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ECONOMIC COMMISSION FOR LATIN AMERICA
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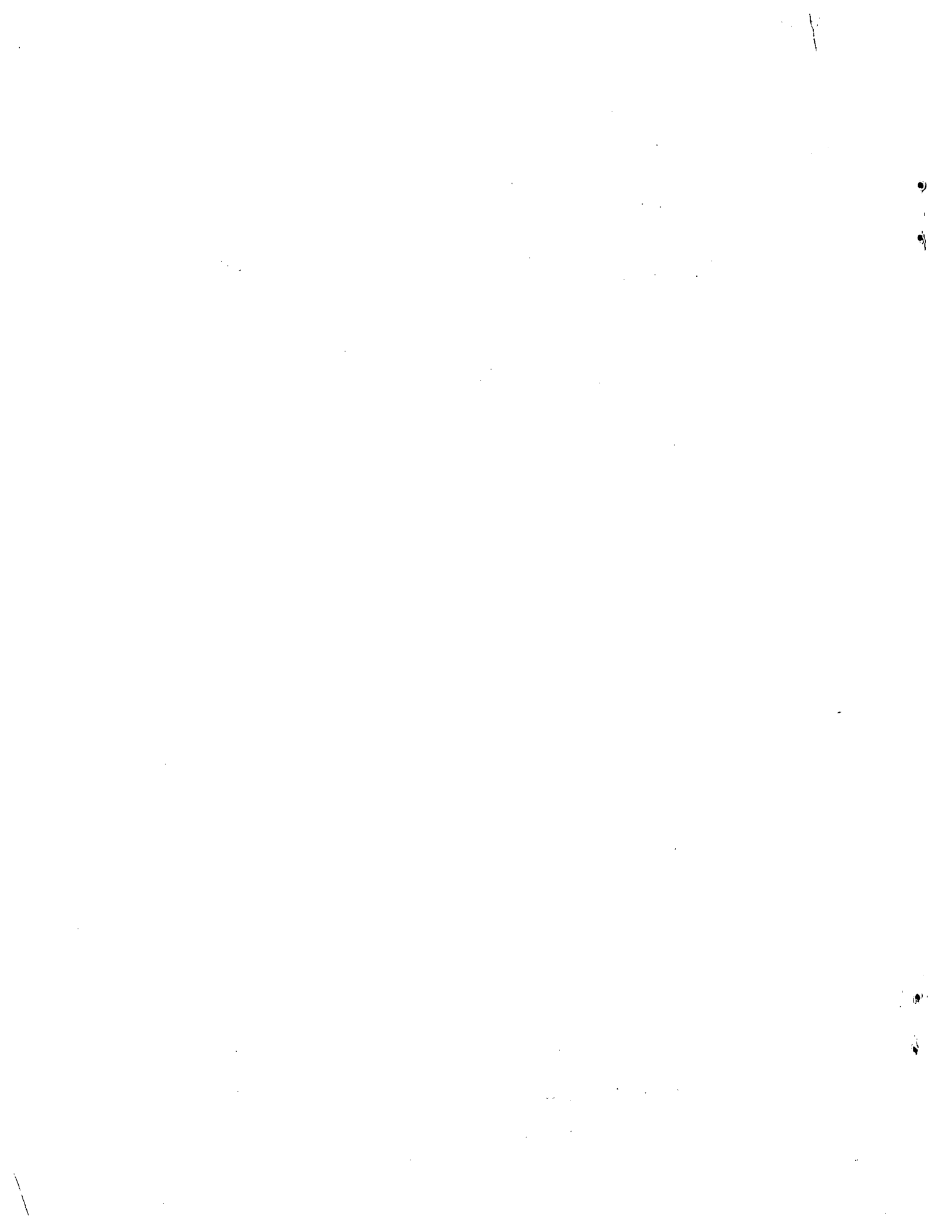
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

REPORT ON
SECOND MEETING OF CIVIL AVIATION EXPERTS
(24-26 January 1979, Mexico City, Mexico)



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean



REPORT ON
SECOND MEETING OF CIVIL AVIATION EXPERTS

24-26 January 1979
Mexico City, Mexico

1. Site, Duration and Mandate

1.1 The Second Meeting of Civil Aviation Experts of the Caribbean Development and Co-operation Committee (CDCC), was held at the Regional Office for North America and the Caribbean of the International Civil Aviation Organization (ICAO) in Mexico City from 24-26 January 1979. This meeting was within the terms of the mandates by the CDCC at its second session, held in Santo Domingo from 16-22 March 1977, and re-confirmed at its third session in Belize City from 12-18 April 1978.

