



AGREEMENT ON AIR TRANSPORT BETWEEN THE STATE OF TERRA MARGARITA, OF THE ONE PART, AND THE OLYMPIAN UNION AND ITS MEMBER STATES, OF THE OTHER PART

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THE STATE OF Terra Margarita (hereinafter "TM"),

of the one part;

and

THE REPUBLIC OF ZEUS,

THE REPUBLIC OF HERA,

THE REPUBLIC OF POSEIDON,

THE REPUBLIC OF DEMETER,

THE REPUBLIC OF HEPHAESTUS,

THE REPUBLIC OF HESTIA,

THE REPUBLIC OF APOLLO,

THE REPUBLIC OF ARTEMIS,

THE REPUBLIC OF HERMES,

THE REPUBLIC OF APHRODITE,

THE REPUBLIC OF ARES,

THE REPUBLIC OF ATHENA,

being parties to the Treaty on Olympian Union and the Treaty on the Functioning of the Olympian Union (hereinafter referred to together as "the OU Treaties") and being Member States of the Olympian Union (hereinafter referred to collectively as "OU Member States", or individually as "OU Member State"),

and the OLYMPIAN UNION,

of the other part;

Terra Margarita and the OU Member States being parties to the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, together with the Olympian Union;

DESIRING to promote their interests in respect of air transport as a means to contribute to closer political and economic relations between the Parties;

RECOGNISING the importance of efficient air transport connectivity in promoting trade, tourism, investment and economic and social development;

DESIRING to enhance air services and to promote an international aviation system based on non-discrimination and fair and equal opportunity for air carriers to compete;

DESIRING to ensure the highest degree of safety and security in air transport and affirming their grave concern with regard to acts or threats against the security of aircraft, which jeopardise the safety of persons or property, adversely affect the operation of aircraft and undermine the confidence of the travelling public in the safety of civil aviation;

NOTING the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944;

DETERMINED to maximise the potential benefits of regulatory cooperation;

ACKNOWLEDGING the important potential benefits that may arise from competitive air services and viable air transport industries;

DESIRING to foster fair competition, recognising that certain subsidies may adversely affect competition and may jeopardise the basic objectives of this Agreement and recognising that where there is no competitive level playing field for air carriers potential benefits may not be realised;

INTENDING to build upon the framework of existing agreements and arrangements between the Parties with the aim of opening access to markets and maximising benefits to passengers, shippers, air carriers and airports and their employees, communities and others benefiting indirectly;

AFFIRMING the importance of protecting the environment in developing and implementing international aviation policy;

AFFIRMING the need for urgent actions to address climate change and for continued cooperation to reduce greenhouse gas emissions in the aviation sector, consistent with their international obligations on this matter, including instruments of the International Civil Aviation Organization (ICAO);

AFFIRMING the importance of protecting the interests of consumers and of cooperating to achieve a high level of consumer protection;

RECOGNISING that increased commercial opportunities are not intended to undermine labour or labour-related standards of the Parties and reaffirming the importance of considering the effects of this Agreement on labour, employment and working conditions, and the benefits that arise when the significant economic gains from open and competitive markets are combined with high labour standards;

NOTING the desire to explore ways to facilitate better access to capital by the air transport industry for the further development of air transport;

DESIRING to conclude an agreement on air transport, supplementary to the Convention;

HAVE AGREED AS FOLLOWS:

ARTICLE 1

Definitions

For the purposes of this Agreement, unless otherwise stated, the term:

1. "Agreement" means this Agreement, any Annexes to it, and any amendments thereto;
2. "Air transport" means the carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, held out to the public for remuneration or hire, including scheduled and non-scheduled air services;
3. "Citizenship determination" means a finding that an air carrier proposing to operate air services under this Agreement satisfies the requirements of Article 3 of this Agreement regarding its ownership, effective control, and principal place of business;
4. "Competent authorities" means the government agencies or entities responsible for the administrative functions under this Agreement;
5. "Computerised reservation system" or "CRS", means a computerised system containing information about, *inter alia*, schedules, availability and fares, of more than one air carrier, with or without facilities to make reservations or issue tickets, to the extent that some or all of these services are made available to subscribers. For the purpose of this agreement, the term CRS shall be understood to include "Global Distribution Systems" or "GDS", in so far as these contain air-transport products;
6. "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes:
 - (a) any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by both TM and the OU Member State or OU Member States as is relevant to the issue in question; and
 - (b) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time effective for both Terra Margarita and the OU Member State or OU Member States as is relevant to the issue in question;
7. "Discrimination" means differentiation of any kind without objective justification;
8. "Fares" means the prices to be paid to air carriers or their agents or other ticket sellers for the carriage of passengers on air services (including any other mode of transport in connection therewith) and the conditions under which those prices apply, including remuneration and conditions offered to agency and other auxiliary services;
9. "Fitness determination" means a finding that an air carrier proposing to operate air services under this Agreement has satisfactory financial capability and adequate managerial expertise to operate such services and is disposed to comply with the laws, regulations, and requirements that govern the operation of such services;

10. "Full cost" means the cost of service provided plus a reasonable charge for administrative overhead;

11. "International air transport" means air transport that passes through the airspace over the territory of more than one State;

12. "Parties" means, on the one hand, Terra Margarita, and, on the other hand, the Olympian Union and its Member States;

13. "Principal place of business" means the head office or registered office of an air carrier in the territory of a Party within which the principal financial functions and operational control, including continued airworthiness management, of the air carrier are exercised;

14. "Rates" means the prices to be paid for the carriage of cargo on air services (including any other mode of transport in connection therewith) and the conditions under which those prices apply, including remuneration and conditions offered to agency and other auxiliary services;

15. "Self-handling" means a situation in which an airport user directly provides for himself one or more categories of ground handling services and concludes no contract of any description with a third party for the provision of such services. For the purpose of this definition, among themselves airport users shall not be deemed to be third parties where:

(a) one holds the majority in the other, or

(b) a single body has a majority holding in each;

16. "Serious disturbance in the economy of Terra Margarita or an OU Member State" means an exceptional, temporary (either short or long term) and significant crisis which affects the whole economy of Terra Margarita or an OU Member State rather than a specific region or economic sector;

17. "Stop for non-traffic purposes" means a landing for any purpose other than taking on board or discharging passengers, baggage, cargo and/or mail in air transport;

18. "Subsidy" means any financial contribution granted by the government or any other public body at any level, including:

i. the direct transfer of funds and the potential direct transfer of funds or liabilities;

ii. the foregoing or non-collection of revenue that is otherwise due;

iii. the provision of goods or services other than general infrastructure, or the purchase of goods or services; or

iv. the making of payments to a funding mechanism or entrustment or direction to a private body to carry out one or more of the functions mentioned under (i), (ii) and (iii) which would normally be vested in the government or other public body and the practice in no real sense differs from practices normally followed by governments, which are limited, *de jure* or *de facto*, to certain air carriers and confer a benefit to an air carrier or carriers. No benefit is deemed to be conferred by a financial intervention carried out by a government or other public body if a private market operator driven by commercial considerations, would have carried out the same financial intervention;

19. For the State of Terra Margarita, "Territory" has the meaning assigned to it in Article 2 of the Convention. For the Olympian Union and its Member States, "Territory" means the land territory, internal waters and territorial sea of the Member States to which the Treaty on Olympian Union and the Treaty on the Functioning of the Olympian Union apply and under the conditions laid down in those Treaties, and the air space above them.

