No. 15102

UNITED STATES OF AMERICA
and
IRAN

Air Transport Agreement (with route schedule, capacity procedures and exchange of notes). Signed at Tehran on 1 February 1973

Authentic texts: English and Persian.

Registered by the United States of America on 10 November 1976.

ÉTATS-UNIS D'AMÉRIQUE
et
IRAN

Accord relatif aux transports aériens (avec tableau de routes, procédures de détermination des capacités et échange de notes). Signé à Téhéran le 1 er février 1973

Textes authentiques : anglais et persan.

Enregistré par les États-Unis d'Amérique le 10 novembre 1976.

AIR TRANSPORT AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF IRAN

The Government of the United States of America and the Government of Iran,

Being equally desirous of concluding an Agreement for the purpose of establishing and providing air services between their respective territories, have agreed as follows:

Article 1. DEFINITION

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

(a) the term "aeronautical authorities" means, in the case of the United States of America, the Civil Aeronautics Board and any person or body authorized to perform any functions at present exercised by the said Civil Aeronautics Board or similar functions; and, in the case of Iran, the Civil Aviation Administration and any person or body authorized to perform any functions at present exercised by the said Administration or similar functions;

(b) the term "designated airline" means an airline which has been designated and authorized in accordance with the provisions of Article 3 of this Agreement;

(c) the term "air service" shall mean any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo, separately or in combination;

(d) the term "international air service" shall mean an air service which passes through the air space over the territory of more than one State;

(e) the term "stop for non-traffic purposes" shall mean a landing for any purpose other than taking on or discharging passengers, cargo or mail;

(f) the term "Agreement" shall mean this Agreement, the annexed Route Schedule, and any amendments thereto.

Article 2. TRANSIT AND TRAFFIC RIGHTS

(a) Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the conduct of scheduled international air services by the designated airline or airlines of the other Contracting Party as follows:

(1) to fly, without landing, across the territory of the other Contracting Party.

(2) to make stops in the said territory for non-traffic purposes; and

(3) to make stops in the said territory at points specified for that route in the Route Schedule annexed to the Agreement for the purpose of putting down and taking on international traffic in passengers, cargo and mail, separately or in combination.

[1] Came into force on 9 January 1974, the date of exchange of diplomatic notes indicating approval of each Contracting Party, pursuant to its constitutional requirements, in accordance with article 17.

(b) Nothing in the provisions of the Agreement shall be deemed to confer on a designated airline of one Contracting Party the right to take up, 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 that other Contracting Party.

(c) In areas of hostilities or of military occupation, or areas affected thereby, the operation of such services shall be subject to the provisions of Article 9 of the Chicago Convention on International Civil Aviation, 7 December 1944 [1] and of Article 1 of the International Air Services Transit Agreement, 7 December 1944.[2]

Article 3. DESIGNATION AND NECESSARY AUTHORIZATIONS

(a) Each Contracting Party shall have the right to designate in writing, through diplomatic channels, to the other Contracting party an airline or airlines for the purpose of operating the services on the specified routes.

(b) On receipt of such designation, the other Contracting Party, shall, subject to the provisions of paragraphs *(c)* and *(d)* of this Article, without undue delay grant to the airline or airlines designated, the appropriate authorization.

(c) The aeronautical authorities of one Contracting Party may require the airline or airlines 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 Chicago Convention on International Civil Aviation, 7 December 1944.

(d) Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph *(b)*of this Article, or to impose such conditions as it may deem necessary on the exercise by the designated airline or airlines of the rights specified in Article 2 of the present Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or its nationals, or if such airline fails to qualify under the laws and regulations normally applied by the aeronautical authorities of the said Contracting Party.

Article 4. SUSPENSION AND REVOCATION

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

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

(2) in the case of failure by that airline to comply with the laws and/or regulations of the Contracting Party granting these rights as referred to in Article 5.

[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; vol. 514, p. 209; vol. 740, p. 21; vol. 893, p. 117, and vol. 958, p. 217.
[2] *Ibid.*, vol. 84, p. 389.

(b) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph *(a)* of this Article is essential to prevent further infringement of such laws and/or regulations, such right shall be exercised only after consultation with the other Contracting Party.

Article 5. APPLICABILITY OF LAWS AND REGULATIONS

(a) The laws and regulations of one Contracting Party relating to entry into or departure from its territory of aircraft engaged in international air navigation or to operation and navigation of such aircraft above or within its territory shall apply to aircraft of a designated airline of the other Contracting Party. Flight timetables required in connection with such laws and regulations will be filed by a designated airline of one Contracting Party with the aeronautical authorities of the other Contracting Party at least thirty days prior to the introduction of services on the specified routes, unless otherwise agreed.