2. Attendance

2.1 The meeting was attended by the following experts nominated by their respective governments:

Barbados	-	Miss Valerie Bynoe
Belize	-	Mr. Leopold Balderamos
Guyana	-	Mr. Robert Roberts
Jamaica	-	Mr. John Blair
Leeward and Windward Islands-	Mr. John Velox	
Netherlands Antilles	-	Mr. Celso Cathalina
Suriname	-	Mr. Atta Mungra
Trinidad + Tobago	-	Mr. Ralph Crouch
		Mr. Rupert West

2.2 Mr. Bengt Bostrom representing the International Bank for Reconstruction and Development also attended. Mr. Enrique Pérez Castro of the International Civil Aviation Organization (ICAO), and Mr. Peter Wickenden of the Economic Commission for Latin America (CEPAL) Office for the Caribbean, acted as meeting co-ordinators. Advice to the meeting was provided by Mr. R. Stewart, Director; Mr. R. Malvido, and other members of the ICAO Regional Office.

2.3 Apologies for absences were received from the Bahamas, Suriname, Air Jamaica, A.L.M., B.W.I.A., and L.I.A.T., and the Caribbean Development Bank.

3. Opening Remarks and Adoption of Agenda

3.1 The meeting was opened by Mr. R. Stewart, Director of the ICAO Regional Office for North America and the Caribbean. After welcoming the delegates to Mexico City and the Regional Office, a brief summary of the development of the Joint ICAO/CDCC project was given. It was explained that the results of the meeting opened the way for definite improvements to Civil Aviation in the Caribbean. The importance of the work of the group of experts formulating recommendations for consideration by the CDCC was stressed.

3.2 The meeting unanimously elected Mr. Ralph Crouch as Chairman. The proposed agenda was considered and adopted in the form shown below. The working arrangements were agreed and it was decided that the Chairman and meeting co-ordinators would produce the draft recommendations following the deliberations of the meeting.

4. Agenda

4.1 The meeting adopted the following agenda:

1. Opening Remarks
2. Election of Chairman
3. Review of the Report of the First Meeting of Civil Aviation Experts of the CDCC
4. Examination of the possibility and desirability of establishing a Multilateral Agreement on Air Services in the Caribbean and, as appropriate, consideration of a Secretariat draft of such an agreement
5. Examination of the need for a mechanism for periodic consultation between the Civil Aviation Authorities of the CDCC and as appropriate consideration of the mechanism suggested by the World Bank
6. Progress Report on studies initiated from the World Bank Consultative Group
7. List of Recommendations for presentation at the Fourth Session of CDCC
8. Any Other Business

5. Summary of Discussions

5.1 Review of the Report of the First Meeting
(Agenda Item 3)

5.1.1 In the discussions it became apparent that several representatives had not seen the Report of the First Meeting of Civil Aviation Experts of the CDCC before arriving in Mexico. It was explained that copies of the paper had been sent to both the representatives who attended the first meeting, and also to all CDCC Governments through the usual channels - the Ministries of External/Foreign Affairs.

5.1.2 After a review of the Report the meeting agreed that it was a fair reflection of the findings of the first meeting. The preliminary recommendations were noted and it was agreed to consider them individually before incorporating them into the report to the CDCC. These are contained in paragraphs 5.3.3.(a), (b), (c); 5.7.2; 5.7.3; 6.1; 6.2; 6.3; and 6.4 of the Report of the First Meeting (E/CEPAL/CDCC/46).

5.1.3 Some concern was expressed about the apparent duplication of research by various international bodies and the problems of co-ordination of these activities. It was explained that the World Bank Group had a function to co-ordinate studies, that a Technical Assistance Steering Committee chaired by UNDP had been established as part of the Caribbean Group for Co-operation in Economic Development (CGCED), on which both ICAO and CDCC were represented and in fact all the agencies both regional and international were working together.

5.2 Examination of the possibility and desirability of establishing a multilateral agreement on air services in the Caribbean (Agenda Item 4)

5.2.1 This item was introduced by ICAO. It was explained that an examination of the existing bilateral agreements between CDCC member states had been undertaken. At the first meeting the experts had noted that the preparation of bilateral agreements imposes long and costly processes for the CDCC Governments and that some lack experience in this area. Taking into account the spirit of co-operation and integration that exists within the CDCC, the possibility of concluding a multilateral agreement on air services among the CDCC members should be examined. Such an agreement would contain basic principles for the interchange of commercial rights in the scheduled and non-scheduled air services, leaving for individual bilateral agreements the determination of the routes, capacity and frequency level to be offered. ICAO had produced the draft text of such a multilateral agreement for consideration.

