

No. 13581

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

**Nonscheduled Air Service Agreement (with annexes and
protocol). Signed at Belgrade on 27 September 1973**

Authentic texts: English and Serbo-Croatian.

Registered by the United States of America on 16 October 1974.

**ÉTATS-UNIS D'AMÉRIQUE
et
YUGOSLAVIE**

**Accord relatif aux services aériens non réguliers (avec an-
nexes et protocole). Signé à Belgrade le 27 septembre
1973**

Textes authentiques : anglais et serbo-croate.

Enregistré par les États-Unis d'Amérique le 16 octobre 1974.

NONSCHEDULED AIR SERVICE AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

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PREAMBLE

The Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia,

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944,²

Desiring to conclude an agreement to regularize nonscheduled air service opportunities for their citizens between their respective territories in order to promote cultural exchange, tourism, and commerce,

Recognizing the public interest in a viable international air transportation system encompassing all types of air service,

Therefore desiring to insure the orderly development of such nonscheduled air services and consistent with their interests in maintaining a sound system of scheduled air services between their respective territories,

Have agreed as follows:

Article 1. For the purpose of this Agreement:

(1) "Agreement" shall mean this Agreement, the annexes attached thereto, and any amendments thereto.

(2) "Aeronautical authorities" shall mean in the case of the United States of America, the Federal Aviation Administration with respect to the technical permission, safety and security standards and requirements referred to in articles 3 and 6 (B) respectively, otherwise the Civil Aeronautics Board, and in the case of the Socialist Federal Republic of Yugoslavia, the Directorate General of Civil Aeronautics, or in both cases, any person or agency authorized to perform the functions exercised at present by those authorities.

¹ Came into force provisionally on 27 September 1973, the date of signature, and definitively on 16 April 1974, the date of exchange of diplomatic notes indicating that it had been approved by the Parties under their constitutional requirements, in accordance with article 18.

² 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; vol. 514, p. 209; vol. 740, p. 21, vol. 893, p. 117.

(3) "Carrier" or "carriers" shall mean an air carrier or carriers designated by one party in writing to the other Party to be a carrier which will operate the nonscheduled air services provided for in the Agreement.

(4) "Territory" in relation to the United States of America shall mean the land areas under the sovereignty, jurisdiction or trusteeship of that State, and territorial waters adjacent thereto. "Territory" in relation to the Socialist Federal Republic of Yugoslavia shall mean the land areas and territorial waters adjacent thereto under its sovereignty.

(5) "Traffic" shall mean such traffic as is specifically authorized in the annexes attached hereto.

(6) "Nonscheduled air service" shall mean such air service as is specifically authorized in the annexes attached hereto.

(7) "Enplane" shall mean the first boarding of an aircraft of any carrier by nonscheduled air service traffic.

(8) "Deplane" shall mean the leaving of an aircraft of a carrier by nonscheduled air service traffic but shall not include stops for non-traffic purposes.

(9) "Re-enplane" shall mean the boarding of an aircraft of a carrier by nonscheduled air service traffic which has enplaned and deplaned.

Article 2. (A) Each Party grants to the other Party rights specified in the annexes attached hereto for the carriers of the other Party to enplane, deplane and re-enplane nonscheduled air service traffic moving on nonscheduled air services.

(B) Nothing herein is intended to limit services not covered by this Agreement.

Article 3. (A) The service authorized by this Agreement may be inaugurated by a carrier or carriers of one Party at any time after such Party has designated the carrier or carriers for services or a particular service under this Agreement and the aeronautical authorities of the other Party have granted the appropriate operating and technical permission. Such other Party shall, subject to articles 4 and 6, grant this permission with a minimum of procedural delay provided that a carrier may be required to qualify before the competent aeronautical authorities of that Party, under the laws and regulations normally applied by such authorities before being permitted to engage in the operations contemplated in this Agreement.

(B) Subject to obtaining initial operating authority pursuant to paragraph (A) of this article neither Party shall require any additional operating authorization for individual nonscheduled flights by a carrier so qualified, unless agreed otherwise in the annexes.