(b) The laws and regulations of one Contracting Party as to the admission to or departure from its territory of passengers, crew or cargo 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, crew or cargo upon entrance into or departure from or while within the territory of that Contracting Party.

(c) A designated airline of one Contracting Party shall have the right to maintain its own representation in the territory of the other Contracting Party for the sale of air transportation.

(d) Transfer of funds received by the designated airlines of the Contracting Parties shall be made in accordance with the foreign exchange regulations in force in the territory of the respective Contracting Parties. The Contracting Parties shall do everything in their power to facilitate the transfer of such funds.

(e) 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 6. EXEMPTION FROM CUSTOMS AND OTHER DUTIES

(a) Aircraft of the designated airline or airlines of one Contracting Party operating international services, and supplies of fuel, lubricating oils, other consumable technical supplies, spare parts including aircraft engines, regular equipment and stores retained on board aircraft of the airlines of one Contracting Party authorized to operate the routes and services provided for in this Agreement shall, upon arriving in or leaving the territory of the other Contracting Party, be exempt to the fullest extent possible under the national law of that other Contracting Party and on a basis of reciprocity from quantitative limitations, customs duties, inspection fees and other national duties or charges, even though such supplies be used or consumed by such aircraft on flights in that territory.

(b) Fuel, lubricating oils, consumable technical supplies, spare parts including aircraft engines, regular equipment including ground equipment used exclusively within the confines of an international airport and stores imported into the territory of one Contracting Party by the other Contracting Party or its nationals, and intended solely for use by aircraft of a designated airline of such Contracting Party shall be exempt to the fullest extent possible under the national

law of the first Contracting Party and on a basis of reciprocity from quantitative limitations, customs duties, inspection fees and other national duties or charges.

(c) Fuel, lubricating oils, other consumable technical supplies, spare parts including aircraft engines, regular equipment, and stores taken on board aircraft of a designated airline of one Contracting Party in the territory of the other Contracting Party and used in international services shall be exempt to the fullest extent possible under the national law of that other Contracting Party and on a basis of reciprocity from customs duties, excise taxes, taxes, inspection fees and other national duties or charges.

(d) The regular airborne equipment as well as the materials and supplies retained on board the aircraft of a designated airline of either 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 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.

(e) The exemptions provided for by this Article shall also be available in situations where a designated airline of one Contracting Party has entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraph *(b)* provided such other airline or airlines similarly enjoy such exemptions from that other Contracting Party.

Article 7. FACILITIES AND AIRPORT CHARGES

Each of the Contracting Parties may impose or permit to be imposed just and reasonable charges for the use of airports and other facilities under its control. Each of the Contracting Parties agrees, however, that such charges shall not be higher than would be paid for the use of such airports and facilities by its national aircraft engaged in similar international services.

Article 8. CAPACITY REGULATIONS

(a) The designated airlines of the two Contracting Parties shall be afforded fair and equal treatment in order that they may enjoy equal opportunities in the operation of the services on the specified routes.

(b) In operating the services, the designated airline or airlines of each Contracting Party shall take into account the airline interests 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.

(c) The services provided by the designated airlines of the two Contracting Parties shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to the traffic demands between the territory of the Contracting Party designating the airline and the countries of ultimate destination of the traffic. In addition the designated airlines of both Contracting Parties may provide capacity related to:

(1) traffic requirements between points in the territory of the other Contracting Party and points in the territories of third countries and

(2) traffic requirements between points on the routes in the territories of third countries specified in the Route Schedule of the Agreement, after taking account of local and regional air services.

(d) 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 above, it may request consultations according to agreed procedures for the purpose of reviewing the operations in question to determine whether they are in conformity with the said standards and principles.

Article 9. RECOGNITION OF CERTIFICATES AND LICENSES

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 are or may be established pursuant to the Chicago Convention on International Civil Aviation, 7 December 1944. 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 another State.

Article 10. AIR TRANSPORT TARIFFS

(a) All rates to be charged by an airline of one Contracting Party for carriage to or from 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 airlines, 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 competence.

(b) 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 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 airline rebates any portion of such rates by any means, directly or indirectly, including the payment of excessive sales commissions to agents.

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

(d) If a Contracting Party, on receipt of the notification referred to in paragraph *(b)* above, is dissatisfied with the rate proposed, it shall so inform the other Contracting Party at least fifteen days prior to the date that such rate would otherwise become effective, and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

(e) If a Contracting Party upon review of an existing rate charged for carriage to or from its territory by an airline or airlines of the other Contracting Party is dissatisfied with that rate, it shall so notify the other Contracting Party and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

(f) In the event that an agreement is reached pursuant to the provisions of paragraph *(d)* or *(e)*, each Contracting Party will exercise its best efforts to put such rate into effect.