20. "User charge" means a charge imposed on air carriers for the provision of airport, airport environmental, air navigation, or aviation security facilities or services including related services and facilities;

TITLE I

ECONOMIC PROVISIONS

ARTICLE 2

Grant of rights

Route schedule

1. Each Party shall permit the air carriers of the other Party to operate on the routes specified hereunder:

(a) for air carriers of Terra Margarita:

Any Points in Terra Margarita – Any Intermediate Points – Any Points in the Olympian Union – Any Points Beyond

(b) for air carriers of the Olympian Union:

Any Points in the Olympian Union – Any Intermediate Points – Any Points in Terra Margarita – Any Points Beyond

For the purpose of the application of the route schedule above:

"Any Points" shall mean one or more points;

"Any Points in the Olympian Union" shall mean one or more points within the same OU Member State or in different OU Member States, either separately or in combination, in any particular order.

Traffic rights

2. Each Party grants to the other Party the following rights for the conduct of international air transport by the air carriers of the other Party on a non-discriminatory basis:

(a) the right to fly across its territory without landing;

(b) the right to make stops in its territory for non-traffic purposes;

(c) the right to perform scheduled and non-scheduled international air transport for passenger, combination and all-cargo services:

(i) for air carriers of Terra Margarita the right to provide international air transport between any points in Terra Margarita and any points in the Olympian Union with

(A) third and fourth freedom traffic rights without limitation on routes, capacity and/or frequencies; and

(B) fifth freedom traffic rights for all-cargo services between the Olympian Union and beyond points, provided the exercise of fifth freedom traffic rights does not exceed seven (7) weekly frequencies per OU Member State;

(ii) for air carriers of the Olympian Union the right to provide international air transport between any points in the Olympian Union and any points in Terra Margarita with

(A) third and fourth freedom traffic rights without limitation on routes, capacity and/or frequencies; and

(B) fifth freedom traffic rights for all-cargo services between Terra Margarita and beyond points, provided the exercise of fifth freedom traffic rights does not exceed seven (7) weekly frequencies per OU Member State.

For the avoidance of doubt, for those OU Member States that, in their current bilateral air services agreements and arrangements with Terra Margarita have seven (7) or less weekly frequencies with fifth freedom traffic rights for all-cargo services, the total number of weekly frequencies available to carriers of both Parties will be seven (7).

(d) the rights otherwise specified in this Agreement.

Operational flexibility

3. Air carriers of each Party may on any or all flights and at their option on the routes specified in paragraph 1 above:

(a) operate flights in either or both directions;

(b) combine different flight numbers within one aircraft operation;

(c) serve intermediate and beyond points, and points in the territories of the Parties in any combination and in any order according to the provisions of paragraph 2 above;

(d) omit stops at any point or points;

(e) transfer traffic from any of its aircraft to any of its other aircraft at any point (change of gauge);

(f) make stopovers at any points whether within or outside the territory of either Party;

(g) carry transit traffic through the territory of the other Party;

(h) combine traffic on the same aircraft regardless of where such traffic originates; and

(i) serve more than one point, within the same OU Member State, or within Terra Margarita, on the same service (co-terminalisation).

The operational flexibility provided for in points (a) to (i) of this paragraph may be exercised without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement, provided that:

(i) the services of air carriers of Terra Margarita serve a point in Terra Margarita;

(ii) the services of air carriers of the Olympian Union serve a point in the Olympian Union.

4. Each Party shall allow each air carrier of the other Party to determine the frequency and capacity of the international air transport it offers based on commercial considerations in the marketplace. Consistent with this right, neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, routing, origin and destination of traffic, or the aircraft type or types operated by the air carriers of the other Party, except for customs, technical, operational, air traffic management safety, environmental or health protection reasons or unless otherwise provided for in this Agreement.

5. Nothing in this Agreement shall be deemed to confer on the air carriers of:

(a) Terra Margarita the right to take on board in any OU Member State passengers, baggage, cargo, and/or mail carried for remuneration or hire and destined for another point in that same OU Member State;

(b) the Olympian Union the right to take on board in Terra Margarita passengers, baggage, cargo, and/or mail carried for remuneration or hire and destined for another point in Terra Margarita.

ARTICLE 3

Operating authorisation

1. On receipt of an application for an operating authorisation from an air carrier of a Party, the competent authorities of the other Party shall grant the appropriate operating authorisations and technical permissions with minimum procedural delay, provided that:

(a) for an air carrier of Terra Margarita:

(i) the air carrier has its principal place of business in Terra Margarita, and holds a valid operating licence in accordance with the law of Terra Margarita;

(ii) effective regulatory control of the air carrier is exercised and maintained by Terra Margarita; and

(iii) the air carrier is owned, directly or through majority ownership, and it is effectively controlled by Terra Margarita, and/or its nationals;

(b) for an air carrier of the Olympian Union:

(i) the air carrier is established in the territory of the Olympian Union under the OU Treaties and holds a valid operating licence in accordance with Olympian Union law;

(ii) effective regulatory control of the air carrier is exercised and maintained by the OU Member State responsible for issuing its air operator certificate and the competent authority is clearly identified; and

(iii) the air carrier is owned, directly or through majority ownership, and it is effectively controlled by a Member State or Member States of the Olympian Union or the Olympian Free Trade Association and/or by nationals of such States;

(c) the provisions set out in Articles 13 and 14 of this Agreement are being complied with; and

(d) the air carrier meets the conditions prescribed under the laws and regulations normally applied to the operation of international air transport by the Party considering the application.

2. When granting operating authorisations and technical permissions, each Party shall treat all carriers of the other Party in a non-discriminatory manner.

3. On receipt of an application for an operating authorisation from an air carrier of a Party, the other Party shall recognise any fitness and/or citizenship determination made by the first Party with respect to that air carrier as if such determination had been made by its own competent authorities, and shall not enquire further into such matters, except as provided in paragraph 2 of Article 4 of this Agreement. For the avoidance of doubt, this paragraph does not cover recognition of determinations in relation to safety certificates or licences, security arrangements, or insurance coverage.

ARTICLE 4

Refusal, revocation, suspension and limitation of authorisation

1. Either Party may refuse, revoke, suspend, impose conditions on or limit the operating authorisations or technical permissions or otherwise refuse, suspend, impose conditions on or limit the operations of an air carrier of the other Party where:

(a) for an air carrier of Terra Margarita:

(i) the air carrier does not have its principal place of business in Terra Margarita or does not hold a valid operating licence in accordance with the law of Terra Margarita;

(ii) effective regulatory control of the air carrier is not exercised or not maintained by Terra Margarita; or

(iii) the air carrier is not owned, directly or through majority ownership, or it is not effectively controlled by Terra Margarita, and/or nationals of Terra Margarita;

(b) for an air carrier of the Olympian Union:

(i) the air carrier is not established in the territory of the Olympian Union under the OU Treaties or does not have a valid operating licence in accordance with Olympian Union law;

(ii) effective regulatory control of the air carrier is not exercised or not maintained by the OU Member State responsible for issuing its air operator certificate or the competent authority is not clearly identified; or

(iii) the air carrier is not owned, directly or through majority ownership, or it is not effectively controlled by a Member State or Member States of the Olympian Union or the Olympian Free Trade Association and/or by nationals of such States;

(c) the air carrier has failed to comply with the laws and regulations referred to in Article 6 of this Agreement and/or with the laws and regulations normally applied to the operation of international air transport by the Party considering the application.

