

THE MODEL TEXT OF AIR TRANSPORTATION AGREEMENT

PREAMBLE

The Government of The Islamic Republic of Iran and the Government of ...;
being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 (16/09/1323), hereinafter referred to as "the Contracting Parties", and,
in order to establish and operate scheduled air services between and beyond their respective territories;
have agreed as follows:

ARTICLE 1 DEFINITIONS

For the purpose of this Agreement:

- a) The term "aeronautical authorities" means in the case of the Islamic Republic of Iran, the Civil Aviation Organization and any person or body authorized to perform any functions at present exercised by the said Organization, and in the case of the Government of ... and any person or body authorized to perform any functions at present exercised by the said ...
- b) The term "agreed services" means scheduled air services performed for the transport of passengers, mail and cargo, separately or in combination, for compensation, on the specified routes.
- c) The term "Agreement" means this Agreement, the Annex attached hereto and any amendments to the Agreement or to the Annex agreed upon in accordance with this Agreement.
- d) The term "capacity" in relation to an aircraft means the payload of that aircraft available on a route or section of a route and the term "capacity" in relation to "an agreed service" means the capacity of the aircraft used on such service, multiplied by the frequency operated by such aircraft over a given period on a route or section of a route.
- e) The term "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago, on the seventh day of December 1944 (16/09/1323) and includes its amendments adopted under Article 94 of that Convention and have become effective for both Contracting Parties and the Annexes of Convention and their amendments adopted under Articles 90 thereof and have become effective for both Contracting Parties.
- f) The term "designated airline" means one or more airlines which have been designated and authorized in accordance with the provisions of Article 3 of this Agreement.
- g) The term "specified routes" means the routes specified in the route schedule attached hereto.

h) The term "tariff" means the prices to be paid, as applied by the airlines directly or through their agents, for the carriage of passengers, baggage and/or cargo and the conditions under which those prices apply, including the remuneration, prices and conditions offered to agencies, but excluding remuneration and conditions for the carriage of mail.

i)

First Alternative

The term "territory" in relation to either Contracting Party means land and water areas under the sovereignty of that Contracting Party and includes airspace above them.

Second Alternative

The term "territory" in relation to either Contracting Party means areas under sovereignty of that Contracting Party.

j) The terms "international air service", "airline", "stop for non-traffic purpose" shall have the meanings assigned to them in Article 96 of the Convention.

**ARTICLE 2
GRANT OF RIGHTS**

1. Each Contracting Party grants to the other Contracting Party the following rights for the conduct of scheduled international air services by the designated airline(s) of the other Contracting Party;
 - a) to fly, without landing, across the territory of the other Contracting Party (the first freedom);
 - b) to make stops in the said territory for non-traffic purposes (the second freedom); and,
 - c) to make stops in its territory at points specified jointly by the aeronautical authorities of the Contracting Parties in a Route Schedule for the purpose of putting down and/or taking on in international traffic passengers, cargo and mail (the third/the fourth freedom).
2. Nothing in the provisions of this Agreement shall be deemed to confer on the designated airline(s) of one Contracting Party the right to take on, in the territory of the other Contracting Party, passengers, cargo or mail carried for remuneration or hire and destined for another point in the territory of the other Contracting Party (cabotage).
3. The grant of traffic rights pursuant to paragraph 1 above does not include the grant of the right to carry passengers, baggage, cargo and mail between points in the territory of the Contracting Party granting the rights and points in the territory of a third country or vice versa (fifth freedom). Fifth freedom traffic rights shall only be granted on the basis of the approval of the aeronautical authorities of both Contracting Parties.
4. In areas of hostilities or military occupation, or areas affected thereby, the operation of such services shall, in accordance with Article 9 of the

Convention, be subject to the approval of the respective competent authorities.