Article 4. (A) Each Party reserves the right to withhold, suspend or revoke the permission referred to in article 3 of this Agreement with respect to a carrier of the other Party, or to impose conditions on such permission in the event that:

1. such carrier fails to comply with the laws and regulations normally applied by the aeronautical authorities of that Party;
2. such carrier fails to comply with the laws and regulations referred to in article 5 of this Agreement; or
3. such Party is not satisfied that substantial ownership and effective control of such carrier are vested in nationals of the other Party.

(B) Unless immediate action is essential to prevent infringement of the laws and regulations referred to in article 5 of this Agreement, the right to suspend or revoke such permission shall be exercised only after consultation with the other Party.

Article 5. (A) The laws and regulations of one 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 carriers of the other Party and shall be complied with by such aircraft upon entrance into or departure from, and while within the territory of the first Party.

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

Article 6. (A) Certificates of airworthiness, certificates of competency, and licenses issued or rendered valid by one Party, and still in force, shall be recognized as valid by the other Party for the purpose of operating the 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 on International Civil Aviation. Each 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 by the other Party.

(B) the competent aeronautical authorities of each Party may request consultations concerning the safety and security standards and requirements relating to aeronautical facilities, operations, airmen and aircraft, which are maintained and administered by the other Party. If, following such consultations, the competent aeronautical authorities of either Party find that the other Party does not effectively maintain and administer safety and security standards and requirements in these areas that are equal to or above the minimum standards which may be established pursuant to the Convention on International Civil Aviation, they will notify the other Party of such findings and the steps considered necessary to bring the safety and security standards and requirements of the other Party to standards at least equal to the minimum standards which may be established pursuant to said Convention and the other Party will take appropriate corrective action. Each Party reserves the right to withhold or revoke the technical permission referred to in article 3 of this Agreement with respect to a carrier of the other Party, or to impose conditions on such permission, in the event the other Party does not take such appropriate action within a reasonable time. The competent aeronautical authorities of each Party shall make available to the other promptly upon request, copies of pertinent standards and requirements relating to the provisions of this paragraph.

Article 7. Each Party shall have the right to promulgate and enforce reasonable laws and regulations prescribing the nonscheduled air services permitted pursuant to the Agreement and governing the operation of such services. Such laws and regulations shall be applied consistently with this Agreement and without discrimination against or among carriers of the other Party. Where both Parties have promulgated different rules governing the same specific service type, the rules of the Party in whose territory the enplanement occurs shall govern unless agreed otherwise. Services enplaned outside the territory of either Party shall be governed as set forth in the annexes attached hereto.

Article 8. The volume of nonscheduled air service traffic between the territories of the two Parties transported by the carriers of one Party enplaned in the

territory of the other Party shall be reasonably related to the volume of such traffic enplaned outside the territory of the other Party and deplaned in the territory of the other Party, taking into account the commercial nature of the respective markets.

Article 9. (A) Nonscheduled air service traffic between the territories of the two Parties transported by the carriers of one Party of this Agreement shall not cause substantial impairment of the scheduled air services of the scheduled airlines of the other Party or of the nonscheduled air services of the carriers of the other Party.

(B) Neither Party shall unilaterally limit the volume of traffic to be transported by the carriers of the other Party pursuant to the rights and conditions specified in this Agreement.

Article 10. If after review over a period of time the laws or regulations of either Party or the operations by the carrier or carriers of one Party performed pursuant to this Agreement appear to the other Party to constitute substantial impairment of the scheduled or nonscheduled air services of the scheduled airlines or the carriers of the other Party, then that other Party may request consultations in accordance with article 15.

Article 11. (A) The rates charged by each carrier shall be reasonable, considering all the relevant factors bearing upon the economic characteristics of prescribed nonscheduled air services. 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 competence.

(B) Any rate proposed to be charged by a carrier of either Contracting Party for carriage to or from the territory of the other Contracting Party shall, if so required, be filed by such carrier 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, including the payment of excessive sales commissions to agents.

(C) If one Party, upon review of the rates charged or proposed to be charged or practices followed or proposed to be followed by a carrier of the other Party, finds that these rates or practices are or will be uneconomical, unjust, unreasonable, or unjustly discriminatory, or unduly preferential or unduly prejudicial, it may so notify the other Party and thereafter the Parties shall endeavor to reach agreement on resolution of the complaint.

(D) In the event that agreement is reached pursuant to paragraph (C), each Party will exercise its best efforts to insure its implementation.