2. Where a Party has reasonable grounds to believe that an air carrier of the other Party is in any of the situations laid down in paragraph 1 that Party may request consultations with the other Party.

3. Such consultations shall start as soon as possible, and not later than thirty (30) days of receipt of such a request. Failure to reach a satisfactory agreement within thirty (30) days or an agreed time period from the starting date of such consultations, or failure to take the agreed corrective

action, shall constitute grounds for the Party that requested the consultations to take action to refuse, revoke, suspend, impose conditions on or limit the operating authorisation or technical permissions of an air carrier of the other Party to ensure compliance with the provisions of this Article.

4. Notwithstanding paragraph 3, with respect to paragraph 1 (c), a Party may take immediate or urgent action when required by an emergency, or to prevent further non-compliance. For the avoidance of doubt, further non-compliance requires that the question of non-compliance has already been raised between the competent authorities of the Parties.

ARTICLE 5

Liberalisation of ownership and control

The Parties recognise the potential benefits of the progressive liberalisation of ownership and control of their respective air carriers. The Parties agree to explore in the Joint Committee, at an opportune juncture, the reciprocal liberalisation of ownership and control of air carriers. As a result of this examination, the Joint Committee may recommend amendments to this Agreement in accordance with Article 25 of this Agreement.

ARTICLE 6

Compliance with laws and regulations

1. While entering, within, or leaving the territory of one Party, the laws and regulations relating to the admission to, operating within, or departure from its territory of aircraft engaged in international air transport shall be complied with by the air carriers of the other Party.

2. While entering, within, or leaving the territory of one Party, its laws and regulations relating to the admission to, operating within, or departure from its territory of passengers, crew, baggage, cargo and/or mail on aircraft (including regulations relating to entry, clearance, immigration, passports, customs and quarantine, or in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew, baggage, cargo and/or mail of the air carriers of the other Party.

3. The Parties shall permit, in their respective territory, the air carriers of the other Party to take measures to ensure that only persons with the travel documents required for entry into or transit through the territory of the other Party are carried.

ARTICLE 7

Fair competition

1. The Parties agree that their air carriers shall enjoy fair and equal opportunities to compete in the provision of air transport services.

2. The Parties shall:

(a) prohibit, and where they exist, eliminate, within their respective jurisdictions and using their respective internal procedures and processes, any forms of discrimination or unfair practices which would adversely affect the fair and equal opportunity of the air carriers of the other Party to compete in providing air transport services;

(b) not grant or permit subsidies to any air carriers if these subsidies adversely affect the fair and equal opportunity of the air carriers of the other Party to compete in providing air transport services.

3. Notwithstanding subparagraph (b) of paragraph 2, the following may be granted:

(a) support to insolvent or ailing air carriers, provided that:

(i) this support is conditional on a credible restructuring plan based on realistic assumptions with a view to ensuring the return of the insolvent or ailing air carrier within a reasonable time to long-term viability; and

(ii) the air carrier concerned, its investors or shareholders significantly contribute themselves to the costs of restructuring;

(b) temporary liquidity support to an ailing air carrier in the form of loans or loan guarantees limited to the amount needed merely to keep the air carrier concerned in business for the time necessary to work out a restructuring or liquidation plan;

(c) provided that they are limited to the minimum amounts needed to achieve their objective and that the effects on the provision of air transport services are kept to a minimum:

(i) subsidies to make good the damage caused by natural disasters;

(ii) in the case of Terra Margarita, subsidies to remedy a serious disturbance in its economy; and, in the case of the OU and its Member States, subsidies to remedy a serious disturbance in the economy of one or more OU Member States;

(d) subsidies to air carriers entrusted with the operation of clearly defined public service obligations necessary to meet essential transport needs of the population which cannot be satisfied by market forces alone, provided that these subsidies are limited to a reasonable remuneration for the provision of the air services concerned.

4. The Parties shall ensure that each of its air carriers providing air transport services under this Agreement publicly issues, on at least an annual basis, a financial report and accompanying financial statement that is externally audited in compliance with internationally recognised accounting and corporate financial disclosure standards, such as the International Financial Reporting Standards; and that, in case a Party provides a subsidy, this subsidy is separately identified in the financial report.

5. Each Party shall, at the request of the other Party, provide the other Party within 30 days, unless otherwise agreed by the Parties, financial reports and any other information as may be reasonably available, including on the matters covered under paragraph 4, as may be reasonably requested by the other Party to verify that the provisions of this Article are being complied with. The submission of such information, when commercially sensitive, shall be subject to confidential treatment by the requesting Party.

6. Each Party, using their respective internal procedures and processes, shall implement and apply measures that effectively prohibit and prevent their air carriers from:

(a) engaging in concerted practices resulting from an express or implicit agreement or decision between competitors, which have as their objective or effect the prevention, lessening or distortion of competition. This prohibition may be declared inapplicable where such agreements,

decisions or practices contribute to improving the production or distribution of services or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and do not: (i) impose on the companies concerned, restrictions which are not indispensable to the attainment of these objectives; (ii) afford such companies the possibility of eliminating competition in respect of a substantial part of the services in question,

(b) abusing a dominant position in a way which may affect air transport services to/from that Party, and

(c) concentrations between air carriers which significantly impede effective competition, in particular as a result of the creation or strengthening of a dominant position.

7. If a Party (hereinafter referred to as "the acting Party") considers that its carriers' fair and equal opportunities to compete are adversely affected by:

(a) discrimination or unfair practices prohibited under subparagraph (a) of paragraph 2;

(b) a subsidy prohibited under subparagraph (b) of paragraph 2, other than those listed in paragraph 3;

(c) non-compliance with the transparency obligations laid down in paragraphs 4, and 5; or

(d) failure of the other Party to comply with the obligations laid down in paragraph 6;

it may proceed in accordance with paragraphs 8 to 10.

8. The acting Party shall submit a written request for consultations to the other Party, accompanied by a written report with its observations and material evidence. Consultations shall start within a period of thirty (30) days of the receipt of the request, unless otherwise agreed by the Parties. Consultations may be requested through the Joint Committee.

9. If the acting Party and the other Party fail to reach agreement on the matter within sixty (60) days from the commencement of the consultations, or a different period agreed by the Parties or by the Joint Committee, the acting Party may take measures against the air carriers which have engaged in the contested conduct or which have benefited from the discrimination, unfair practices or subsidies in question. The acting Party shall notify the other Party, in writing, of the measures to be taken at least fifteen (15) days before the implementation of any such measure.

10. The measures taken pursuant to the preceding paragraph shall be appropriate, proportionate and restricted in their scope and duration to what is strictly necessary, with a view to mitigating the injury to the carriers of the acting Party and removing the undue advantage gained by the carriers against which they are directed.

11. Any actions and measures taken pursuant to paragraph 9 shall be without prejudice to the right of either Party to refer to the dispute settlement procedure laid down in Article 23 of this Agreement.

12. Where matters pertaining to this Article are referred to the dispute settlement procedure laid down in Article 23 of this Agreement, the timelines stated in paragraphs 10, 11, and 12 of that Article shall be halved.

13. Nothing in this Agreement shall affect, limit or jeopardise in any way the authority or powers of the competition authorities of the Parties or of the courts which review the decisions of those authorities. Any action taken pursuant to paragraph 9 of this Article by a Party shall be without

prejudice to any possible actions and measures taken by the said authorities and courts, including those of the acting Party. The decisions of the courts which review the actions and measures of those competent authorities shall be excluded from the dispute settlement mechanism laid down in Article 23 of this Agreement.