5.2.2 The need for a multilateral agreement was questioned. While it was agreed that bilaterals were in fact costly and time-consuming, the difficulty arose because of the route, capacity and frequency level. The draft agreement left these items to be considered bilaterally. It was agreed that these questions caused most problems but it was pointed out that the draft agreement did describe under what principles these clauses should be determined as per the 1944 Agreement. It was explained that the experts also had to consider the needs of the states who were not represented at the meeting (Bahamas, Cuba, Dominican Republic and Haiti), as well as the newly independent members, where the expertise that was required was lacking. General regret was expressed that some CDCC members were absent. The meeting agreed that the proposal only covered intra-CDCC services and that most difficulty was experienced in dealing with extra-regional services. This larger problem could be tabled subsequently.

5.2.3 Several representatives thought that the idea had some merit because it would help co-operation and integration of aviation in the CDCC. As most states need assistance on route frequency and capacity clauses, the possibility should be explored of ICAO providing a seminar so that instruction on the completion of agreements could be made available. The point was made that if any individual Government did not support the concept of a multilateral agreement, then that Government need not sign such an agreement.

5.2.4 It was pointed out that non-independent territories would have some difficulty in signing because of their relationship with metropolitan countries. It was agreed that methods were available to overcome this problem.

5.2.5 Most delegates agreed that there was some merit in pursuing the idea of a multilateral agreement. The Chairman asked a small group to consider the wording of the recommendation to be made to CDCC. Following further discussions the meeting agreed to the wording as shown in Recommendation 4 (Appendix 1). The discussions centred around the deletion of the words "the possibility of" between "Consider" and "entering" in part (ii) of Recommendation 4.

5.2.6 During the discussions on this item the question of provision of economic and commercial advice to regional airlines was raised. It was suggested that such advice was usually provided by other airlines and there was thus a conflict of interest and, at least the suspicion, that major airlines only gave advice to smaller carriers that maintained the major airlines' dominance. The situation in maritime transport showed an apparent anomaly. While technical advice was obtained from IMCO, commercial and economic advice was obtained from the Shipping Division of UNCTAD. In aviation ICAO provided technical advice but commercial and economic assistance was not provided. It was agreed that this question should be considered at the next CDCC meeting and both the CDCC Secretariat and ICAO Secretariat undertook to bring it forward.

5.3 Examination of the need for a mechanism for periodic consultation between the Civil Aviation Authorities of the CDCC
(Agenda Item 5)

5.3.1 The meeting agreed that it was necessary to establish at the regional level, a mechanism for consultation between the aeronautical authorities, with the participation of representatives from regional airlines, which would permit co-ordination and the taking of joint decisions in civil aviation matters. The best method for achieving this needed to be ascertained.

5.3.2 In any event there was also a need for the Directors of Civil Aviation (DCA) to meet twice yearly to discuss common problems and resolve differences. Such meetings should be provided with support from ICAO and CDCC. ICAO promised to provide whatever technical support was necessary. The Central American Group of DCAs could perhaps be used as a model. This is covered by Recommendation 3.

5.3.3 It was agreed that there were a number of method of establishing on-going consultations. One such idea had been proposed by the World Bank. This called for the establishment of a permanent Board or Council. The World Bank representative was invited to introduce this proposal.

5.3.4 It was explained that the World Bank had suggested the establishment of a Board or Council as a recommendation from the Caribbean Region Transport Review. The organization would encourage the development of air transport by joint action of the various members in collaboration after mutual consultation and co-ordinated research. Such matters as route structure, scheduling, fleet utilization and future fleet expansion needs of regionally-based carriers. Possibilities of improving service quality and reducing costs by pooling of services, co-ordination of schedules, joint use of terminals and supply facilities could be identified.

5.3.5 In assisting in the development of a more effective and economic air transport system with the fullest participation from the DCAs and the regional carriers, the following areas should be developed:

- (a) Technical Co-operation and Manpower Development;
- (b) Regional Service Improvements and Regulation;
- (c) Policy Co-ordination and Promotion.

5.3.6 The organization would provide:

- (a) Advice to Governments, Technical Assistance and Studies;
- (b) Data Collection, Processing and Distribution;
- (c) Assistance in Training and Staffing;
- (d) Operational Co-ordination of air and support services;
- (e) Regulatory functions;
- (f) Assistance in bilateral agreements;
- (g) Promotion and Development of Traffic and Facilities.

The manpower requirements were also explained and preliminary cost estimates presented.

