No. 10269

UNITED STATES OF AMERICA
and
CZECHOSLOVAKIA

Air Transport Agreement (with schedule and exchange of letters). Signed at Prague on 28 February 1969

Authentic texts: English and Czech.

Registered by the United States of America on 3 February 1970.

ÉTATS-UNIS D'AMÉRIQUE
et
TCHÉCOSLOVAQUIE

Accord relatif aux transports aériens (avec tableau et échange de lettres). Signé à Prague le 28 février 1969

Textes authentiques: anglais et tchèque.

Enregistré par les États-Unis d'Amérique le 3 février 1970.

AIR TRANSPORT AGREEMENT [1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE CZECHOSLOVAK SOCIALIST REPUBLIC

The Government of the United States of America and the Government of the Czechoslovak Socialist Republic,

Desiring to conclude an agreement for the purpose of promoting air transport relations between the United States of America and the Czechoslovak Socialist Republic,

Have agreed as follows:

Article I

Each Contracting Party grants to the other Contracting Party the following rights necessary for the operation of air services by the designated airlines of the other Contracting Party: The right of transit; the right to land for non-traffic purposes; and the right to take on and discharge international traffic in passengers, cargo, and mail, separately or in combination, at the points in its territory named on each of the routes specified in the appropriate paragraph of the Schedule of this Agreement.

Article II

Air service on a route specified in the Schedule of this Agreement may be inaugurated by an airline or airlines of one Contracting Party at any time after that Contracting Party has designated such airline or airlines for that route and the appropriate authorities of the other Contracting Party have given the necessary permission. Subject to the provisions of Article III of this Agreement, such authorities shall give this permission with a minimum of procedural delay.

Article III

(1) Each Contracting Party reserves the right to withhold, revoke or impose conditions on the operating permission of the airline or airlines designated by the other Contracting Party in the following circumstances:

[1] Came into force on 28 February 1969 by signature, in accordance with article XVII.

(*a*) In the event of failure by such airline to qualify before the aeronautical authorities of that Contracting Party under the laws and regulations normally applied by these authorities to the operation of international air services;

(*b*) In the event of failure by such airline to comply with the laws and regulations referred to in Article IV of this Agreement; or

(*c*) In any case where the aeronautical authorities of that Contracting Party are not satisfied that substantial ownership and effective control of such airline are vested in the Contracting Party designating the airline or in nationals of that Contracting Party or, in the event of a consortium of airlines, in the Government or nationals of the States whose airlines comprise that consortium; provided that, with respect to a consortium, air transport agreements providing for the air service in question are in force between the Contracting Party from which operating permission is being sought and each of the States whose airlines comprise the consortium.

(2) Unless immediate action to withold or revoke operating permission is essential to prevent further infringement of the laws and regulations referred to in Article IV of this Agreement, the right to withhold or revoke such permission under the present Article shall be exercised only after consultation with the appropriate authorities of the other Contracting Party.

Article IV

(1) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airline or airlines designated by the other Contracting Party and shall be complied with such aircraft upon entrance into or departure from and while within the territory of the first Contracting Party.

(2) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of passengers, crew or cargo of aircraft, including regulations relating to entry, clearance, immigration, passports, customs, and quarantine, shall be complied with by or on behalf of such passengers, crew or cargo of the airline or airlines of the other Contracting Party upon entrance into or departure from and while within the territory of the first Contracting Party.

Article V

Certificates of airworthiness, certificates of competency, and licenses, issued or rendered valid by one Contracting Party and 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 or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention. Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

Article VI

Each Contracting Party may impose or permit to be imposed just and reasonable charges for the use of airports and other facilities under its control. Such charges shall not be higher than the charges imposed for use by its national aircraft engaged in similar international services.

Article VII

(1) Each Contracting Party shall exempt the designated airlines of the other Contracting Party on a basis of reciprocity and to the fullest extent possible under its laws and regulations from import restrictions, customs duties, excise taxes, inspection fees, and other national duties and charges on fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular equipment, ground equipment, stores, and other items intended for use solely in connection with the operation or servicing of aircraft of the airlines of such other Contracting Party in international air service.

(2) The exemptions granted by this Article shall apply to items;

(*a*) Introduced into the territory of one Contracting Party by the designated airlines of the other Contracting Party;

(*b*) Retained on aircraft of the designated airlines of one Contracting Party upon arriving in or leaving the territory of the other Contracting Party; or

(*c*) Taken on board aircraft of the designated airlines of one Contracting Party in the territory of the other and intended for use in international air service; whether or not such items are used or consumed wholly within the territory of the Contracting Party granting the exemption.