ARTICLE 8

Commercial opportunities

Doing business

1. The Parties agree that obstacles to doing business encountered by commercial operators would hamper the benefits to be achieved by this Agreement. The Parties shall therefore engage in an effective and reciprocal process of removal of obstacles to doing business of commercial operators of both Parties where such obstacles may hamper commercial operations, create distortions to competition or affect equal opportunities to compete.

2. The Joint Committee pursuant to Article 22 of this Agreement shall develop a process of cooperation in relation to doing business and commercial opportunities. In accordance with Article 22 of this Agreement a Party may request a meeting of the Joint Committee to discuss any question related to the application of this Article.

Air carrier representatives

3. The air carriers of each Party shall have the right to freely establish offices and facilities in the territory of the other Party required for the provision of air transport and for the promotion and sale of air transport and related activities including the right to sell and to issue any ticket and/or air waybill, both of its own and of any other air carrier.

4. The air carriers of each Party shall be entitled, in accordance with the laws and regulations of the other Party relating to entry, residence, and employment, to bring in and maintain in the territory of the other Party managerial, sales, technical, operational, and other specialist staff who are required to support the provision of air transport. Both Parties shall facilitate and expedite the granting of employment authorisations, where required, for personnel employed in the offices according to this paragraph, including those performing certain temporary duties not exceeding ninety (90) days, subject to the relevant laws and regulations in force. The air carriers of each Party may freely choose to work with or without a general sales agent of their choice in the territory of the other Party.

Ground handling

5. Each air carrier shall have in relation to ground handling in the territory of the other Party:

(a) the right to perform its own ground handling (self-handling); or

(b) the right to select among competing suppliers, including other air carriers, that provide ground handling services in whole or in part where such suppliers are allowed market access on the basis of the laws and regulations of each Party, and where such suppliers are present in the market.

The rights under (a) and (b) of this paragraph shall be subject only to specific constraints of available space or capacity arising from the need to maintain safe operation of the airport. Where such constraints limit, prevent or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, the relevant Party shall

ensure that all such services are available on both an equal and an adequate basis to all air carriers; prices of such services shall be determined according to relevant, objective, transparent and non-discriminatory criteria.

Allocation of slots at airports

6. Each Party shall ensure that its regulations, guidelines and procedures for allocation of slots at the airports in its territory are applied in a transparent, effective, non-discriminatory and timely manner.

Operational plans, programmes and schedules

7. Notification of operational plans, programmes or schedules for air services operated under this Agreement may be required by a Party for information purposes only. If a Party requires such notification, it shall minimise the administrative burdens of notification requirements and procedures on air transport intermediaries and on air carriers of the other Party.

Sales, local expenses and transfer of funds

8. Any air carrier of each Party may engage in the sale of air transport and related services in the territory of the other Party directly and/or, at the air carrier's discretion, through its sales agents, other intermediaries appointed by the air carrier or through the internet or any other available channel. Each air carrier shall have the right to sell such transport and related services, and any person shall be free to purchase such transport and related services, in the currency of that territory or in freely convertible currencies.

9. The air carriers of each Party shall be permitted to pay for local expenses, including, but not limited to, purchases of fuel, in the territory of the other Party in local currency. At their discretion, the air carriers of each Party may pay for such expenses in the territory of the other Party in freely convertible currencies at the market rate of exchange.

10. Each air carrier shall have the right on demand to convert into freely convertible currencies and remit at any time, in any way, from the territory of the other Party to the country of its choice, local revenues. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the market rate of exchange applicable to current transactions and remittance on the date the carrier makes the initial application for remittance and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.

Cooperative marketing arrangements

11. In operating or holding out services under this Agreement, any air carrier of a Party may enter into cooperative marketing arrangements, such as blocked-space or code-sharing arrangements, with:

- (a) any air carrier or carriers of the Parties;
- (b) any air carrier or carriers of a third country; and/or
- (c) any surface (land or maritime) transport provider of any country;

provided that (i) the operating carrier holds the appropriate traffic rights; (ii) the marketing carriers hold the appropriate underlying route(s) in the route schedule; and (iii) the arrangements meet the regulatory requirements normally applied to such arrangements.

12. In operating or holding out services under this Agreement, any air carrier of a Party may enter into cooperative marketing arrangements, such as blocked-space or code-sharing arrangements, with a carrier that is operating a domestic sector, provided (i) this is part of an international journey and (ii) the arrangements meet the requirements normally applied to such arrangements. For the purpose of this paragraph, a domestic sector means, where the operating carrier is a carrier of the Olympian Union, a route within the territory of an OU Member State; and where the operating carrier is a carrier of Terra Margarita, a route within the territory of Terra Margarita.

13. In respect of passenger transport sold involving cooperative marketing arrangements, the purchaser shall be informed at the point of sale, or in any case at check-in, or before boarding where no check-in is required for a connecting flight, which transport providers will operate each sector of the service.

Intermodal services

14. In relation to the transport of passengers, surface transport providers shall not be subject to laws and regulations governing air transport on the sole basis that such surface transport is held out by an air carrier under its own name.

15. Notwithstanding any other provision of this Agreement, air carriers and indirect providers of cargo transport of the Parties shall be permitted, without restriction, to employ in connection with international air transport any surface transport for cargo to or from any points in the territories of the Parties, or in third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customs processing and facilities. Air carriers may elect to perform their own surface transport or to provide it through arrangements with other surface transport providers, including surface transport operated by other air carriers and indirect providers of cargo air transport. Such inter-modal cargo services may be offered at a single, through-price for the air and surface transport combined, provided that shippers are not misled as to the facts concerning such transport.

Franchising / Branding

16. The air carriers of each Party shall be entitled to enter into franchising or branding arrangements with companies, including air carriers, of either Party or third countries, provided that the air carriers hold the appropriate authority and meet the conditions prescribed under the laws and regulations normally applied by the Parties to such arrangements, particularly those requiring the disclosure of the identity of the air carrier operating the service.

Leasing

17. The Parties grant each other's air carriers the right to provide services under this Agreement by:

(a) using aircraft leased without crew from any lessor;

(b) using aircraft leased with crew from other air carriers of the same Party as the lessee's;

(c) using aircraft leased with crew from air carriers of a country other than the lessee's Party, provided that the leasing is justified on the basis of exceptional needs, seasonal capacity needs

or operational difficulties of the lessee and the leasing does not exceed the duration which is strictly necessary to fulfil those needs or overcome those difficulties.

The Parties concerned may require leasing arrangements to be approved by their competent authorities for the purpose of verifying compliance with the conditions set out in this paragraph and with the applicable safety and security requirements. However, where a Party requires such approval, it shall endeavour to expedite the approval procedures and minimise the administrative burden on the carriers concerned. For the avoidance of doubt, the provisions of this paragraph are without prejudice to the laws and regulations of a Party as regards the leasing of aircraft by air carriers of that Party.

ARTICLE 9

Customs duties

1. On arriving in the territory of one Party, aircraft operated in international air transport by the air carriers of the other Party, their regular equipment, fuel, lubricants, consumable technical supplies, ground equipment, spare parts (including engines), aircraft stores (including but not limited to such items as food, beverages, tobacco and other products destined for sale to or use by passengers in limited quantities during flight), and other items intended for or used solely in connection with the operation or servicing of aircraft engaged in international air transport, shall be exempt, on the basis of reciprocity and provided that such equipment and supplies remain on board the aircraft, from all import restrictions, property taxes and capital levies, customs duties, excise taxes, inspections fees, Value Added Tax (VAT) or other similar indirect taxes, and similar fees and charges that are:

(a) imposed by the national or local authorities or the Olympian Union, and

(b) not based on the cost of service provided.