(g) if:

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

(2) under the circumstances set forth in paragraph *(e)* no agreement can be reached prior to the expiration of sixty 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 points.

(h) When in any case under paragraph *(d)* and *(e)* of this Article the Contracting Parties can not agree within a reasonable time upon the appropriate rate after consultations 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 terms of Article 13 of this Agreement shall apply.

Article 11. SUPPLY OF STATISTICS

The aeronautical authorities of the Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, from time to time upon request, statistics relating to the traffic carried by a designated airline of the first Contracting Party to and from the territory of the other Contracting Party. The details of such statistical traffic data which the aeronautical authorities of one Contracting Party may desire from the aeronautical authorities of the other Contracting Party shall be the subject of mutual discussion and agreement between the aeronautical authorities of the two Contracting Parties.

Article 12. CONSULTATION AND MODIFICATIONS

(a) Either Contracting Party may at any time request consultations on the interpretation, application or amendment of this Agreement. Such consultations shall begin within a period of sixty days from the date of the request.

(b) Modifications to the Route Schedule shall be agreed between appropriate authorities of the Contracting Parties and shall come into force after an exchange of diplomatic notes.

Article 13. SETTLEMENT OF DISPUTES

(a) If any dispute arises between the Contracting Parties relating to the interpretation or application of the Agreement, the Contracting Parties shall endeavor to settle it by negotiations.

(b) If the Contracting Parties fail to reach a settlement pursuant to paragraph *(a)* above, they shall consult in regard to appropriate other procedures for resolving the dispute.

Article 14. TERMINATION

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

Article 15. CONFORMITY WITH MULTILATERAL CONVENTIONS

If a general multilateral air transport convention or agreement, comes into force in respect of both Contracting Parties, the present Agreement shall be considered amended so as to conform with the provisions of such convention or agreement.

Article 16. REGISTRATION

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

Article 17. ENTRY INTO FORCE

This Agreement shall enter into force on the date of an exchange of diplomatic notes indicating approval of each Contracting Party, in accordance with its constitutional requirements.

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

DONE at Tehran in duplicate, this 1st February 1973 in English and Persian languages both texts being equally authentic.

For the Government of the United States of America:

[*Signed—Signé*] [1]

For the Government of Iran:

[*Signed—Signé*] [2]

ROUTE SCHEDULE

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

(a) From the United States via points [3] in Portugal, Spain, Ireland, the United Kingdom, France, Belgium, The Netherlands, Denmark, Norway, Sweden,

[1] Signed by Joseph S. Farland—Signé par Joseph S. Farland.
[2] Signed by A. A. Khalatbari—Signé par A. A. Khalatbari.
[3] Only one point may be served in countries other than the Federal Republic of Germany, Switzerland, Turkey, India, (only Calcutta and New Delhi may be served), mainland China, Australia and Japan (traffic rights may be exercised between Iran and Japan at only one Japanese point prior to 1 March 1975).

Finland, the Federal Republic of Germany, Poland, the U.S.S.R., Czechoslovakia, Austria, Switzerland, Hungary, Italy, Yugoslavia, Rumania, Greece, Bulgaria, Turkey, Lebanon, Syria and Iraq to Tehran, and beyond to points[1] in Afghanistan, Pakistan, India, Ceylon, Bangladesh, Burma, Thailand, Laos, Cambodia, Vietnam, Hong Kong, Mainland China, Malaysia, Singapore, Philippines, Indonesia, Japan, Australia, New Zealand, Guam, the South Pacific islands (including American Samoa, New Caledonia, Tahiti and Fiji) and the United States, (without traffic rights between Iran on the one hand and Poland, U.S.S.R., Czechoslovakia, Hungary, Rumania, Bulgaria and mainland China on the other).

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

(a) From Iran via points[1] in Lebanon, Turkey, Israel, Egypt, Italy, Switzerland, Austria, the Federal Republic of Germany, France, Morocco, Portugal and the United Kingdom to New York or Detroit.[2]

3. Points on any of the specified routes may at the option of the designated airline be omitted on any or all flights with the exception that the origin or destination of any flight must be in the homeland.

CAPACITY PROCEDURES

A. PROCEDURES

For the purpose of implementing paragraph *(d)* of Article 8 of the Air Transport Agreement between the Government of the United States of America and the Government of Iran of February 1, 1973, the following procedures are agreed effective 1 March 1975.