5.3.7 The Chairman thanked the World Bank for the very detailed presentation and suggested that decisions would have to be made by the politicians concerned and they would need advice. Difficulty might occur in choosing a location for the organization. Detailed on-going costs would need to be known and a formula for bearing such costs would have to be equitable between members.

5.3.8 The meeting agreed that there was a definite need for some form of on-going consultation. The proposal encompassed both legal and regulatory functions, and economic and commercial aspects. The collection and dissemination of data was clearly needed and perhaps

this could be carried out by an existing body rather than a new one. It was suggested that the proposal might be over-ambitious at this stage and that the concept would not be able to proceed without political guidance.

5.3.9 It was suggested that any method of providing on-going consultation would need to have authority from the CDCC Ministers Responsible for Civil Aviation. It was agreed that running costs were likely to be critical and that further work was required.

5.3.10 Some concern was expressed about the work of the CARICOM and CDCC Secretariats in the same area with particular reference to Civil Aviation. It was explained that the CARICOM Council had instructed CARICOM to work together with the CDCC on common areas. In formulating the best form of on-going consultation there was a parallel in the Maritime Sector where a joint CDCC/UNCTAD/IMCO paper had suggested the need for a permanent body of experts to deal with the technical and commercial aspects of maritime transport. This proposal on aviation could be considered at the same time.

5.3.11 It was agreed that while there was a need for on-going consultation, the exact form should be decided by the Ministers responsible for Civil Aviation, and that they should hold regular meetings (Recommendation 1). It was also agreed that at the initial meeting the Ministers should consider the appropriate mechanism for dealing with the programme of work as outlined in Recommendation 2.

5.4 Progress Report on the studies initiated from
the World Bank Consultative Group

5.4.1 It was explained that in addition to the item discussed above, there were two other projects in the World Bank Group. These were an Airport Maintenance and Operation Study and a Study of LIAT fleet requirements.

It was explained that ICAO was executing agent for the first study which would commence shortly. The scope of the study was explained and discussions centred on this before turning to a consideration of specific problems in facilitation in the region.

The LIAT Study with CDB as executing agent had not commenced for a number of reasons. LIAT while agreeing that in the long-term there was a need to examine fleet replacement, suggested the most pressing need is for help in the areas of communications and reservations.

5.4.2 It was explained that assistance had been identified as being needed but that it was understood that LIAT would be joining the BWIA computerized reservation system early in 1979. An undertaking was given to re-open the question of assistance in this area at the next meeting of the Technical Committee of the World Bank Consultative Group in Antigua on 15 March 1979.

6. Consideration of Recommendations to be presented
to Fourth Session of the CDCC

6.1 There was general agreement that in addition to the recommendations already mentioned there were several other areas of concern. Problems connected with air freight were covered in Recommendation 5, Facilitation Problems in Recommendation 6, and Commercial and Technical Co-operation in Recommendation 7.

6.2 In discussing the recommendations, as drafted, it was explained that they had been placed in order of priority rather than the order of discussion.

6.3 The recommendations were discussed individually and amended as required by the group of experts. There was lengthy debate on several recommendations. In particular, one representative suggested that Recommendation 4 had not been worded as agreed by the meeting. Most representatives agreed that the wording was correct while some disagreed. It was pointed out that the difference between the two wordings was not in fact different (see paragraph 5.2.5 above) as the verb 'consider' implied possibility rather than certainty. This position was supported by several representatives and the Chairman asked if there was unanimity. When it was clear there was not, the Chairman asked each representative if there was need for further discussion. All but one agreed there was no need. That representative agreed to accept the recommendation as it stands but added a rider that in the report to the Government concerned it would be made clear that the representative felt the two meanings were significantly different and that the wording as used was not unanimously agreed. The meeting then agreed to forward the seven recommendations to the CDCC for consideration.

7. Any Other Business

7.1 In order to present detailed cost estimates on the proposal for a Board or Council, representatives were asked to consider revised estimates produced by the World Bank following discussions on Agenda Item 4. The meeting agreed it was reasonable to suggest that annual running costs would be in the order of US\$120,000.- per annum.

7.2 ICAO suggested that the meeting of the CDCC in Paramaribo should consider dates and location for the meeting of Ministers and the Meeting of Directors of Civil Aviation. It was suggested that the DCA's meeting would last three days and the Ministers perhaps two days. It was explained that ICAO needed 4 to 6 months to prepare for such a meeting. It was hoped that the CDCC session would approve the meetings for the last quarter of 1979.

7.3 Concern was again expressed that some CDCC members had been unable to send representatives to the meeting. This meant that the recommendations had only been formulated by part of the CDCC grouping. It was pointed out that the intention of the programme had been to form a small group of experts rather than a representative from each CDCC member so that recommendations could be considered by all CDCC members and this objective had been achieved.