ARTICLE 3 DESIGNATION AND AUTHORIZATIONS

1. Each Contracting Party shall have the right to designate by a written notification to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes and to withdraw or alter, any designated airline(s).
2. On receipt of the designation referred to in paragraph (1), the competent authorities of the other Contracting Party, shall, subject to the provisions of paragraphs (3) and (4) of this Article, grant without delay to the airline(s) designated, the appropriate authorization.
3. The aeronautical authorities of one Contracting Party may require the airline(s) designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations, normally 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 authorization referred to in paragraph (2) of this Article, and or to impose such conditions as it may deem necessary on the exercise by any designated airline of the rights specified in Article (2) of this Agreement, in any case, where the said Contracting Party is not satisfied that substantial ownership of that designated airline belongs and its effective control is vested in the other Contracting Party or its nationals.
5. When an airline has been so designated and authorized it may begin at any time to operate the agreed services, subject to compliance with the provisions of this Agreement.

ARTICLE 4 REVOCATION, WITHDRAWAL OR SUSPENSION OF AN OPERATING AUTHORISATION

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 this Agreement by the airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights:
 - a) where it is not satisfied that substantial ownership of that airline belongs and its effective control is vested in the other Contracting Party or its nationals; or
 - b) in the case of failure by that airline to comply with the laws and/or regulations of the Contracting Party granting these rights; or,

- c) in case the airline otherwise fails to operate in accordance with the provisions of this 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 and regulations, or of the provisions of this Agreement, such right shall be exercised only after consultation with the other Contracting Party. Such consultations shall take place prior to the expiry of thirty (30) days following the request by one Contracting Party, unless both Contracting Parties otherwise agree.

ARTICLE 5

EXEMPTION FROM CUSTOMS AND OTHER DUTIES

1. The aircraft of the designated airline(s) of one Contracting Party operating international services, and supplies of fuel, lubricating oils, other consumable technical supplies, spare parts, regular equipment, and stores retained on board such aircraft of the designated airline of one Contracting Party authorized to operate in the routes provided for in this agreement shall, upon arriving in or leaving the territory of the other Contracting Party, be exempted, on the basis of reciprocity, from custom duties, inspection fees and other similar national or local charges and duties, even though such supplies be used or consumed by such aircraft on flights above that territory.
2. Fuel, lubricating oils, consumable technical supplies, spare parts, regular equipment, and stores entered into the territory of the other Contracting Party by one Contracting Party or its nationals, and intended solely for use by aircraft of designated airline(s) of such Contracting Party shall be exempted, on the basis of reciprocity, from customs duties, taxes, inspection fees and other national or local charges and duties.
3. The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of the designated airline(s) of each Contracting Party may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that Contracting Party. In such a 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.
4. Passengers, baggage and cargo in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose, shall only be subject to a simplified control. Baggage and cargo in direct transit shall be exempted from customs duties and any taxes.
5. There shall also be exempted from all customs duties and/or taxes on a reciprocal basis for official documents bearing the badge of the airline such as luggage tags, air tickets, airway bills, boarding cards and timetables imported into the territory of either Contracting Party for the exclusive use by the designated airline(s) of the other Contracting Party.

6. The exemptions provided for by this Article shall also be available in situations where the designated airline(s) of either Contracting Party have entered into arrangements with other airlines for the loan or transfer in the territory of the other Contracting Party, of the regular equipment and the other items referred to in this Article, provided that the other airlines enjoy the same exemptions from that other Contracting Party.
7. Each Contracting Party shall, on a reciprocal basis, grant relief from turnover tax or similar indirect taxes on goods and services supplied to any airline designated by the other Contracting Party and used for the purposes of its business. The tax relief may take the form of an exemption or a refund.