(3) With the consent of the appropriate customs authorities and upon payment of any customs duty if required, items exempted in accordance with paragraph (2) (*a*) may be used for purposes other than those specified in paragraph (1).

Article VIII

(1) There shall be a fair and equal opportunity for the airlines of each Contracting Party to operate on any route covered by this Agreement.

(2) In the operation by the airlines of either Contracting Party of the air services described in this Agreement, the interest of the airlines of the other Contracting Party shall be taken into consideration so as not to affect unduly the services which the latter provide on all or part of the same route.

(3) The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

(4) Services provided by a designated airline under this Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be exercised in accordance with the general principles of orderly development to which both Contracting Parties subscribe and shall be subject to the general principle that capacity should be related to:

(*a*) Traffic requirements between the country of origin and the countries of ultimate destination of the traffic;

(*b*) The requirements of through airline operations; and

(*c*) The traffic requirements of the area through which the airline passes after taking account of local and regional services.

(5) Neither Contracting Party shall restrict the airline or airlines of the other Contracting Party with respect to capacity, frequency, scheduling or type of aircraft employed in connection with services over any of the routes specified in the Schedule of this Agreement. In the event that one of the Contracting Parties believes that the operations conducted by an airline of the other Contracting Party have been inconsistent with the standards and principles set forth in paragraphs (1), (2), (3) or (4) of this Article, it may request consul-

tations pursuant to Article XI of this Agreement for the purpose of reviewing the operations in question to determine whether they are in conformity with said standards and principles.

Article IX

(1) All rates to be charged by an airline of one Contracting Party to or from points in the territory of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors, such as costs of operation, reasonable profit, and the rates charged by any other airline, as well as the characteristics of each service. Such rates shall be subject to the approval of the aeronautical authorities of the Contracting Parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.

(2) Any rate proposed to be charged by an airline of either Contracting Party for carriage to or from the territory of the other Contracting Party, shall, if so required, be filed by such airline with the aeronautical authorities of the other Contracting Party at least thirty (30) days before the proposed date of introduction unless the Contracting Party with whom the filing is to be made permits filing on shorter notice. The aeronautical authorities of each Contracting Party shall use their best efforts to insure that the rates charged and collected conform to the rates filed with either Contracting Party and that no carrier rebates any portion of such rates by any means, directly or indirectly.

(3) It is recognized by both Contracting Parties that during any period for which the aeronautical authorities of either Contracting Party have approved the traffic conference procedures of the International Air Transport Association or other associations of international air carriers, any rate agreements concluded through these procedures and involving airlines of that Contracting Party will be subject to the approval of the aeronautical authorities of that Contracting Party.

(4) If a Contracting Party, on receipt of the notification referred to in paragraph (2) of this Article, is dissatisfied with the rate proposed, it shall so inform the other Contracting Party at least fifteen (15) days prior to the date that such rate would otherwise become effective, and the aeronautical authorities of both Contracting Parties shall endeavor to reach agreement on the appropriate rate.

(5) If a Contracting Party, upon review of an existing rate charged for carriage to or from its territory by an airline of the other Contracting Party is

dissatisfied with that rate, it shall so notify the other Contracting Party and the aeronautical authorities of both Contracting Parties shall endeavor to reach agreement on the appropriate rate.

(6) In the event that an agreement is reached pursuant to the provisions of paragraph (4) or (5) of this Article, each Contracting Party will exercise its best efforts to put such rate into effect.

(7) (*a*) If under the circumstances set forth in paragraph (4) no agreement can be reached prior to the date that such rate would otherwise become effective, or

(*b*) If under the circumstances set forth in paragraph (5) no agreement can be reached prior to the expiry of sixty (60) days from the date of notification: then the Contracting Party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or the continuation of the service in question at the rate complained of, provided, however, that the Contracting Party raising the objection shall not require the charging of a rate higher than the lowest rate charged by its own airline or airlines for comparable service between the same pair of points.

(8) When in any case under paragraphs (4) and (5) of this Article the aeronautical authorities of the two Contracting Parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one Contracting Party concerning the proposed rate or an existing rate of the airline or airlines of the other Contracting Party, upon the request of either, the appropriate provisions of Article XII of this Agreement shall apply. In rendering its decision or award, the arbitral tribunal shall be guided by the principles laid down in this Article.