2. There shall also be exempt, on the basis of reciprocity, from the taxes, levies, duties, fees and charges referred to in paragraph 1 of this Article, with the exception of charges based on the cost of service provided:

(a) aircraft stores introduced into or supplied in the territory of a Party and taken on board, within reasonable limits, for use on outbound aircraft of an air carrier of the other Party engaged in international air transport, even when these stores are to be used on a part of the journey performed over the said territory;

(b) ground equipment and spare parts (including engines) introduced into the territory of a Party for the servicing, maintenance, or repair of aircraft of an air carrier of the other Party used in international air transport;

(c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Party for use in an aircraft of an air carrier of the other Party engaged in international air transport, even when these supplies are to be used on a part of the journey performed over the said territory;

(d) printed matter, as provided for by the customs legislation of each Party, introduced into or supplied in the territory of one Party and taken on board for use on outbound aircraft of an air carrier of the other Party engaged in international air transport, even when these stores are to be used on a part of the journey performed over the said territory; and

(e) safety and security equipment for use at airports or cargo terminals.

3. Nothing in this Agreement shall prevent a Party from imposing taxes, levies, duties, fees, or charges on fuel supplied in its territory, on a non-discriminatory basis, for use in an aircraft of an air carrier that operates between two points in its territory.

4. The regular airborne equipment, as well as the material, supplies and spare parts referred to in paragraphs 1 and 2 of this Article normally retained on board aircraft operated by an air carrier of one Party may be unloaded in the territory of the other Party only with the approval of the customs authorities of that Party and may be required to be kept under the supervision or control of the said authorities, up to such time as they are re-exported or otherwise disposed of in accordance with customs regulation.

5. The exemptions provided for by this Article shall also be available where the air carriers of one Party have contracted with another air carrier, which similarly enjoys such exemptions from the other Party, for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article.

6. Nothing in this Agreement shall prevent either Party from imposing taxes, levies, duties, fees or charges on goods sold other than for consumption on board to passengers during a sector of an air service between two points within its territory at which embarkation or disembarkation is permitted.

7. Baggage and cargo in direct transit across the territory of a Party shall be exempt from taxes, customs duties, fees and other similar charges that are not based on the cost of service provided.

8. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the competent authorities.

9. The provisions of the respective conventions in force between an OU Member State and Terra Margarita for the avoidance of double taxation on income and on capital remain unaffected by this Agreement.

ARTICLE 10

User charges

1. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the air carriers of the other Party for the use of air navigation and air traffic control shall be cost-related and non-discriminatory. In any event, any such user charges shall be assessed on the air carriers of the other Party on terms no less favourable than the most favourable terms available to any other air carrier.

2. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the air carriers of the other Party for the use of airport, aviation security and related facilities and services, with the exception of charges levied with respect to the services described in paragraph 5 of Article 8 of this Agreement, shall not be unjustly discriminatory and shall be equitably apportioned among categories of users. These charges shall reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport and aviation security facilities and services at that airport or those airports at which a common charging system applies. These charges may include a reasonable return on assets, after depreciation. Facilities and services for which user charges are

imposed shall be provided on an efficient and economic basis. In any event, these charges shall apply to the air carriers of the other Party on terms not less favourable than the most favourable terms available to any other air carrier at the time the charges are applied.

3. Each Party shall require the competent charging authorities or bodies in its territory and the air carriers using the services and facilities to undertake consultations and to exchange such information as may be necessary to permit an accurate assessment of the reasonableness of the charges in accordance with the principles set out in paragraphs 1 and 2 of this Article. The competent charging authorities or bodies shall provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views and provide comments before any changes are made.

ARTICLE 11

Fares and rates

1. The Parties shall permit fares and rates to be freely established by the air carriers of the Parties on the basis of free and fair competition.

2. Either Party may require, on a non-discriminatory basis, notification to its competent authorities of fares and rates offered for services originating from its territory by air carriers of both Parties on a simplified basis and for information purposes only. Such notification by the air carriers may be required to be made no earlier than the initial offering of a fare or a rate.

ARTICLE 12

Statistics

1. The Parties shall cooperate within the framework of the Joint Committee to facilitate the exchange of statistical information related to air transport under this Agreement.

2. Upon request, each Party shall provide the other Party with non-confidential and non-commercially sensitive available statistics related to air transport under this Agreement, as required by the respective laws and regulations of the Parties, on a non-discriminatory basis, and as may reasonably be required.

TITLE II

REGULATORY COOPERATION

ARTICLE 13

Aviation safety

1. The Parties reaffirm the importance of close cooperation in the field of aviation safety. In that context, the Parties shall, as appropriate, engage in further cooperation in relation to accident investigation, regulatory development, the exchange of safety information, the possible participation in each other's oversight activities or conducting joint oversight activities and the development of joint projects and initiatives.

2. Certificates of airworthiness, certificates of competency and licences issued or rendered valid by one Party and still in force shall be recognised as valid by the other Party and its aeronautical authorities for the purpose of operating air services, provided that such certificates or licences were issued or rendered valid pursuant to, and in conformity with, as a minimum, the relevant

international standards and recommended practices and procedures for air navigation services established under the Convention.

3. Each Party may request consultations at any time concerning the safety standards and requirements maintained and administered by the other Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty (30) days of the request.

4. If, following such consultations, the requesting Party finds that the other Party does not effectively maintain and administer safety standards and requirements in the areas referred to in paragraph 3 of this Article that, unless otherwise decided, are at least equal to the minimum standards established pursuant to the Convention, the other Party shall be notified of such findings.

The other Party shall submit a corrective action plan within thirty (30) days which will include a timeline for implementation. The corrective action plan and the corresponding timeline shall be agreed by the Parties before being implemented.

Failure by the other Party to take appropriate corrective action within a reasonable period of time shall constitute grounds for the requesting Party to refuse, revoke, suspend, impose conditions on or limit the operating authorisations or technical permissions or to otherwise refuse, revoke, suspend, impose conditions on or limit the operations of an air carrier which is under the safety oversight of the other Party.

5. Each Party accepts that any aircraft operated by, or on behalf of, an air carrier of a Party may, while within the territory of the other Party, be the subject of a ramp inspection by the competent authorities of the other Party, to verify the validity of the relevant aircraft documents and those of its crew members and the apparent condition of the aircraft and its equipment, provided that such examination does not cause an unreasonable delay in the operation of the aircraft.

6. If a Party, after carrying out a ramp inspection, finds that an aircraft or the operation of an aircraft does not comply with the minimum standards and procedures for air navigation services established pursuant to the Convention, that Party shall notify the aircraft operator of such lack of compliance while requesting corrective action as deemed appropriate. Whenever appropriate, the competent authorities of the other Party that are responsible for the safety oversight of the air carrier operating the aircraft may be requested to give their acceptance of the corrective action taken by the aircraft operator. Notwithstanding this, each Party will allow access to the results of ramp inspections performed on aircraft operators which are under the safety oversight of the other Party.

7. Each Party shall have the right to take immediate action including the right to revoke, suspend or limit the operating authorisations or technical permissions or to otherwise suspend or limit the operations of an air carrier of the other Party, if it concludes that it is necessary in view of an immediate threat to aviation safety. The Party taking such measures shall promptly inform the other Party, providing reasons for its action.