ARTICLE 6

AIRPORT FACILITIES AND USER CHARGES

1. Each Contracting Party shall designate an airport or airports in its territory for the use of the designated airline(s) of the other Contracting Party and provide designated airline(s) of the other Contracting Party with communicative, aviation and metrological facilities and other services necessary for the operation of agreed services.
2. Each Contracting Party may receive just and reasonable charges for the use of airports and other facilities by aircraft of the designated airline(s) of the other Contracting Party provided that such charges shall not be higher than that would be paid for the use of such airports and facilities by its air transport carriers engaged in the similar international service.
3. charges and fees shall be expressed and be payable in local currency. At their discretion, the airlines of each Contracting Party may pay for such expenses in the territory of the other Contracting Party in freely convertible currencies in accordance with local currency legislation.
4. The Authorities or relevant bodies of each Contracting Party shall notify the designated airline(s) of the other Contracting Party of any proposed significant change concerning those charges. Such notification shall be given within a reasonable period of time before the change enters into force. In case of an increase in charges, each Contracting Party shall encourage consultations between Aeronautical Authorities or relevant bodies in its territory and the airline(s) using the services and facilities.

ARTICLE 7

AIR TRANSPORT TARIFFS

First Alternative

1. The tariffs to be charged by the designated airline(s) of each Contracting Party for passengers on the routes specified in accordance with the schedule attached to this Agreement may be subject to approval by the aeronautical authorities of the Contracting Party in whose territory the point of departure of the journey is situated.

2. In their tariffs, the designated airline(s) shall take into account the cost of operation, a reasonable profit, the prevailing conditions of competition and of the market as well as the interests of transport users. The competent aeronautical authorities may refuse to approve a tariff only if it does not comply with these criteria.
3. If the aeronautical authorities of either Contracting Party do not consent to a tariff submitted for their approval, this tariff shall not be applied. The tariff applied up to that time which was to be replaced by the new tariff shall continue to be applied.
4. In case of any disagreement regarding the approval of tariffs to be applied, there shall be consultations in accordance with Article 19 between the aeronautical authorities.

Second Alternative

1. The tariffs to be charged by the designated airline(s) 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 the cost of operation, characteristics of the service, interests of users, a reasonable profit and other commercial considerations in the market-place.
- 2.

First Alternative

Each Contracting Party may require notification or filing of any tariff to be charged by its own designated airline(s). Neither Party shall require notification or filing of any tariff to be charged by the designated airline(s) of the other Party.

Second Alternative

- Each designated airlines or airlines of each Contracting Party shall notify to the Aeronautical Authorities of both Contracting Party tariffs to be charged on the routes specified in accordance with Article 2(2) of this Agreement. Notification by the designated airlines of both Contracting Parties may be required no more than thirty (30) days before the proposed date of effectiveness. In individual cases, notification may be permitted on shorter notice than normally required.
3. Without prejudice to the applicable competition and consumer protection laws prevailing in each Contracting Party, neither Contracting Party shall take unilateral action to prevent the inauguration or continuation of an effective tariff proposed to be charged or charged by a designated airline of the other Contracting Party for the services covered by this Agreement. Intervention by the Contracting Parties shall be limited to the:
 - a) prevention of unreasonably discriminatory prices or practices;
 - b) protection of consumers from prices that are unreasonably high or restrictive due to abuse of a dominant position.
 4. Where the Aeronautical Authority of the Party in whose territory the point of departure of the journey is situated finds that a certain tariff does not

meet the criteria defined in Paragraph 1 and/or falls within the categories set forth in Paragraphs 3(a) or 3(b), it shall send notification of dissatisfaction to the Aeronautical Authority of the other Contracting Party and to the airline involved and may request consultations on the matter with the Aeronautical Authority of the other Contracting Party. Such consultation shall take place within a period of 30 days from the date of receipt of the request. Unless Aeronautical Authorities of both Contracting Parties have agreed to disapprove the tariff in writing, the tariff shall be treated as having been approved.

