of commissionable fares) over and above applicable net/net base fare on GSA counter sales.

The service fee will be applicable if sales are made in the GSA's authorized office(s) / location(s), and by IATA agents that have been provided access on BSP to sell on behalf of PIA on the recommendations of the GSA. Service Fee will be subject to changes from time to time as per the Corporation policy.

c. Sales to Government

No Sales Commission shall be payable to, claimed or withheld by the GSA for passenger transportation sold to a Government:

- i. At a Government discount;
- ii. Where payment for such transportation is directly made to the Principal or paid by a Government transportation request or transport warrant unless such request/warrant is drawn in favour of the agent who cashes it and remits the proceeds to the Principal.
- iii. PIA's company material (COMAT)

The term "Government discount" used in para-1 above, is deemed to be that discount that is applicable to government employees, such as Armed Forces, diplomats, etc., but will not apply to government-directed fares or rates normally sold to the general public.

2. Overriding Commission:

a. **Passengers Sales:**

- I. Passenger GSA shall be entitled upto 3% Overriding Commission (ORC) on net/net passenger sales in the territory at source. (Net/Net sales = gross sales minus all taxes / incentives / refunds / commission / service charges / scanning / storage / other surcharges as applicable in the territory).
- II. ORC will be paid on fortnightly basis on net/net sales after deduction of all applicable ADMs / discrepancies regarding INAD / deportees/others etc.
- III. Payment of agreed ORC will be disbursed by PIA
- IV. ORC will not be applicable to the following components:
 - Interline Revenue (Non-PK Contribution)
 - Revenue from segment of Code Share flights operated by other carrier
 - Hajj Sales
 - Web Sales
 - Fuel Surcharge
 - Electronic Misc. Document Sales

3. Conditions for Payment and recall of Commission:

Neither normal commission nor overriding commission shall be payable to the agent unless the agent has paid the Principal all sales proceeds in accordance with Article 17 of the Agreement. This provision (payment will not apply in cases of tickets issued by the agent against a Prepaid Ticket Advice – PTA).

Neither commission nor overriding commission shall be paid on:

- I. Any applicable transportation Tax collected with a passenger fare or any other incidental fees collected over and above the published passenger fares:
- II. Any fare refunded for any reason, and any commission actually paid to the GSA in respect of such refunded fare, shall be repaid to the Principal.
- III. On any excess baggage charges collected by the GSA.

4. Commission on Charter Sales

The GSA shall be entitled to a sales commission and overriding commission for the sale of charter transportation at the rate of 5% (five per cent) on Passenger of the agreed charter price including surcharges, ferry charges, excess valuation and aircraft charges but excluding taxes, demurrage, and special handling charges.

Neither sales commission nor overriding commission shall be paid to the agent unless:

- I. The GSA has been instrumental in promoting and securing the charter sale and in concluding the charter agreement between the Principal and the charterer,
- II. The GSA has collected and paid over to the Principal the agreed charter price and/or other charges stipulated in the charter agreement.
- III. The agent has provided all General Sales Agency services as required by the Principal.

5. Service Charges:

When the GSA is required to issue tickets for a charter flight of the Principal where the charter agreement is executed and the relevant charter price is collected by the Principal outside the GSA's assigned sales area, the agent shall be entitled to a service charge which may be agreed between the Principal and the GSA.

6. Special Flights and/or Hajj Flights:

Sales commission or overriding commission is payable for sale of passenger transportation on any special flights or Hajj Flights operated by the Principal to/from or through the assigned sales area of the GSA on rates agreed between the contracting parties. Incorporation of sale of charter, Hajj, special flights made by the GSA will not effect on calculation of agent Productivity incentive.