Article X

Subject to further understandings incorporated in the exchange of letters attached to this Agreement, the following provisions shall govern the commercial operations and opportunities of the designated airlines of each Contracting Party in the territory of the other Contracting Party:

(*a*) Each designated airline has the right to engage in the sale of air transportation in the territory of the other Contracting Party either directly or, in its discretion, through approved agents. Such airlines shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies of other countries.

(*b*) Any rate specified in terms of the national currency of one of the Contracting Parties shall be established in an amount which reflects the effective exchange rate (including all exchange fees or other charges) at which the airlines of both Parties can convert and remit the revenues from their transport operations into the national currency of the other Party.

(*c*) Each designated airline has the right to convert and remit to its country surplus earnings in excess of sums locally disbursed resulting from revenues in the territory of the other Contracting Party. Conversion and remittance of such surplus earnings shall be at the official rate of exchange in effect for the sale of transportation at the time such surplus is presented for conversion and remittance. The transferred earnings shall be exempted from taxation or any other restriction and the conversion and remittances shall be permitted promptly.

Article XI

Either Contracting Party may at any time request consultations with the appropriate authorities of the other Contracting Party on questions concerning the interpretation, application or amendment of this Agreement. Such consultations shall begin within a period of sixty (60) days from the date the other Contracting Party receives the request, unless otherwise agreed by the Contracting Parties.

Article XII

(1) If any dispute arises between the Contracting Parties with respect to matters covered by this Agreement or any amendment thereto, the Contracting Parties shall use their best efforts to settle such dispute in the first instance through the consultations provided for in Article XI. Any dispute not satisfactorily adjusted through such consultations shall, upon request of either Party, be submitted to arbitration in accordance with the procedure set forth herein.

(2) Arbitration shall be by a tribunal of three arbitrators constituted as follows:

(*a*) One arbitrator shall be named by each Contracting Party within 60 days of the date of delivery by either Contracting Party to the other of a request for arbitration. Within 30 days after such period of 60 days, the two arbitrators so designated shall by agreement designate a third arbitrator, who shall not be a national of either Contracting Party.

(*b*) If the third arbitrator cannot be agreed on in accordance with paragraph (*a*), the Contracting Parties shall, within 30 days following the 30-day period provided for in paragraph (*a*), agree that either the President of the Council of the International Civil Aviation Organization or the Director General of the International Air Transport Association shall select the third arbitrator. In no case shall such third arbitrator be a national of either Contracting Party.

(3) Each Contracting Party shall use its best efforts consistent with its national law to put into effect any decision or award of the arbitral tribunal.

(4) The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties.

Article XIII

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

Article XIV

Either Contracting Party may at any time notify the other Contracting Party of its intention to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. The Agreement shall terminate six months after the date of receipt of the notice of intention to terminate, unless by agreement between the Contracting Parties such notice is withdrawn before the expiration of that time.

Article XV

This Agreement shall supersede the Air Transport Agreement between the United States of America and the Czechoslovak Republic signed at Prague on January 3, 1946.[1]

Article XVI

(1) "Agreement" shall mean this Agreement and the Schedule attached thereto and any amendments thereof.

[1] United Nations, *Treaty Series*, Vol. 6, p. 309.

(2) "Aeronautical authorities" shall mean, in the case of the United States of America, the Civil Aeronautics Board, and in the case of the Czechoslovak Socialist Republic, the Ministry of Transport, Civil Aviation Administration, or, in both cases, any person or agency authorized to perform the functions exercised at the present time by those authorities.

(3) "Designated airline" shall mean an airline that one Contracting Party has notified the other Contracting Party, in writing, to be the airline which will operate a specific route or routes listed in the Schedule of this Agreement.

(4) "Convention" means the Convention on International Civil Aviation opened for signature at Chicago December 7, 1944.[1]

(5) The terms "territory," "air service," "international air service," and "stop for non-trafic purposes" shall have the meanings respectively assigned to them in Articles 2 and 96 of the Convention.

Article XVII

This Agreement shall enter into force on the day it is signed.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate, in the English and Czech languages, both texts being equally authentic, at Prague, Czechoslovakia, this twenty-eighth day of February, one thousand nine hundred and sixty-nine.