ARTICLE 8 COMMERCIAL OPPORTUNITIES

1. The designated airline(s) of each Contracting Party shall be allowed, on the basis of reciprocity, to maintain in the territory of the other Contracting Party, their offices and representatives, as well as their commercial, operational and technical staff as required in connection with the operation of the agreed services.
2. The request for staff may, at the option of the designated airlines of each Contracting Party, be satisfied either by their own personnel or by using the services of any other organization, company or airline operating in the territory of the other Contracting Party, and authorized to perform such services in the territory of that Contracting Party.
3. The representatives and staff shall be subject, as regards immigration, to the laws and regulations in force of the other Contracting Party, and, according to such laws and regulations, each Contracting Party shall process, on the basis of reciprocity and with minimum delay, the residency and employment authorizations, visas, where applicable, or other similar documents for the representatives and staff referred to in paragraph 1 of this Article.
4. Should special circumstances require the entry or permanence of staff on an emergency and temporary basis, the authorizations, visas and any other documents required by the laws and regulations of each Contracting Party shall be processed promptly so as not to delay the entry of such personnel into the territory of the Contracting Party concerned.
5. Each Contracting Party shall, on the basis of reciprocity, grant to any designated airline of the other Contracting Party the right to sell its transport services on its own transport documents directly in its own sales offices, through its agents in the territory of the other Contracting Party and by way of electronic direct sale to any customer.

ARTICLE 9 GROUND HANDLING

Subject to the laws and regulations of each Contracting Party, each designated airline shall have in the territory of the other Contracting Party the right to

perform its own ground handling ("self-handling") or, at its option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each designated airline shall be treated on a nondiscriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

ARTICLE 10 TRANSFER OF EARNINGS

First Alternative

Transfer of revenues earned by the designated airline(s) of each Contracting Party shall be made in accordance with the foreign exchange regulations of the other Contracting Party after the deduction of expenditures. The Contracting Parties shall do everything in their power to facilitate the transfer of such revenues earned by the designated airline(s) of the service provided for in this Agreement.

Second Alternative

1. The designated airline(s) of each Contracting Party shall be free to transfer from the territory of sale to their home territory the excess, in the territory of sale, of receipts over expenditure. Included in such net transfer shall be revenues from sales, made directly or through an agent of air transport services, and ancillary and supplementary services, and normal commercial interest if earned on such revenues while on deposit awaiting transfer.
2. Such remittances shall be made without prejudice to any fiscal obligations in force in the territory of either Contracting Party.
3. The airline(s) designated by the Contracting Parties shall be granted, without delay, the appropriate authorization to make such remittances in freely convertible currency at the official rate of exchange in force at the time of the request.

Third Alternative

1. Each Contracting Party shall ensure the designated airline(s) of the other Contracting Party the execution of transfers of the excess of its local receipts from the sale of air transportation services and related activities into a freely convertible currency, within a maximum of thirty (30) days of the date of the application. The rate of exchange in force at the day of transfer shall be applied to the aforesaid transfers. Such transfers shall be affected on the basis of the official exchange rate determined by the market, or, where there is no official exchange rate, at the prevailing foreign exchange market rate for current payments.
2. Each Contracting Party shall grant the designated airline(s) of the other Contracting Party the right to use part or all of its or their receipts earned in its territory for the payment of all charges related to its or their

transportation activity (including purchases of fuel) and other activities related to air transportation.

3. The privileges specified in paragraphs 1 and 2 of this Article shall be granted on the basis of reciprocity.

ARTICLE 11 INTERMODAL SERVICES

The designated airline(s) of each Contracting Party shall be permitted to employ, in connection with international air services, any surface transportation to or from any points in the territories of the Contracting Parties or third countries. The designated airline(s) may elect to perform their own surface transportation or to provide it through arrangements, including code sharing, with other surface carriers. Such intermodal transportation may be offered as a through service and at a single price for the air services and surface transportation combined, provided that passengers and shippers are informed as to the providers of the transport involved.

ARTICLE 12 APPLICABILITY OF LAWS AND REGULATIONS

1. The laws and regulations of each Contracting Party relating to entry into or departure from its territory of aircraft engaged in international air navigation as well as operation and navigation of such aircraft above or within its territory shall apply to aircraft of the designated airline of the other Contracting Party.
2. The laws and regulations of each Contracting Party governing entry into, sojourn in, and departure of passengers, crew, cargo or mail from its territory, such as formalities regarding entry, exit, emigration and immigration, as well as customs and sanitary measures shall apply to passengers, crew, cargo or mail carried by the aircraft of the designated airline(s) of the other Contracting Party while they are within the said territory.
3. Each Contracting Party shall, upon request, supply to the other Contracting Party copies of the relevant laws and regulations referred to in this Article.