8. Any action by a Party in accordance with paragraphs 4, 6 or 7 of this Article shall be necessary and proportionate to addressing a safety finding and shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 14

Aviation security

1. The Parties underline their commitment to achieve the highest levels of aviation security standards and may, as appropriate, engage in further dialogue and cooperation in this field.
2. The Parties reaffirm their obligations to each other to provide for the security of civil aviation against acts of unlawful interference, and in particular their obligations under the Convention, the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971, the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988 and the Convention on the marking of plastic explosives for purpose of detection signed at Montreal on 1 March 1991, insofar as the Parties are parties to these conventions, as well as all other conventions and protocols relating to civil aviation security of which the Parties are parties.
3. The Parties shall provide upon request all necessary assistance to each other to address any threat to the security of civil aviation, including the prevention of acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
4. The Parties shall, in their mutual relations, act in conformity with the international aviation security standards and appropriate recommended practices established by the ICAO. They shall require that operators of aircraft of their registries, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory, act, at least, in conformity with such aviation security provisions.
5. Each Party shall ensure that effective measures are taken within its territory to protect civil aviation against acts of unlawful interference, including, but not limited to, screening of passengers and their cabin baggage, screening of hold baggage, screening and security controls for persons other than passengers, including crew, and their items carried, screening and security controls for cargo, mail, in-flight and airport supplies, and access control to airside and security restricted areas. Those measures shall be adjusted to meet increases in the threat to the security of civil aviation. Each Party agrees that the security provisions required by the other Party relating to the admission to, operating within, or departure from its territory of aircraft must be observed.
6. With full regard and mutual respect for each other's sovereignty, a Party may adopt security measures for entry into its territory, as well as emergency measures, in order to meet a specific security threat, which should be communicated to the other Party without delay. Each Party shall give positive consideration to any request from the other Party for reasonable special security measures, and the first Party shall take into account the security measures already applied by the other Party and any views that the other Party may offer as well as the possible adverse effects on air transport between the Parties. Except where not reasonably possible in case of emergency, each Party will inform the other Party in advance of any special security measures it intends to introduce which could have a significant financial or operational impact on the air transport services provided under this Agreement. Either Party may request a meeting of the Joint Committee, on an urgent basis if appropriate, to discuss such security measures, as provided for in Article 22 of this Agreement.

7. Each Party recognises, however, that nothing in this Article limits the ability of a Party to refuse entry into its territory of any flight or flights that it deems to present a threat to its security.

8. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of aircraft, passengers, crew, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat.

9. Each Party shall take all measures it finds practicable to ensure that an aircraft subjected to an act of unlawful seizure or other acts of unlawful interference which is on the ground in its territory is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Where practicable, such measures shall be taken on the basis of mutual consultations.

10. When a Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, that Party may request immediate consultations with the other Party. Such consultations shall start within thirty (30) days of receipt of such a request or such longer period as may be agreed. Failure to reach a satisfactory agreement within thirty (30) days or a longer period as may have been agreed per above shall constitute grounds for the Party that requested the consultations to take action to refuse, revoke, suspend, impose conditions on or limit the operating authorisation and technical permissions of an air carrier of the other Party to ensure compliance with the provisions of this Article. When required by an emergency, or to prevent further non-compliance with the provisions of this Article, a Party may take immediate interim action.

11. Any action taken in accordance with this Article shall be necessary and proportionate to addressing a security threat and shall be discontinued upon compliance by the other Party with the provisions of this Article or when such action is no longer necessary.

ARTICLE 15

Air traffic management

1. The Parties shall cooperate on regulatory matters concerning air navigation services, including their oversight. They shall address any policy issues relating to the performance of air traffic management, with a view to optimising overall flight efficiency, reducing costs, minimising environmental impact and enhancing the safety and capacity of the systems.

2. The Parties shall encourage their competent authorities and air navigation service providers to cooperate on interoperability issues to further integrate both Parties' systems where possible, to reduce the environmental impact of aviation, and to share information where appropriate.

3. The Parties shall promote cooperation between their air navigation service providers in order to exchange flight data and coordinate traffic flows to optimise flight efficiency, with a view to improving the use of resources and achieving predictability, punctuality and service continuity.

4. The Parties agree to cooperate on modernisation programmes, including development, deployment and best practices for economic efficiency, air traffic management and relevant aerodrome aspects, and to encourage cross-participation in validation and demonstration activities.

ARTICLE 16

Environment

1. The Parties support the need to protect the environment by promoting the sustainable development of aviation. The Parties intend to work together to identify issues related to the impacts of aviation on the environment.

2. The Parties recognise the importance of working together, to consider and minimise the effects of aviation on the environment consistent with the objectives of this Agreement.

3. The Parties recognise the importance of addressing climate change and therefore of limiting or reducing greenhouse gas (GHG) emissions associated with domestic and international air transport. They agree to cooperate on these matters, with a view to develop and implement instruments, including implementing rules for the development of the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) and any other aspect of particular relevance to address GHG emissions in the aviation sector.

4. The Parties undertake to exchange information and have regular dialogue among experts to enhance cooperation on addressing aviation environmental impacts including:

(a) on research and development of environmentally-friendly aviation technology;

(b) in air traffic management innovation with a view to reducing the environmental impacts of aviation;

(c) on research and development of sustainable alternative fuels for aviation;

(d) exchange of views on issues dealing with the environmental effects of aviation and mitigation of climate-related emissions of aviation; and

(e) in noise mitigation and monitoring, with a view to reducing the environmental impacts of aviation.

5. The Parties shall also, in compliance with their multilateral environmental rights and obligations, enhance cooperation, including financial and technological, in relation to measures aimed at addressing greenhouse gas emissions from international aviation.

6. The Parties recognise the need to take appropriate measures to prevent or otherwise address the environmental impacts of air transport provided that such measures are fully consistent with their rights and obligations under international law.

ARTICLE 17

Air carrier liability

The Parties reaffirm their obligations under the Convention for the Unification of Certain Rules for International Carriage by Air, done at Montreal on 28 May 1999 (the Montreal Convention).

ARTICLE 18

Consumer protection

The Parties shall cooperate to protect the interests of consumers in air transport. The objective of this cooperation shall be to achieve a high level of consumer protection. To this end, the Parties shall consult each other in the Joint Committee on matters of consumer interest, including their

planned measures, with a view to achieving increased regulatory convergence and compatibility to the extent possible.

ARTICLE 19

Computer reservation systems

1. Computer reservation systems (hereinafter CRS) vendors operating in the territory of one Party shall be entitled to bring in, maintain, and make freely available their CRSs to travel agencies or travel companies whose principal business is the distribution of travel-related products in the territory of the other Party provided the CRS complies with any relevant regulatory requirements of the other Party.

2. The Parties shall annul any existing requirement, which could restrict free access by one Party's CRSs to the other Party's market or otherwise limit competition. The Parties shall refrain from adopting such requirements in the future.

3. Neither Party shall, in its territory, impose or permit to be imposed on the CRS vendors of the other Party requirements with respect to CRS displays different from those imposed on its own CRS vendors or any other CRS operating on its market. Neither Party shall prevent the conclusion of agreements between CRS vendors, their providers and their subscribers related to the exchange of travel services information and which are facilitating the display of comprehensive and unbiased information to consumers, or the fulfilment of regulatory requirements on neutral displays.