(E) In the event that the complaint is not resolved pursuant to paragraphs (C) and (D), each Party may take whatever steps it considers necessary to prevent the inauguration or continuation of the objectionable rates or practices provided, however, that the Party taking such action shall not require the rate charged by the carrier of the other Party to be higher than the rate charged by its own carriers for comparable service.

Article 12. (A) Each Party shall exempt the carriers of the other Party engaged in international air service to the fullest extent possible under its national law from import restrictions, customs duties, excise taxes, inspection fees, and other national duties and charges on fuel, lubricants, consumable technical supplies, spare parts including engines, regular equipment, ground equipment, stores, and other items intended for use solely in connection with the operation, maintenance, or servicing of aircraft of the carriers of the other Party. The exemptions granted by this paragraph shall apply to items:

1. introduced into the territory of one Party by or on behalf of the carriers of the other Party;
2. retained on board aircraft of the carriers of one Party during arrival and departure from the territory of the other Party;
3. taken on board aircraft of the carriers of one Party in the territory of the other Party intended solely for use in international air service regardless of whether used or consumed therein.

(B) The exemptions provided by this article shall also be available in situations where a carrier or carriers of one Party have entered into arrangements with another airline or airlines (including carriers) for the loan or transfer in the territory of the other Party of the items specified in paragraph (A), provided that the other airline or airlines similarly enjoy such exemptions from the other Party.

Article 13. Each Party may impose or permit to be imposed just and reasonable charges for the use of public airports and other facilities under its control, provided that such charges shall not be higher than the charges imposed for the use of such airports and facilities by its national aircraft engaged in similar international services.

Article 14. Neither Party shall discriminate against a carrier or among carriers of the other Party conducting the business or providing the services covered by this Agreement.

Article 15. (A) Consultations concerning the interpretation, application or amendment of the text of this Agreement shall be held between the Parties upon request. Consultations in regard to the interpretation, application or amendment of the annexes to this Agreement shall be held upon request between the aeronautical or other appropriate authorities of the respective Parties. The consultations referred to in this article shall begin within sixty (60) days from the date the other Party (authority) receives the request.

(B) Any amendment to the provisions of the text of this Agreement will enter into force provisionally on the date it is signed and definitively on the date of an exchange of diplomatic notes indicating that the amendment has been approved by the respective Parties in accordance with their constitutional requirements. Any amendment to the annexes will enter into force on the date such amendment is confirmed by an exchange of diplomatic notes.

Article 16. (A) any dispute with respect to matters covered by this Agreement not satisfactorily resolved through consultation shall, upon request of either Party, be submitted to arbitration in accordance with the procedures set forth herein.

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

1. One arbitrator shall be named by each Party within sixty (60) days of the date of delivery by either Party to the other of a formal request for arbitration. Within a period of ninety (90) days after the date of delivery the two arbitrators so designated shall by agreement designate a third arbitrator, who shall not be a national of either Party.

2. If either Party fails to name an arbitrator, or if the third arbitrator is not agreed upon in accordance with paragraph 1, either Party may request the President of the Council of the International Civil Aviation Organization to designate the necessary arbitrator or arbitrators.

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

(D) Each Party shall pay the fees and expenses of the arbitrator it has nominated or which was designated by it pursuant to this article. The fees and expenses of the third arbitrator and the arbitral tribunal shall be shared equally by the Parties.

Article 17. Either Party may at any time notify the other Party of its intention to terminate the present Agreement. This Agreement shall terminate one year after the date of the delivery in writing of such notice of termination to the other Party, unless both agree to its withdrawal before the end of that period.

Article 18. The provisions of this Agreement will enter into force provisionally on the date this Agreement is signed. This Agreement will enter into force definitively on the date of exchange of diplomatic notes indicating that this Agreement has been approved by the respective Parties in accordance with their constitutional requirements.

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

DONE in duplicate at Belgrade in the English and Serbo-Croatian languages, both texts being equally authentic, this twenty-seventh day of September 1973.