ARTICLE 13 RECOGNITION OF CERTIFICATES AND LICENCES

Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party, and are still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the routes and services provided for in this Agreement, provided that the requirements under which such certificates and licenses were issued or rendered valid are equal to or above the minimum standards which are or may be established pursuant to the Convention. Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flights above its own

territory, certificates of competency and licenses granted to its own nationals or rendered valid for them by the other Contracting Party or by any other State.

ARTICLE 14

AVIATION SAFETY

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

2.

First Alternative

If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 1 that meet the standards established at that time pursuant to the Convention, the other Contracting Party shall be informed of such findings and of the steps considered necessary to conform with the ICAO standards. The other Contracting Party shall then take appropriate corrective action within an agreed time period.

Second Alternative

If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate corrective action.

3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by or on behalf of a designated airline of one Contracting Party, on service to or from the territory of another Contracting Party, may, while within the territory of the other Contracting Party be the subject of a search by the authorized representative of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the standards established at that time pursuant to the Convention.

4. Each Party reserves the right to suspend or vary the operating authorization of a designated airline(s) of the other Party immediately in the event the first Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultations or otherwise, that immediate action is essential to the safety of an airline's operation.

5. Any action by one Contracting Party in accordance with paragraph 4 above shall be discontinued once the basis for the taking of that action erases to exist.

ARTICLE 15

AVIATION SECURITY

1. The Contracting Parties reaffirm their rights and obligations under international law to each other to protect the security of civil aviation against acts of unlawful interference. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on offences and certain other acts committed on board of an aircraft, signed at Tokyo on 14 September 1963 (23/06/1342), the Convention for the suppression of unlawful seizure of aircraft, signed at the Hague on 16 December 1970 (25/09/1349), the Convention for the suppression of unlawful acts against the safety of civil aviation, signed at Montreal on 23 September 1971 (01/07/1350), the supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24th February 1988 which is supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23rd September 1971, and the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed in Montreal on the 1st March 1991 and any other multilateral agreement or protocol governing aviation security that becomes binding upon both Contracting Parties.
2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention on International Civil Aviation to the extent that such security provisions are applicable to the Contracting Parties. Either Contracting Party shall require those operators of aircraft of their registry or 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 in conformity with such aviation security provisions. In this paragraph, reference to the “aviation security provisions” includes any difference notified by the Contracting Party concerned. Each Contracting Party shall give advance information to the other Contracting Party of its intention to notify any difference concerning these provisions. Each Contracting Party may at any time request consultations, with the other Contracting Party to discuss those differences.

4. Each Contracting Party may require such operators of aircraft to observe the aviation security provisions referred to in paragraph (3) above required by the other Contracting Party for entry into, departure from, or while within its territory. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.
5. When a civil aircraft is unlawfully seized and/or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities and/or a threat in this respect occurs, the Contracting Parties shall assist each other by facilitating communications and adopting other appropriate measures intended to terminate rapidly and safety such incident or foil the said threat.
6. When a Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the first Contracting Party may request immediate consultations with aeronautical authorities of the other Party.
7. Without prejudice to Article 4 (Revocation, Withdrawal or Suspension) of this Agreement, failure to reach a satisfactory agreement within fifteen (45) days from the date of the request referred to in paragraph 7 of this Article shall constitute grounds to suspend or impose conditions on the operating authorization or technical permission of the designated airlines of both Parties.
8. Any action taken in accordance with the preceding paragraph of this Article shall be discontinued upon compliance by the other Contracting Party with the provisions of this Article.

ARTICLE 16 TAX SYSTEM

Each Contracting Party shall exempt the designated airlines of the other Contracting Party, on a mutual basis, from all taxes and charges on profits and earnings obtained from air service operations without prejudice to compliance with the formal obligations legally laid down by each Contracting Party. Notwithstanding the foregoing, if an avoidance of double taxation agreement exists between the Contracting Parties, it shall prevail.

