

**Regulations Organizing the Work of the Aviation
Companies and Tourism, Travel & Cargo Agencies**

The Regulations organizing the work of the aviation companies and tourism, travel and cargo agencies was issued pursuant to the resolution of the Minister of Defense, Aviation & General Inspectorate No. 1/1/4/8/10/2974 dated 24.09.1419 H. This regulation is in essence an amendment of the regulation No. 1/14/8/10/2114 dated 12.08.1406 H., issued in accordance with the Royal Decree No. 17/2/22/3481 dated 24.09.1393 H.

According to the said regulation, the expression “tourism and travel companies and agencies and air cargo offices” means every person, natural or corporate, that practices all, or some of the following works:

- A. Sale, purchase and distribution of tickets or coupons for the transport of passengers, baggage, goods and mail by air.
- B. Sale, purchase and lease of the means of air transport.
- C. Rendering booking services by means of air transport.
- D. Organizing individual and public tours by common travel tickets, which include whatever, services the traveler needs.

The regulations provide that, in order to obtain license for establishment and use of tourism and travel companies and agencies, an application must be submitted to the Civil Aviation Presidency in the prescribed form in accordance with the conditions and specifications approved by the said administration.

The licensing conditions are that the applicant should be a Saudi firm, and if foreign, it must be subject to the laws and regulations enacted by the Ministry of Commerce regarding investment of the foreign capital and must be a national of one of the countries that allows the Saudi nationals or companies to practice such activities in its territory.

Another licensing condition is the provision of a bank guarantee, which must be valid for two and half years and renewable together with the licenses. The amount of the bank guarantee required from the above mentioned companies and agencies reaches One Million Saudi Riyals against the opening of the head office, and if there are numerous branches a separate bank guarantee should be provided for each branch, which should not be less than (25%) of the value of the head office guarantee. That is the situation with regard to the tourism and travel companies and agencies. Concerning the air cargo agencies, the bank guarantee for the opening of each air cargo office amounts to Three Hundred Thousand Saudi Riyals, in addition to (25%) of such guarantee for any branch office.

The regulations stipulate for a (50%) reduction of the value of the bank guarantee upon renewal of the licenses for the travel, tourism and air cargo agencies that have performed well during a period of five years in compliance with the approved conditions and specifications without committing any breach of the provisions of this resolution or any of its contractual or financial obligations toward third parties. Such reduction shall be re-

considered in case such agency is found to have committed any, or all of the conditions specified for the enjoyment of such reduction.

According to article three (3) of the regulations, the granting of the licenses may be refused, temporarily or permanently by decision of the president of the civil aviation in accordance with the exigencies of the public interest.

According to article four (4) of the regulations, all travel, tourism and air cargo companies and agencies are precluded from issuing any publications and advertisements on all tourism programmes for distribution in the Kingdom except with the official approval of the Civil Aviation Presidency.

As required of any other registered trading entity, the law obliges the aviation companies and tourism, travel and air cargo agencies to keep proper and legal accounting books and prepare an independent balance sheet and all aspects of their activities in the Kingdom, approved and attested by a certified accountant operating in the Kingdom.

All travel and tourism companies and air cargo agencies are required by the law to settle all their outstanding financial obligations and those of the foreign companies they represent in relation to income tax, aircraft charges, landing and lodging duties or any other obligations owed to the different government authorities. They shall also adhere to the income tax law applicable in the Kingdom, as well as the Income Tax & *Zakat* Department circulars relating to the submission of accounts, statements and documents and payment of taxes at their legal appointed dates to avoid imposition of randomly assessed fines.

The law holds the travel, tourism and air cargo companies and agencies jointly and severally liable, together with whatever international airlines they represent in the Kingdom, for all their financial obligations arising out of the conduct of their activities in the Kingdom.

The same entities are obliged to notify the Civil Aviation Presidency each month of all the statistics of the transport movement to and from the Kingdom, as well as statistics of tickets fares, travel coupons, bill of lading (shipment policies) sold during the said period and a list of the fares applied to all the invested segments.

They are also prohibited from offering or accepting any fares or commissions for air transport less or more than the official fares or commissions declared by the government or as per the international tariff set by the International Air Transport Association (IATA) and approved by the Civil Aviation Authorities. Any seasonal reductions made for the benefit of public or student trips shall be sanctioned by the prior written approval of the Civil Aviation Presidency.

The said companies and agencies are obligated to ensure strict compliance by the tourists, visitors and pilgrims with the laws, instructions and rules of good conduct enacted by the Kingdom.

Special Register

A special register of all the licensed tourism and travel companies and air cargo agencies shall be prepared and maintained by the Civil Aviation Presidency for the purpose keeping proper data concerning their activities.