For the Government
of the United States of America:

[Signed—Signé]¹

For the Government
of the Socialist Federal
Republic of Yugoslavia:

[Signed—Signé]²

A N N E X A

SPECIFIED RIGHTS

I. UNITED STATES OF AMERICA

A carrier or carriers of the United States of America, when providing the services permitted in annex B to this Agreement for the movement of nonscheduled air services traffic between a point or points in the territory of one Party and a point or points in the territory of the other Party, nonstop or via points in intermediate countries, as well as to or from points beyond or behind the territory of either Party (including transportation by other modes with respect to beyond or behind segments, or intermediate segments on either an outgoing or

¹ Signed by Malcolm Toon — Signé par Malcolm Toon.

² Signed by M. Djokanovic — Signé par M. Djokanovic.

return leg of a roundtrip journey, but not both) shall be entitled, in the territory of Yugoslavia and subject to the conditions specified below, to:

- A. Enplane (and to subsequently deplane on return trips) nonscheduled air services traffic at the following points:
1. *Enplanement points:*
Any point or points in Yugoslavia.
 2. *Deplanement points:*
Any point or points in Yugoslavia, for return of traffic enplaned under 1 above.
 3. *Conditions:*
 - (a) A traffic stop shall not be required in the territory of the United States of America.
 - (b) If the Government of Yugoslavia has reason to believe that a pattern of operations has developed inconsistent with its regulations referred to in annex B, it may call for consultations with the Government of the United States of America and following such consultations, if the Government of Yugoslavia is not satisfied that operations of the United States carrier or carriers are consistent with such regulations, the Government of Yugoslavia may require advance filings of applications to conduct the flights described in 1 and 2 above and may refuse approval of any proposed flights which appear to be inconsistent with such regulations.
- B. Deplane and re-enplane at the following points nonscheduled air service traffic enplaned in the United States of America:
1. *Deplanement/re-enplanement points:*
Any point or points in Yugoslavia.
- C. Deplane and re-enplane at the following points nonscheduled air services traffic enplaned at a point not in the territory of the United States of America, or the territory of Yugoslavia:
1. *Deplanement/re-enplanement points:*
Any point or points in Yugoslavia.
 2. *Conditions:*
A traffic stop shall not be required in the territory of the United States of America.

II. YUGOSLAVIA

A carrier or carriers of Yugoslavia, when providing the services permitted in annex B to this Agreement for the movement of nonscheduled air services traffic between a point or points in the territory of one Party and a point or points in the territory of the other Party, nonstop or via points in intermediate countries, as well as to or from points beyond or behind the territory of either Party (including transportation by other modes with respect to beyond or behind segments, or intermediate segments on either an outgoing or return leg of a roundtrip journey, but not both) shall be entitled, in the territory of the United States of America, and subject to the conditions specified below, to:

- A. Enplane (and to subsequently deplane on return trips) nonscheduled air services traffic at the following points:
1. *Enplanement points:*
Any point or points in the United States of America.
 2. *Deplanement points:*
Any point or points in the United States of America, for return of traffic enplaned under 1 above.
 3. *Conditions:*
 - (a) No traffic shall be enplaned for deplanement and/or re-enplanement at a point or points not in the United States of America or Yugoslavia.