ARTICLE 17

First Alternative

CAPACITY REGULATIONS AND APPROVAL OF TIMETABLES

1. The designated airlines of the Contracting Parties shall be afforded fair and equal treatment in order that they may enjoy equal opportunities in the operation of the agreed services on the specified routes.
2. In operating the agreed services, the designated airline(s) of each Contracting Party shall take into account the interests of the airline of the other Contracting Party so as not to affect unduly the services, which the latter provides on the whole, or part of the same routes.
3. The designated airline of each Contracting Party shall submit for approval to the aeronautical authorities of the other Contracting Party not later than thirty (30) days prior to the introduction of services on the specified routes, flight timetables. This shall, likewise, apply to later changes. In special cases, this time limit may be changed subject to the approval of the said authorities.
4. The agreed services provided by the designated airlines of the Contracting Parties shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to carry the current and reasonably anticipated requirements for carriage of passengers, cargo and mail between the territory of the Contracting Party designating the airline and the territory of the other Contracting Party.
5. Subject to the principles laid down in paragraphs (1), (2) and (3) of this Article, the designated airline of each Contracting Party may also provide capacity to meet the traffic requirements between the territories of the third countries listed in the routes schedule annexed to this Agreement and the territory of the other Contracting Party.
6. The capacity to be provided including the frequency of services and the type of aircraft to be used by the designated airlines of the Contracting Parties on the agreed services may be suggested by the designated airlines. The designated airlines shall make such suggestion after due negotiations and exchange of views between themselves taking into account the principles laid down in paragraphs (1), (2) and (3) of this Article. The said capacity shall be designated and enforced upon approval of aeronautical authorities of the Contracting Parties.
7. In case of disagreement between the designated airlines of the Contracting Parties, the issues referred to in paragraph (5) shall be resolved by agreement between the aeronautical authorities of the two Contracting Parties. Until such agreement has been reached, the capacity provided by the designated airlines shall remain unchanged.

Second Alternative

CAPACITY

1. The capacity to be provided by the designated airline(s) on the agreed services shall be agreed and reviewed between the Aeronautical Authorities of the Contracting Parties.

2. If on review, the Aeronautical Authorities fail to agree on the capacity to be provided on the agreed services, the capacity that may be provided by the designated airline(s) of the Contracting Parties shall not exceed the total capacity previously agreed to be provided in accordance with the provisions of Paragraph 1.

Third Alternative

CAPACITY

Each Party shall allow a fair and equal opportunity for the designated airlines of the Parties to compete in operating the agreed services on the routes specified in the route schedule.

ARTICLE 18

SUPPLY OF STATISTICS

The aeronautical authorities of either Contracting Parties shall supply to the aeronautical authorities of the other Contracting Party, at their request, such information and statistics relating to the traffic carried on the agreed services by their designated airline to and from the territory of the other Contracting Party as may normally be prepared and submitted by the designated airline to their national aeronautical authorities. Submission of any additional statistical traffic data requested by the aeronautical authorities of a Contracting Party from the aeronautical authorities of the other Contracting Party shall be subject to negotiation and agreement between the two Contracting Parties.

ARTICLE 19

CONSULTATION, MODIFICATION AND AMMENDMENT

1. In order to proper implementation of this agreement, the Contracting Parties shall cooperate with each other through their aeronautical authorities and to this end the aeronautical authorities of a Contracting Party may at any time request consultations with the other Contracting Party with a view to interpreting the provisions of this Agreement or to make any amendment or modification to the provisions of this Agreement or its Annex it considers desirable. Such consultations may be held between Aeronautical Authorities and may be through discussion or by correspondence. These consultations shall begin within a period of sixty (60) days from the date of receipt of the request for consultations by the other Contracting Party.
2. Each Contracting Party may, at any time which deems necessary, request the modification or amendment of the provisions of this agreement, and in this case the Contracting Parties shall negotiate in this respect within a period of sixty (60) days from the date of receipt of the negotiation request by the other Contracting Party.
3. Any modification or amendment of this Agreement shall enter into force subject to the provisions of Article 24 of this Agreement.