For the Government of the United States of America:

Jacob D. BEAM

For the Government of the Czechoslovak Socialist Republic:

M. MURIN

[1] United Nations, *Treaty Series*, Vol. 15, p. 295; for the texts of the Protocols amending this Convention, see vol. 320, pp. 209 and 217; vol. 418, p. 161, and vol. 514, p. 209.

SCHEDULE

A. An airline or airlines designated by the Government of the United States shall be entitled to operate air services on the route specified, in both directions, and to make scheduled landings in Czechoslovakia, at points specified in this paragraph:

From the United States via points in Ireland, the United Kingdom, The Netherlands, Belgium, and the Federal Republic of Germany to Prague and beyond via intermediate points to India and beyond to the United States in both directions.

With respect to beyond points between Prague and India, the designated U.S. airline(s) may make four (4) traffic stops in the following countries:

Austria	Lebanon
Yugoslavia	Iran
Turkey	Pakistan

With respect to beyond points between India and the United States, the designated U.S. airline(s) may make six (6) traffic stops in the following countries:

Thailand	Indonesia
Viet Nam	The Philippines
Malaysia	Hong Kong
Singapore *	Japan *

The Government of the United States shall have the right to substitute for any country initially selected another of the countries listed in the same group of countries. Such right may be exercised at six (6) month intervals with 30 days' advance notice to the Government of the Czechoslovak Socialist Republic.

B. An airline or airlines designated by the Government of the Czechoslovak Socialist Republic shall be entitled to operate air services on the route specified, in both directions, and to make scheduled landings in the United States of America at the points specified in this paragraph:

From Czechoslovakia via a point in the Federal Republic of Germany, or France, or the United Kingdom, points in Luxembourg, Belgium, The Netherlands and Denmark to Montreal, Canada and New York.

Montreal may be served both as a point intermediate to and beyond New York.

* Rights to both these countries will not be utilized at the same time.

With respect to its selection of a point in the Federal Republic of Germany, or France, or the United Kingdom, the Government of the Czechoslovak Socialist Republic shall have the right to substitute for the point initially selected a point in either of the other two countries. Such right may be exercised at six (6) month intervals with 30 days' advance notice to the Government of the United States.

C. Points on any of the specified routes may, at the option of each designated airline, be omitted on any or all flights.

EXCHANGE OF LETTERS

I

February 28, 1969

Dear Mr. Ambassador:

I refer to the Air Transport Agreement which was signed in Prague on this date. During the negotiation which resulted in the conclusion of that Agreement, the delegations representing our respective Governments discussed the conduct of commercial airline activities related to the marketing of air services on the agreed routes. The understandings which were achieved with regard to such activities are set forth herein:

With respect to the provisions of Article X of the Agreement, each Government intends to use its best efforts, consistent with its national policies, to assure that, at the earliest practical time, the airline or airlines of the other Contracting Party are accorded substantial reciprocity in the conduct of their commercial activities. In the meantime, the designated airlines of one country shall enjoy the right to conduct commercial activities in the other country on a basis no less favorable than that enjoyed by any airline of any third country.

At a time no later than twenty-two months after the Czechoslovak designated airline inaugurates scheduled services to the United States, both Contracting Parties will consult for the purpose of confirming that mutually acceptable conditions have been achieved for the airlines of each Contracting Party to conduct their business activities in the territory of the other Contracting Party on the basis of implementation of Article X to a mutually acceptable extent. If the consultations do not establish to the satisfaction of both Contracting Parties that mutually acceptable conditions have been achieved, and unless a

further understanding is concluded, the Air Transport Agreement will expire automatically, without regard to the requirements of Article XIV, twenty-four months after the Czechoslovak designated airline inaugurates scheduled services to the United States.

I am pleased to confirm the foregoing understandings on behalf of my Government and would appreciate receiving your acknowledgment that they likewise are confirmed by the Government of the United States of America.

Sincerely yours,

Martin MURIN
President of the Delegation
of the Czechoslovak Socialist Republic

His Excellency Jacob D. Beam
Ambassador of the United States of America
Prague, Czechoslovakia

II

February 28, 1969

Dear Mr. Murin:

I refer to your letter of February 28, 1969, the text of which, translated into English, reads as follows:

[*See letter I*]

I confirm the foregoing understandings on behalf of the Government of the United States of America.

Sincerely yours,

Jacob D. BEAM
Ambassador of the United States of America

Mr. Martin Murin
President of the Delegation
of the Czechoslovak Socialist Republic
Prague, Czechoslovakia

No. 10269