7.4 The Jamaica delegate thanked the Chairman for conducting the meeting and thanked ICAO for hosting it. He singled out special thanks to the ICAO Director for hosting a cocktail party for the delegates. The work and guidance of the Meeting Co-ordinators and the ICAO staff was also appreciated. These views were endorsed by each delegate and there being no further business the Chairman closed the meeting.

RECOMMENDATIONS OF THE GROUP
OF CIVIL AVIATION EXPERTS

Recommendation 1

That the CDCC Ministers Responsible for Civil Aviation (hereinafter referred to as the Standing Committee) should meet on a regular basis to discuss matters of common interest in the field of Civil Aviation.

Recommendation 2

The Standing Committee should initiate a programme of work encompassing the following areas:

- (a) Technical Co-operation and Manpower Development
- (b) Regional Service Improvements and Regulation
- (c) Policy Co-ordination and Promotion

In more detail, these objectives could include the following:

- (i) Improved standards of airline operation within the region and, concomitant with this, improved standards of safety.
- (ii) The necessity of supporting the regional airlines so that they may achieve greater economy and overall stability in their operations and provide better air services within the region, with greater choice of schedule, higher frequency of service and adequate regularity and convenience for the public.
- (iii) The impact of Civil Aviation on a wider catchment area for overseas tourists with a greater overall rate of increase in tourism throughout the region, resulting, hopefully in an increased market share for long-haul regional carriers.

- (iv) The impact of improved air services on a possible extension of the tourist season and a greater spread of tourism among member states.
- (v) Improving standards of professionalism in all aspects of the air transport sector of the Caribbean and greater stability in employment.
- (vi) Decreasing dependence on overseas (North American and European) expertise in civil aviation during the next decade.
- (vii) A louder voice in the International Aviation Forum, with a greater recognition (worldwide) of the special problems and needs of the Caribbean.

The Standing Committee should consider the establishment of the necessary mechanism for carrying out the above duties, including possibly a permanent secretariat.

Recommendation 3

The Directors of Civil Aviation of the CDCC should meet on a regular basis to review and possibly resolve matters of common interest such as technical and operational problems.

(Note: Secretariat service for the initial meetings of the Standing Committee and the Directors of Civil Aviation should be provided jointly by CDCC and ICAO).

Recommendation 4

In order to improve the operation of Regional Air Transport Services, CDCC governments should:

- (i) Seek to conclude air services agreements amongst themselves;

- (ii) Consider entering into a multilateral agreement for the operation of air services among the territories of CDCC member states.

(Model air services agreements such as the draft produced by the ICAO Secretariat (Appendix 2) are readily available).

Recommendation 5

Recognizing the need for the improvement of Air Freight Services in the CDCC member states, CDCC governments should consider the liberalization of their regulations relating to non-scheduled operations with respect to air cargo.