4. Notwithstanding the preceding provisions, amendment of the routes schedule annexed to this Agreement may be agreed directly between the aeronautical authorities of the Contracting Parties. They shall enter into force by an exchange of diplomatic notes.

ARTICLE 20

SETTLEMENT OF DISPUTES

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place endeavor to settle it by direct negotiations between the Aeronautical Authorities in accordance with the provisions of Article 19 of this Agreement.
2. If the Contracting Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for an advisory opinion to some person or body.
3. If the Contracting Parties fail to reach a settlement pursuant to paragraphs 1 and 2 above, either Contracting Party may in accordance with its relevant laws and regulations refer the dispute to an arbitral tribunal of three arbitrators, two of whom to be nominated by the Contracting Parties and one chairman. In case the dispute is referred to arbitration, each of the Contracting Parties shall nominate an arbitrator within a period of 60 days from the date of receipt of a notice in respect of the referral of the dispute to arbitration and the chairman shall be appointed within a further period of 60 days from the last appointment by the two so nominated. If either Contracting Party fails to nominate its arbitrator within the specified period, or the nominated arbitrators fail to agree on the chairman within the said period, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting Party to appoint the arbitrator of the failing Contracting Party or the chairman as the case may require. However, the chairman shall be a national of a state having diplomatic relations with both States of the Contracting Parties at the time of the appointment.
4. In the case of the appointment of the chairman by the President of the Council of the International Civil Aviation Organization, if the President of the Council of the International Civil Aviation Organization is prevented from carrying out the said function or if he is a national of the State of either Contracting Party, the appointment shall be made by the Vice-president and if the Vice-president is also prevented from carrying out the said function or if he is a national of the State of either Contracting Party, the appointment shall be made by the most senior member of the Council who is not a national of the State of either Contracting Party.
5. The decisions of the arbitral tribunal shall be binding upon the Contracting Parties.
6. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedure and the time and place of arbitration.

7. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties. Any expenses incurred by the Council in connection with the appointment of the chairman or the arbitrator of the failing Contracting Party as referred to in paragraph 3 of this Article shall be considered to be part of the expenses of the arbitral tribunal.

ARTICLE 21 REGISTRATION

This Agreement and its Annex(es) and all amendments thereto shall be registered with the International Civil Aviation Organization.

ARTICLE 22 AIR TRANSPORT CONVENTIONS

In the event of a general multilateral air transport convention accepted by the Contracting Parties entering into force, the provisions of such convention shall prevail. Any discussions with a view to determining the extent to which this Agreement is terminated, superseded, amended or supplemented by the provisions of the multilateral convention shall take place in accordance with Article 19.

ARTICLE 23 TERMINATION

Either Contracting Party may, at any time, give written notice to the other Contracting Party of its intention to terminate this Agreement. Such notice shall simultaneously be communicated to the International Civil Aviation Organization and in such case the agreement shall be deemed to be terminated twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by an agreement between the Contracting Parties before the expire of this period. In the absence of acknowledgment of receipt of termination notice by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

ARTICLE 24 ENTRY INTO FORCE

1. This Agreement shall enter into force on the date of the last notification by either Contracting Party to the other Contracting Party that it has fulfilled necessary measures in accordance with its laws and regulations for the entry into force of this Agreement.
2. Upon its entry into force, this Agreement shall replace the Agreement signed between the Contracting Parties, on ...

In witness whereof the undersigned plenipotentiaries being duly authorized by their respective governments, have signed this Agreement.

Done in one Preamble, twenty-four (24) Articles and one Annex in ... on ... corresponding to ... in two original copies, in the Persian, ... and English languages, all texts being equally authentic. In the case of any divergence of the texts the English text shall prevail.

*For the Government of
the Islamic Republic of IRAN*

*For the Government of
.....*