- (b) Such carrier(s) shall have the right to enplane under subparagraph 1 above, during any four consecutive quarter years, nonscheduled air service traffic on a number of flights which does not exceed by more than one-third (but in no event by more than 15) the number of flights for deplanements pursuant to II (B) and II (C) of this annex during the same period. For the purpose of this provision, any flight, either one-way or roundtrip (including circle tour and openjaw as roundtrip) shall be counted as one flight; and enplanements pursuant to any one subsection (A, B, or C) of II shall not be subsequently considered enplanements under any other subsection of II, even if a separate contract is entered into for any leg of the movement, nor shall enplanements under subsection A of II be combined with enplanements under subsections B or C of II on the same aircraft at the same time. Any inadvertent excess in flights operated under subparagraph 1 above which might occur shall be corrected by contracting for sufficient flights for deplanements pursuant to II (B) and II (C), and/or reducing contracting pursuant to II (A), in the first or first and second quarter years immediately following the period of excess so as to achieve conformity in the expanded five or six quarter year period. Quarter years are those beginning on January 1, April 1, July 1, and October 1.
- (c) In consideration of the limited present ability of Yugoslav citizens to travel to the United States, paragraph (b) shall not apply to flights exclusively for enplanements at Detroit.
- (d) In consideration of the fact that there is no Yugoslav airline providing scheduled air service to the United States, paragraph (b) shall not apply to flights exclusively for enplanements at Los Angeles, provided that this exclusion shall continue only so long as
- (i) a Yugoslav airline does not operate a scheduled air service to the United States of America; and
 - (ii) a United States airline operates a scheduled air service between the United States of America and Yugoslavia.
- (e) If traffic is enplaned on the same flight exclusively at points excluded from the limitation in paragraph (b) above, then that flight is also excluded from the limitation in paragraph (b) above.
- (f) If the Government of the United States of America has reason to believe that a pattern of operations has developed inconsistent with its regulations referred to in annex B, it may call for consultations with the Government of Yugoslavia and following such consultations, if the Government of the United States of America is not satisfied that operations of the Yugoslav carrier or carriers are consistent with such regulations, the Government of the United States of America may require advance filings of applications to conduct the flights described in 1 and 2 above and may refuse approval of any proposed flights which appear to be inconsistent with such regulations.
- B. Deplane and re-enplane at the following points nonscheduled air services traffic enplaned in Yugoslavia.
1. *Deplanement/re-enplanement points:*
Any point or points in the United States of America.
- C. Deplane and re-enplane at the following points nonscheduled air services traffic enplaned at a point or points not in the territory of Yugoslavia or the territory of the United States of America:
1. *Deplanement/re-enplanement points:*
Any point or points in the United States of America.
 2. *Conditions:*
If the Government of the United States of America should waive the right to require a traffic stop in the territory of Yugoslavia on particular flights, any such operation will

be considered to be a service under this Agreement, particularly for the purposes of II.A.3 (b) of this annex.

III. EFFECTIVENESS OF ANNEX A

Annex A shall enter into effect on the date the Agreement is signed and it shall terminate if the Agreement is terminated but in any case annex A shall terminate on December 31, 1976, unless it is renewed (with or without revision) by the Parties to the Agreement.

A N N E X B

PRESCRIBED SERVICES

I. DEFINITIONS

For the purpose of this Agreement:

A. "Nonscheduled air service" shall be limited to "charter air service" permitted hereunder.

B. "Traffic" shall mean passengers, including their accompanied baggage, but shall not include passengers moved under contract to the military authorities of either Party.

C. "Stopover" shall mean a lapse of at least 36 hours between any deplanement and the next re-enplanement by a carrier of "nonscheduled air service traffic", whether the re-enplanement shall be pursuant to the same or separate group movement contracts.

D. "Charter air service" shall mean commercial air transportation of traffic on a time, mileage, or trip basis by a carrier or carriers, where the entire payload capacity of one or more aircraft has been engaged, or, under conditions specified below, where less than the entire payload capacity of one or more aircraft has been engaged for operations under the particular subsections of annex A indicated below.

II. PRESCRIBED SERVICE TYPES

The following types of charter air services may be performed on operations conducted pursuant to the subsections of annex A indicated for each type:

<i>Types</i>	<i>Applicable subsections of annex A</i>
A. <i>(as set forth in U.S. CAB Regulations)</i>	
Single Entity Charters	I — A, B, C II — A, B, C
<i>Pro Rata</i> Affinity Charters*	
Mixed (Entity/ <i>Pro Rata</i>)	
Inclusive Tour Charters	
Study Group Charters	
Overseas Military Personnel Charters	
Travel Group Charters**	
Split Charters of the same type or any combination of types specified above	
B. <i>(as set forth in Yugoslav Regulations)</i>	
Common Purpose Charters	I — A, C
Advance Booking Charters	II — B, C
Inclusive Tour Charters	

* A Notice of Proposed Rule Making to consider suspension of this type during the pendency of the Travel Group Charter experiment has been issued.

** This type is under litigation in the United States and subject, therefore, to termination or abandonment.

III. CONDITIONS

A. With regard to any enplanement of traffic outside the territory of either Party, if the Party in whose territory deplanement and/or re-enplanement occurs accepts the rules (governing the charterworthiness of the movement) under which the enplanement was performed, such traffic may be deplaned and/or re-enplaned in the territories of the Parties pursuant to such rules.

B. The performance of any otherwise authorized charter air service by a carrier as an aircraft lessee shall be considered as an operation under this Agreement subject to reasonable conditions which either Party may establish governing "dry" or "wet" leases; however, operations conducted by a carrier as a lessor of an aircraft shall not be deemed to be within the scope of this Agreement insofar as the lessor is concerned.