4. Owners and operators of CRSs of one Party that comply with the relevant regulatory requirements of the other Party, if any, shall have the same opportunity to own CRSs within the territory of the other Party as do the owners and operators of any other CRS operating in the market of that Party.

ARTICLE 20

Social aspects

1. The Parties recognise the importance of considering the effects of this Agreement on labour, employment and working conditions. The Parties agree to cooperate on labour matters within the scope of this Agreement, *inter alia*, in relation to impacts on employment, fundamental rights at work, working conditions, social protection and social dialogue.

2. The Parties recognise the right of each Party to establish its own level of domestic labour protection as it deems appropriate, and to adopt or modify accordingly its relevant laws and policies, consistent with its international obligations. The Parties shall ensure that the rights and principles contained in their respective laws and regulations are not undermined but effectively enforced.

3. Each Party shall continue to improve those laws and policies consistent with its international obligations, and shall strive towards providing and encouraging high levels of labour protection in the aviation sector. The Parties recognise that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist purposes.

4. The Parties reaffirm their commitment, in accordance with their obligations deriving from the membership of the International Labour Organization (ILO) and the ILO Declaration on

Fundamental Principles and Rights at Work and its Follow-up, adopted by the International Labour Conference at its 86th Session in 1998, to respect, promote and effectively implement and apply the Fundamental Rights and Principles at Work.

5. The Parties shall promote the objectives included in the ILO Decent Work Agenda and the ILO Declaration on Social Justice for a Fair Globalization of 2008 adopted by the International Labour Conference at its 97th Session.

6. Each Party undertakes to make best endeavours towards ratifying, if it has not yet done so, the fundamental ILO conventions. The Parties will also consider the ratification of other ILO conventions and consequently the effective implementation of corresponding international standards in the labour and social domain of relevance for the civil aviation sector, taking into account domestic circumstances.

7. Either Party may request a meeting of the Joint Committee to address labour issues that the requesting Party identifies as significant.

TITLE III

INSTITUTIONAL PROVISIONS

ARTICLE 21

Interpretation and implementation

1. The rights laid down in this Agreement are granted by the Parties to one another. Any reference in this Agreement to rights granted to the air carriers of a Party shall be construed only as a reference to rights granted to that Party. Nothing in this Agreement shall be construed as intended to confer rights or to impose obligations which can be directly invoked by nationals of one Party before the courts or tribunals of the other Party.

2. The Parties shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising out of this Agreement.

3. In exercising their rights under this Agreement, the Parties shall take measures which are appropriate and proportionate to the objectives of those measures.

4. The Parties shall refrain from any measures which would jeopardise the attainment of the objectives of this Agreement.

5. Each Party shall be responsible, in its own territory, for the proper enforcement of this Agreement.

6. Where either Party has concerns about possible infringement of this Agreement, it may request information and assistance from the other Party. Upon receipt of such request, the other Party shall provide all necessary information and assistance, subject to its applicable laws and regulations.

7. This Agreement shall not preclude consultations and discussions between competent authorities of the Parties outside the Joint Committee, including in the fields of air transport development, security, safety, environment, social policy, air traffic management, aviation infrastructure, competition matters and consumer protection. The Parties shall inform the Joint Committee of the outcome of such consultations and discussions which may have an impact on the interpretation or application of this Agreement.

8. Where reference is made in this Agreement to cooperation between the Parties, including but not limited to the fields of commercial opportunities, security, safety, environment, air traffic management and consumer protection, the Parties shall endeavour to find common ground for joint action to further develop this Agreement and/or improve its functioning in the areas concerned, on the basis of mutual consent.

ARTICLE 22

The Joint Committee

1. A Joint Committee composed of representatives of the Parties shall be responsible for overseeing the administration of this Agreement and ensure its proper implementation.

2. The Joint Committee shall adopt its rules of procedures.

3. The Joint Committee shall meet as and when necessary and at least once a year. Any Party may at any time request the convening of a meeting of the Joint Committee. Such a meeting shall begin at the earliest possible date, and not later than two (2) months from the date of receipt of the request, unless otherwise agreed by the Parties.

4. For the purpose of the proper implementation of this Agreement, the Joint Committee shall:

(a) exchange information, including on changes to laws, regulations, and policies of the respective Parties which may affect air services and statistical information related to air transport;

(b) make recommendations and take decisions where expressly provided for in this Agreement;

(c) develop cooperation, including on regulatory matters;

(d) hold consultations on any questions relating to the application or interpretation of this Agreement, as well as, where appropriate, on air transport issues dealt with in international organisations, in relations with third countries and in multilateral arrangements, including consideration of whether to adopt a joint approach;

(e) consider potential areas for further development of this Agreement, including the recommendation of amendments to this Agreement for accession of third countries to this Agreement.

5. Recommendations and decisions of the Joint Committee shall be adopted by consensus between the Parties. Decisions taken by the Joint Committee shall be binding on the Parties.

ARTICLE 23

Dispute resolution and arbitration

1. Without prejudice to Article 4 of this Agreement, any dispute relating to the application or interpretation of this Agreement, may be referred by the Parties to the dispute settlement mechanism provided for in this Article.

2. Without prejudice to any previous consultations between the Parties under this Agreement, where a Party wishes to have recourse to the dispute settlement mechanism provided for in this Article, it shall notify the other Party in writing of its intention and request a meeting of the Joint Committee for consultations.

3. If the Joint Committee meeting is not held within two (2) months of the receipt of the request referred to in the preceding paragraph or by the date agreed by the Parties, or, if the dispute is not resolved at the Joint Committee within six (6) months of the said request, the dispute may be referred to a person or body for decision by agreement of the Parties. If the Parties cannot reach mutual agreement to refer the dispute to a person or body for decision, the dispute shall, at the request of any of the Parties, be submitted to arbitration.

4. Notwithstanding paragraph 2 of this Article, if a Party has taken action to refuse, revoke, suspend, impose conditions on or limit the operating authorisation or technical permissions of an air carrier of the other Party, the dispute may be immediately referred to a person or body for decision, or submitted to arbitration.

5. The request for arbitration shall be made in writing by a Party (hereinafter referred to as “initiating party”) to the other Party (hereinafter referred to as “responding party”). In its request, the initiating party shall present the questions to be resolved, describe the measure at issue, and explain the reasons why it considers such measure to be inconsistent with the provisions of this Agreement.

6. Unless the initiating party and responding party otherwise agree, arbitration shall be by a tribunal of three arbitrators to be constituted as follows:

(a) within sixty (60) days after the receipt of a request for arbitration, the initiating party and the responding party shall each appoint one arbitrator. Within thirty (30) days after these two arbitrators have been appointed, the initiating party and responding party shall by agreement appoint a third arbitrator, who shall act as President of the tribunal;

(b) if the initiating party or the responding party fails to appoint an arbitrator, or if the third arbitrator is not appointed in accordance with subparagraph (a) of this paragraph, either the initiating party or the responding party may request the President of the Council of the ICAO to appoint the necessary arbitrator or arbitrators within thirty (30) days of receipt of that request. If the President of the Council of the ICAO is a national of either Terra Margarita or an OU Member State, the most senior Vice President of that Council, who is not disqualified on that ground, shall be requested to make the appointment.

7. The date of establishment of the tribunal shall be the date on which the last of the three arbitrators accepts the appointment.