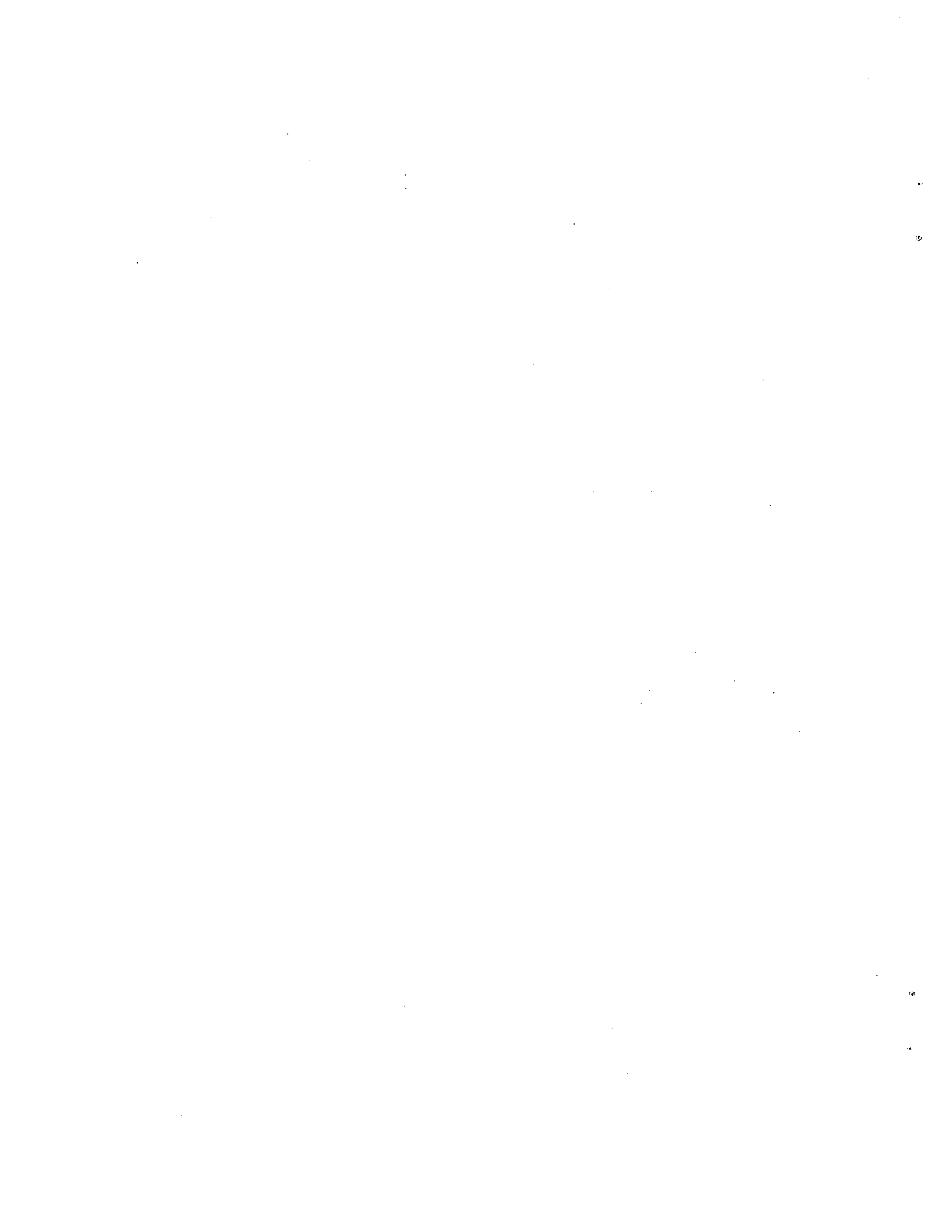
Recommendation 6

Taking into consideration the need to facilitate the movement of aircraft, crew, passengers and cargo within the CDCC region, States should consider simplification and reduction of clearance documents; acceptance of the international E/D Card; improvement in terminal facilities; improvement in handling arrangements for in-transit passengers; standardization of regulations concerning agricultural products; and the harmonization of Security and Facilitation Programmes.

In order to achieve these facilitation improvements, member states should support fully their National Facilitation Committees and ensure that these meet at least twice a year.

Recommendation 7

CDCC governments should encourage regionally-based airlines to explore methods of commercial and technical co-operation including matters such as pooling of traffic, joint use of computers, maintenance agreements and any other form of co-operation.



D R A F T

MULTILATERAL AGREEMENT
ON AIR SERVICES IN THE CARIBBEAN

The States which sign and accept this agreement being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944;

Desiring to conclude an Agreement, supplementary to the said Convention, for the purpose of establishing air services between and beyond their respective territories;

Have agreed as follows:

Article 1

For the purpose of the present Agreement, unless the context otherwise requires:

- a) The term "the Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof so far as those Annexes and amendments have become effective for or been ratified by the Contracting Parties;
- b) The term "designated airline" means an airline which has been designated and authorized in accordance with Article 3 of the present Agreement;
- c) The term "territory" in relation to a State means the land areas and territorial waters adjacent thereto under the sovereignty, protection or trusteeship of that State;

- d) The term "air service" means any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo;
- e) The term "international air service" means an air service which passes through the air space over the territory of more than one State;
- f) The term "airline" means any air transport enterprise offering or operating an international air service.

Article 2

1. Each Contracting Party grants to the other Contracting Parties the rights specified in the present Agreement for the purpose of establishing international air services on the routes specified in the appropriate sections of the bilateral schedule annexed to the present Agreement. Such services and routes are hereafter called "the agreed services" and "the specified routes" respectively. The airlines designated by each Contracting Party shall enjoy, while operating an agreed service on a specified route, the following rights:

- a) To fly without landing across the territory of the other Contracting Parties;
- b) To make stops in the said territory for non-traffic purposes; and
- c) To make stops in the said territory, subject to any restriction specified in the appropriate schedule to the present Agreement, at the points specified for that route in the Schedule for the purpose of putting down and taking up international traffic in passengers, cargo and mail.