License Cancellation

There are certain situations in which the license granted to the above companies and agencies shall be withdrawn, of which are the case of the firm's assignment of its business activity or its stopping from practicing such activity.

Inspection

The Civil Aviation officials are empowered to exercise all suitable powers related to the entry of the places and office occupied by the abovementioned companies and agencies and inspection thereof to ensure compliance with the legal requirements set forth hereunder.

Violations of the provisions of these regulations shall be punished with a fine not less than (10.000 SR.) Ten Thousand Saudi Riyals and not exceeding (100.000 SR.) One Hundred Thousand Saudi Riyals according to the following schedule:

- Failure to renew the license within three months of its expiration (10.000 SR.).
- Changing location, mail address, telephone numbers or branch without official approval (10.000 SR.)
- Delaying in submitting transport data and list of fares for three months (10.000 SR.).
- Employing un-sponsored expatriates (10.000 SR.).
- Failure to specify mode of exercising activity as per the legally prescribed term (30.000 SR.).
- Obstructing officials from entering the company premises or performing their duties or refusing provision of data (50.000 SR.).
- Sale of tickets or coupons through unauthorized channels (50.000 SR.).
- Non-provision of accounts statements to the Presidency within six months period (50.000 SR.).

Repetition of the same violation entails doubling of the fine amount with an undertaking that further breach will give rise to closure of the office or agency.

With the exception of the marine navigation and land transport companies, no other companies shall be entitled to carry out the activities outlined in article (1) hereof.

Foreign airlines and their agencies are only confined to operating in the major cities with international airports, while (IATA) registered tourism and travel agencies shall exercise works and render services in the other towns and cities.

The air cargo and tourism and travel offices shall either operate as IATA member or as an agent for one of the airlines and the provisions of this resolution shall be observed when concluding bilateral commercial agreements with foreign airlines.

Conditions & Specifications Applicable to The Travel & Tourism Agencies

These are as follows:

1. The office should be situated on a main road or business center, with advertisement board installed on the façade showing the agency name both in Arabic and English and phone number.
2. Phone and fax line.
3. The clients' office space should not be less than (20) square meters, with glass frontage and all safety conditions of the civil defense satisfied.
4. Not less than two counters and suitable furnishing of the office, with at least eight working hours per day.
5. A metal cabin fixed to the floor or wall for keeping travel documents and stamps in safe custody.
6. An electronic booking system to raise the standard of services provided.
7. Subscription of the agency in the agencies' sales settlement programme.

As to the office workforce, at least a Saudi national should be appointed who is properly qualified in the field to undertake booking works and issue of tickets in light of the Ministerial resolution concerning employment of the Saudi cadres as per the rates provided for in the said resolution.

Conditions and Specifications Applicable to the Offices and Branches of the Air Cargo Agencies and Their Warehouses:

Offices

1. Must be situated on a main road or business center with illuminated advertisement board installed on the entrance showing the agency name both in English and Arabic and the phone number.
2. Clients' office space of (20) square meters.
3. A metal cabin fixed to the ground or wall for keeping documents and bills of lading in safe custody.
4. Not less than two counters with suitable furniture for the clients' service.

Warehouse

1. Should be fenced with high metal net guardrails on the windows.
 2. Space not less than (400) square meters.
 3. Fire extinguishers as per Civil defense specifications.
 4. Alarm devices or security guard provided all the time.
 5. Handling, loading, packaging and weighing appliances.
 6. Packaging equipment (cartons – adhesive tape or bell on which the agency name is written and phone).
 7. Preparing a room inside the warehouse with special specifications for storing hazardous and radiant substances if agency deals with shipments of this kind.
 8. Preparing coolers inside warehouse to keep perishable items if agency deals with shipments of this kind.
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9. Private cars carrying goods should be closed and fenced to prevent meddling with the shipments.

Workforce

1. Office manager should be a Saudi national with the required experience in the field to undertake issuing of bills of lading and plan the shipments itinerary, as well as calculating fares and determine required air cargo documents.
 2. Not less than (3) officials, apart from manager according to the following conditions:
 - a. Two of them must have air aviation experience or air cargo agents experience or have training certificates from an aviation institute or company showing their knowledge of issuing bills of lading, planning shipment itinerary, calculating fares and knowledge of documents.
 - b. A Saudi official to supervise and ensure shipment contents and verify validity of information recorded in the form designed for that purpose. He should have no less than the General Secondary School Certificate as minimum, and experience certificate in issuing bills of lading from an aviation company operating in the Kingdom, or an accredited institute by Civil Aviation Presidency.
 - c. At least one official versed in ways of transporting hazardous shipments, with a valid certificate in handling dangerous shipments, if agency deals in such substances.
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