8. The proceedings shall be conducted in accordance with the Rules of Procedure to be adopted by the Joint Committee at the earliest possible occasion subject to the provisions of this Article and in accordance with paragraphs 4(b) and 5 of Article 22 of this Agreement. Until the Joint Committee has adopted the Rules of Procedure, the tribunal shall establish its own procedural rules.

9. At the request of the initiating party, the tribunal may, pending its final ruling, authorise the initiating party to adopt interim relief measures or ask the responding party to adopt interim relief measures.

10. The tribunal shall issue an interim report to the initiating party and the responding party setting out the findings of fact, the applicability of relevant provisions and the basic rationale behind any findings and recommendations that it makes, not later than ninety (90) days after the date of its establishment. Where it considers that this deadline cannot be met, the President of the tribunal shall notify the initiating party and the responding party in writing, stating the reasons for the delay

and the date on which the tribunal plans to issue its interim report. Under no circumstances shall the tribunal issue the interim report later than one hundred and twenty (120) days after the date of its establishment.

11. The initiating party or the responding party may submit a written request to the tribunal to review specific aspects of the interim report within fourteen (14) days of its issuance. After considering any written comments by the initiating party and the responding party on the interim report, the tribunal may modify its report and make any further examination it considers appropriate. The findings of the tribunal's final ruling shall include a sufficient discussion of the arguments made at the interim review stage, and shall clearly answer the questions and observations of the initiating party and the responding party.

12. The tribunal shall issue its final ruling to the initiating party and the responding party within one hundred and twenty (120) days from the date of its establishment. Where it considers that that deadline cannot be met, the President of the tribunal shall notify the initiating party and the responding party in writing, stating the reasons for the delay and the date on which the tribunal plans to issue its ruling. Under no circumstances shall the tribunal issue its ruling later than one hundred and fifty (150) days after the date of its establishment.

13. If a Party has taken action to refuse, revoke, suspend, impose conditions on or limit the operating authorisation or technical permissions of an air carrier of the other Party, or, upon request by the initiating party or responding party, if the tribunal rules that the case is urgent, the respective timelines stated in paragraphs 10, 11 and 12 of this Article shall be halved.

14. The initiating party and the responding party may submit requests for clarification of the tribunal's final ruling within ten (10) days of its issuance and any clarification given shall be issued within fifteen (15) days of such request.

15. If the tribunal determines that there has been a violation of this Agreement and the responsible Party does not comply with the tribunal's final ruling, or does not reach agreement with the other Party on a mutually satisfactory resolution within sixty (60) days after the issuance of the tribunal's final ruling, the other Party may suspend the application of comparable benefits arising under this Agreement until such time as the responsible Party complies with the tribunal's final ruling or the initiating party and responding party have reached agreement on a mutually satisfactory resolution.

16. Each Party shall bear the costs of the arbitrator appointed by it. The other costs of the tribunal shall be shared equally between the Parties.

ARTICLE 24

Relationship to other agreements

1. This Agreement shall suspend earlier agreements and arrangements on the same subject matter between the Parties subject to paragraphs 2 and 7 of this Article unless this Agreement is terminated.

2. Provisions in an earlier air services agreement or arrangement between an OU Member State and Terra Margarita concerning the issues covered under Articles 2, 3, 8, and 11 of this Agreement shall continue to apply as a matter of this Agreement where they are more favourable and/or flexible for the air carriers concerned. All rights and benefits enjoyed by the air carriers of

the OU Member State concerned in accordance with those provisions shall accrue to all carriers of the Olympian Union.

3. For the purposes of the preceding paragraph, any dispute between the Parties as to whether the provisions or treatments under earlier agreements or arrangements between the Parties are more favourable and/or flexible shall be settled in the framework of the dispute settlement mechanism provided in Article 23 of this Agreement.

4. Any additional traffic rights that might be granted to an OU Member State by Terra Margarita, or vice versa, after the date of entry into force of this Agreement, shall be subject to this Agreement and shall not discriminate between air carriers of the Olympian Union. These arrangements shall be notified to the Joint Committee forthwith.

5. The Joint Committee shall draw up and keep up-to-date an informative list of the provisions and arrangements on traffic rights referred to in paragraphs 2 and 4 of this Article.

6. If the Parties become parties to a multilateral agreement or endorse a decision adopted by the ICAO in the field of air transport, that addresses matters covered by this Agreement, they shall consult in the Joint Committee pursuant to Article 22 of this Agreement to determine whether this Agreement should be revised to take into account such developments.

7. Nothing in this Agreement shall affect the validity and application of existing and future agreements between the OU Member States and Terra Margarita as regards territories under their respective sovereignty which are not encompassed within the definition of "Territory" in Article 1 of this Agreement.

ARTICLE 25

Amendments

Any amendment to this Agreement may be agreed by the Parties pursuant to consultations held in accordance with Article 22 of this Agreement. Amendments shall come into force in accordance with the terms set out in Article 29 of this Agreement.

ARTICLE 26

Accession by new Members States of the Olympian Union

1. This Agreement shall be open for accession by States which have become OU Member States after the date of signature of the Agreement.

2. In such a case, the accession of that Member State of the Olympian Union to the Agreement shall be effected by the deposit of an instrument of accession with the Secretary General of the Council of the Terra Margarita Union, which shall notify Terra Margarita of the deposit of the instrument of accession and the date thereof. The accession of that Member State of the Terra Margarita Union shall take effect as from the 30th day following the date of the deposit of the instrument of accession.

3. Paragraphs 1, 2, 3 and 7 of Article 24 of this Agreement shall apply *mutatis mutandis* to existing agreements and arrangements which are in place at the time of accession of an OU Member State to the Agreement.

ARTICLE 27

Termination

Either Party may, at any time, give notice in writing, through diplomatic channels, to the other Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the ICAO and to the UN Secretariat. This Agreement shall terminate at midnight GMT at the end of the International Air Transport Association (IATA) traffic season in effect one (1) year following the date of written notice of termination, unless the notice is withdrawn by agreement of the Parties before the end of this period.

ARTICLE 28

Registration of the Agreement

This Agreement and any amendments thereto shall be registered with the ICAO, in accordance with Article 83 of the Convention, and with the UN Secretariat, in accordance with Article 102 of the Charter of the UN.

ARTICLE 29

Entry into force, provisional application and depositary

1. This Agreement shall enter into force on the first day of the second month following that in which the Parties have notified each other of the completion of the applicable legal procedures necessary for that purpose.
2. For the purposes of paragraph 1, Terra Margarita shall notify the Secretary General of the Council of the Olympian Union, and the Secretary General of the Council of the Olympian Union shall notify Terra Margarita, through diplomatic channels.
3. Notwithstanding paragraph 1 of this Article, the Parties shall provisionally apply this Agreement in accordance with their internal procedures and/or domestic legislation, as applicable, from the date of signature of this Agreement.
4. The Secretary General of the Council of the Olympian Union shall act as the depositary of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorised, have signed this Agreement.

Done at Pantheon on January 20, in the year 2022, in duplicate, in the Olympian and Margarita languages, each text being equally authentic. In the event of any divergence between language versions, the Joint Committee shall decide on the language of the text to be used.

For the State of Terra Margarita

For the Olympian Union

For the Republic of Zeus,

For the Republic of Hera,

For the Republic of Poseidon,

For the Republic of Demeter,

For the Republic of Hephaestus,

For the Republic of Hestia,

For the Republic of Apollo,

For the Republic of Artemis,

For the Republic of Hermes,

For the Republic of Aphrodite,

For the Republic of Ares,

For the Republic of Athena