2. Nothing in paragraph 1 of this Article shall be deemed to confer on the airlines of one Contracting Party the privilege of taking up, in the territory of other Contracting Party, passengers, cargo or mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

Article 3

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Parties one or more airlines for the purpose of operating the agreed services on the specified routes.
2. On receipt of such designation, the other Contracting Parties shall, subject to the provisions of paragraphs 3 and 4 of this Article, without delay grant to the airline or airlines designated the appropriate operating authorizations.
3. The aeronautical authorities of one Contracting Party may require an airline designated by other Contracting Party to satisfy them that it is qualified to fulfil the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Convention.
4. Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph 2 of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 2 of the present Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.
5. When an airline has been so designated and authorized it may begin at any time to operate the agreed services for which it has been designated provided that a tariff established in accordance with the provisions of Article 10 of the present Agreement is in force in respect of those services.

Article 4

1. The aeronautical authorities of a Contracting Party may require the designated airline or airlines of other Contracting Party to inform them in writing of the schedules in respect of any agreed service to be operated by such airline or airlines on a specified route, provided that it also requires all airlines operating international air services to or from its territory to provide similar information. The aeronautical authorities may not require that they be informed of these schedules more than 45 days before the proposed dates of their implementation.

2. The type of aircraft to be used in the performance of a particular service, the frequency of that service, and the times of arrival at and departure from the various points on the route concerned shall be shown on such schedules.

3. Notwithstanding the period stipulated under paragraph 1 of this Article, at any time prior to their implementation, a designated airline may make changes in such schedules if in its view circumstances have arisen since the original preparation of the schedules requiring the changes. That designated airline shall notify the aeronautical authorities concerned in writing of the changes and of the reasons for them.

Article 5

1. Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of the present Agreement by an airline designated by other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights:

- a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party; or

- b) in the case of failure by that airline to comply with the laws or regulations in force in the territory of the Contracting Party granting these rights; or
- c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under the present Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the affected Contracting Party.

Article 6

1. Aircraft operated on international air services by the designated airlines of the Contracting Parties, as well as their regular equipment, supplies of fuel and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Parties, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported or are used on the part of the journey performed over that territory.

2. There shall also be exempt from the same duties, fees and charges, with the exception of charges corresponding to the service performed:

- a) aircraft stores taken on board in the territory of a Contracting Party, within limits fixed by the authorities of the said Contracting Party, and for use on board outbound aircraft engaged in an international air service of other Contracting Party;

- b) spare parts introduced into the territory of a Contracting Party for the maintenance or repair of aircraft used on international air services by the designated airlines of the other Contracting Parties;
 - c) fuel and lubricants destined to supply outbound aircraft operated on international air services by the designated airlines of the Contracting Parties, even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.
- Materials referred to in sub-paragraphs (a), (b) and (c) above may be required to be kept under Customs supervision or control.

Article 7

The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of a Contracting Party, may be unloaded in the territory of the other Contracting Parties only with the approval of the Customs authorities of that territory. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with Customs regulations.

Article 8

1. There shall be fair and equal opportunity for the airlines of the Contracting Parties to operate the agreed services on the specified routes between their respective territories.
2. In operating the agreed services, the airlines of a Contracting Party shall take into account the interests of the airlines of the other Contracting Parties so as not to affect unduly the services which the latter provide on the whole or part of the same routes.
3. The agreed services provided by the designated airlines of the Contracting Parties shall bear close relationship to the requirements of the public for transportation on the specified routes and shall have

as their primary objective the provision, at a reasonable load factor, of capacity adequate to meet the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail originating from or destined for the territory of the Contracting Party which has designated the airline. Provision for the carriage of passengers, cargo and mail both taken up and put down at points on the specified routes in the territories of States other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:

- a) traffic requirements to and from the territory of the Contracting Party which has designated the airline;
- b) traffic requirements of the area through which the agreed service passes, after taking account of other transport services established by airlines of the States comprising the area; and
- c) the requirements of through airline operation.

Article 9

In operating any agreed service on any specified route a designated airline of one Contracting Party may substitute one aircraft for another at a point in the territory of the other Contracting Party on the following conditions only:

- a) that it is justified by reason of economy of operation;
- b) that the aircraft used on the section of the route more distant from the terminal in the territory of the first Contracting Party is not larger in capacity than that used on the nearer section;
- c) that the aircraft used on the more distant section shall operate only in connection with and as an extension of the service

provided by the aircraft used on the nearer section and shall be scheduled so to do; the former shall arrive at the point of change for the purpose of carrying traffic transferred from, or to be transferred into, the aircraft used on the nearer section; and its capacity shall be determined with primary reference to this purpose;

- d) that there is an adequate volume of through traffic;
- e) that the airline shall not hold itself out to the public by advertisement or otherwise as providing a service which originates at the point where the change of aircraft is made;
- f) that the provisions of Article 8 of the present Agreement shall govern all arrangements made with regard to change of aircraft;
- g) that in connection with any one aircraft flight into the territory in which the change of aircraft is made, only one flight may be made out of that territory.