IV. INTERPRETATIONS

A. Article 7, as it applies to "the rules of the Party in whose territory the enplanement occurs", shall not be interpreted to preclude the promulgation or operation of rules by either or both Parties of an information gathering or administrative nature such as, e.g., those concerning tariffs, manifests, supplementary information, traffic data, etc., or those of a licensing procedure nature. The country of origin aspect of this understanding applies to rules which define, delineate, and specify a particular combination of elements which collectively comprise a particular type of authorized nonscheduled air service.

B. In view of: (1) the absence in section II of annex A of the right of a carrier or carriers of Yugoslavia to deplane and/or re-enzyme nonscheduled air services traffic, enplaned in the territory of the United States of America, at any point or points outside the territory of the United States of America or the territory of Yugoslavia; (2) the desire of some of such traffic to move as an inclusive tour charter, travel group charter, or study group charter group or groups to and from points beyond Yugoslavia as well; (3) the practical necessity (in many tour routings) that such movements be performed by a carrier of Yugoslavia on its scheduled air services; and (4) the definition herein of "stopover"; the definition of "stopover" shall be construed to allow the separate contracting by the same carrier for movement of such tour-type traffic as a group or as groups on its scheduled air services between a point or points in Yugoslavia and a point or points beyond Yugoslavia, provided that at least 96 hours in total are spent by the group or groups in Yugoslavia before, or after, or before and after such movements to and/or from the point or points beyond Yugoslavia.

C. This Agreement in no way precludes prior, subsequent, or intervening independent (i.e., other than under contract for group movement by any carrier) movement of the traffic to and/or from territories other than those of the United States of America and Yugoslavia, by any mode of transportation.

V. AMENDMENTS

A. Either Party may submit to the other Party in writing proposed amendments to this annex. Such amendments shall normally be accompanied by explanatory statements. The receiving Party shall either accept the amendments within sixty days of receipt by written acknowledgement and they shall be incorporated into the Agreement in accordance with article 15 of the Agreement, or it shall indicate a willingness to consult promptly with the proposing Party.

B. Regulatory actions which establish a new type charter or non-scheduled air service, or alter the basic character of an established type, must be incorporated into the Agreement in order to be applicable to operations under the Agreement. However, a particular type may be abandoned or suspended unilaterally without amendment of this annex.

PROTOCOL

The Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia,

Each having authorized certain operations by airlines of the other Government between their respective territories,

Recognizing their mutual interest in the expansion of airline operations between their respective territories,

Anticipating that intergovernmental arrangements will be concluded toward this end, and

Desiring to establish a common environment for the airlines of each country to conduct their commercial activities in the territory of the other Government,

Have agreed as follows:

Article 1. Airlines authorized by both Governments to operate nonscheduled air services to and from the territory of the other Government shall have the following rights in the territory of that other Government:

- A. To establish and maintain representatives for management, promotional, informational, and operational activities.
- B. To engage in the sale of air transportation directly and, in the discretion of the airline, through its agents. Such airlines shall have the right to sell such transportation, and any person shall be free to purchase such transportation in local currency or in freely convertible currencies of other countries.
- C. To realize the benefits of such sales of air transportation which are in excess of sums locally disbursed, in accordance with specific arrangements to be concluded between the airlines involved.

Article 2. This Protocol shall be amended on the date of the provisional entry into force of any Air Transport Agreement, relating to scheduled air services, to have the provisions of article 1 apply in respect to such services. Pending such amendment, each Party shall use its best efforts to allow the scheduled air services of the other Party the maximum possible freedom to enjoy the rights covered by article 1 above.

Article 3. This Protocol will enter into force provisionally on the day it is signed and definitively on the date of an exchange of diplomatic notes indicating that the Protocol has been approved by the respective Parties in accordance with their constitutional requirements, and remain in force as long as operations are being conducted by an airline or airlines of either Government between their respective territories.

For the Government of the United States of America:

[Signed — Signé]¹

For the Government of the Socialist Federal Republic of Yugoslavia:

[Signed — Signé]²

September 27, 1973.

¹ Signed by Malcolm Toon — Signé par Malcolm Toon.

² Signed by M. Djokanovic — Signé par M. Djokanovic.