Article 10

1. In the following paragraphs the term "tariff" means the prices or charges to be paid for the carriage of passengers, baggage and cargo and the conditions under which those prices or charges apply, including prices or charges and conditions for agency and other auxiliary services, but excluding remuneration and conditions for the carriage of mail.

2. The tariffs to be applied by the designated airline or airlines of a Contracting Party for services covered by this Agreement shall be established at reasonable levels, due regard being paid to all relevant factors, including cost of operation, characteristics of service, commission rates, reasonable profit, and tariffs of other airlines.

3. The tariffs referred to in paragraph 2 of this Article shall, if possible, be agreed by the designated airlines concerned of the Contracting Parties, after discussion with their respective governments and consultation, if applicable, with other airlines.

4. Such agreement referred to in paragraph 3 of this Article shall, wherever possible, be reached by the use of the appropriate international rate fixing mechanism.

5. The tariffs agreed in accordance with paragraphs 3 and 4 of this Article including joint tariff agreements presented by a single airline on behalf of all airlines concerned, shall be submitted for the approval of the aeronautical authorities of the Contracting Parties, together with such justification as the aeronautical authorities of the Contracting Parties may require, at least sixty days before the proposed date of introduction of the tariffs. In special cases this period may be reduced, subject to the agreement of the said authorities.

6. Approval or disapproval shall be given expressly within sixty days from the date of submission. In the event of the period of submission being reduced in accordance with paragraph 5 of this Article, the aeronautical authorities may agree that the period within which approval or disapproval shall be given be reduced accordingly.

7. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established. However a tariff shall not be prolonged for more than twelve months after the date on which it otherwise would have expired.

8. If a tariff cannot be agreed in accordance with paragraphs 3 and 4 of this Article, or if during the period applicable in accordance with paragraph 6 of this Article a notice of disapproval has been given, the aeronautical authorities of the Contracting Parties shall endeavour to determine the tariff by agreement between themselves.

9. If the aeronautical authorities of the Contracting Parties cannot determine a tariff in accordance with paragraph 8 of this Article the dispute shall be settled in accordance with the provisions of Article 14 of this Agreement.

10. The Contracting Parties shall endeavour to ensure that active and effective machinery exists within their jurisdictions to investigate violations by any airline, passenger or freight agent, tour organizer or freight forwarder, of tariffs established in accordance with this Article. They shall furthermore ensure that the violation of such tariffs is punishable by deterrent measures on a consistent and non-discriminatory basis.

Article 11

The aeronautical authorities of a Contracting Party shall supply to the aeronautical authorities of the other Contracting Parties at their request such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airlines of the Contracting Party referred to first in this Article. Such statements shall include all information required to determine the amount of traffic carried by those airlines on the agreed services and the origins and destinations of such traffic.

Article 12

Each Contracting Party shall grant to the designated airlines of the other Contracting Parties the right of free transfer at the official rate of exchange of the excess of receipts over expenditure earned by those airlines in its territory in connection with the carriage of passengers, mail and cargo.

Article 13

1. In a spirit of close co-operation, the aeronautical authorities of the Contracting Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of the present Agreement and the Schedule annexed thereto and shall consult when necessary to provide for modification thereof.

2. Any Contracting Party may request consultation, which may be through discussion or by correspondence and shall begin within a period of sixty (60) days of the date of receipt of the request, unless the Contracting Parties agree to an extension of this period.

Article 14

If any dispute arises between the Contracting Parties relating to the interpretation or application of the present Agreement, the Contracting Parties shall in the first place endeavour to settle it by negotiation.

Article 15

If the Contracting Parties consider it desirable to modify any provision of the present Agreement including the Schedule annexed thereof, such modification, if agreed between the Contracting Parties and if necessary after consultation in accordance with Article 13 of the present Agreement, shall come into effect when confirmed by an Exchange of Notes.

Article 16

The present Agreement and its Schedule shall be amended by an Exchange of Notes between the Contracting Parties so as to conform with any multilateral Convention or Agreement which may become binding on them.

Article 17

Either Contracting Party may at any time give notice to the other Contracting Parties of its decision to terminate the present Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Parties, unless the notice to terminate is withdrawn by agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Parties, notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

Article 18

The present Agreement shall enter into force on the date of signature.