(1) *Schedule Changes*

(a) Prior to the filing of any schedule that would increase the capacity in effect as of 28 February 1975, the Contracting Party whose airline has proposed such a change shall satisfy itself that the changes proposed would not introduce capacity inconsistent with the capacity provisions of the Agreement. It will, thereafter, deliver to the other Contracting Party the formal filing by the airline concerned of such schedule change at least sixty days prior to its effective date, unless a shorter period of time is agreed upon by the Contracting Parties in special circumstances. Such filings should be reasonable, taking into account traffic demand and other relevant factors, and should not be based solely on the possibility of repetitious increases made possible by these procedures. Schedule changes reflecting no increase in capacity shall be submitted by the interested airline directly to the aeronautical authorities of the other party at least thirty days prior to their effective date.

(b) In any case where it appears to the other Party that a proposed new schedule involving an increase in capacity would be inconsistent with the capacity provisions of the Agreement, that Party, within fifteen days of receipt of the filing, may inform the other of its objection and may request consultations to consider the matter. In the event the Contracting Parties agree that such an increase is inconsistent with the Agreement, it will not go into effect.

(c) When no agreement on the planned change is reached, the proposed schedule shall be permitted to become effective on an experimental basis. However, the Contracting Party whose airline has implemented the increase shall ensure that no further increases in capacity over the route or routes in question shall take place for a period of six months from the date on which the proposed schedule change became effective.

[1] Only one point may be served in countries other than the Federal Republic of Germany, Switzerland, Turkey, India (only Calcutta and New Delhi may be served), mainland China, Australia and Japan (traffic rights may be exercised between Iran and Japan at only one Japanese point prior to 1 March 1975).

[2] Detroit may not be served on any service which serves New York.

(d) In the event that the Contracting Party which has requested consultations in accordance with subparagraph (1) *(b)* above believes that the schedule change which has been in effect for the six-month experimental period in accordance with sub-paragraph (1) *(c)* is inconsistent with the capacity provisions of the Agreement, it may request further consultations to consider the matter. During such consultations, which should be requested not less than fifteen days prior to the end of the six-month period and concluded not later than thirty days after the completion of the six-month period, unless the parties find that the level of capacity in question is consistent with the capacity provisions of the Agreement, the level of capacity for the next six shall be established (i) at the level in effect prior to the experimental increase or (ii) at a level as mutually agreed.

(2) *Consultations to Review Existing Services*

Consultations may be invoked to review existing air service whenever one Party believes that the services being conducted by a designated airline of the other Party are inconsistent with the capacity provisions of the Agreement, provided that the services in question have been in operation for six months or more.

(3) *Provision of Information*

In connection with the consultations referred to in sub-paragraphs (1) and (2), both Parties shall provide information relevant to the traffic and capacity situation to be reviewed in the course of the consultations.

B. UNITED STATES AIRLINE OPERATING LEVELS UNTIL 28 FEBRUARY 1975

(1) For the purpose of these capacity procedures a service is defined as a flight which originates in the territory of one Contracting Party with a destination in the territory of the other Contracting Party or any third country point beyond and then proceeds to the territory of the first Contracting Party.

(2) Without prejudice to the general right accorded the airlines of both Contracting Parties to increase capacity in accordance with management judgment under the provisions of the Agreement and under the procedures established herein, the United States airline has indicated that capacity for the period 1 March 1972 until 28 February 1975 will be as follows unless otherwise agreed:

(a) From 1 March 1972 until 28 February 1973
(i) three eastbound round-the-world weekly services with 747 aircraft
(ii) three westbound round-the-world weekly services with 747 aircraft
(iii) five turn-around services with 707 aircraft (operating west of Tehran only).

(b) From 1 March 1973 until 27 February 1974
(i) three eastbound round-the-world weekly services with 747 aircraft
(ii) three westbound round-the-world weekly services with 747 aircraft
(iii) six turn-around services with 707 aircraft (operating west of Tehran only).

(c) From 1 March 1974 to 28 February 1975
(i) four eastbound round-the-world weekly services with 747 aircraft
(ii) four westbound round-the-world weekly services with 747 aircraft
(iii) six turn-around services with 707 aircraft (operating west of Tehran only).

(3) Without prejudice to the general right under the Agreement for the designated airlines of each Contracting Party to substitute and utilize their equipment in accordance with management judgement, any designated United States airline may substitute, during the period from 1 March 1972 until 28 February 1975:

(a) one service operated with 747 aircraft for two services operated with 707 aircraft on the turnaround services to Iran, and

(b) four services operated with 707 aircraft for two services operated with 747 aircraft on services which go beyond Iran to the United States providing that such substitution

may not take place on any service beyond Iran which terminates (turns around) at a point other than a point in the United States.

(4) Without prejudice to the right stipulated in the Route Schedule of the Agreement for the designated airlines of each Contracting Party to omit points, for the period from 1 March 1972 to 28 February 1975 all services which go beyond Iran must terminate (turn around) in the United States except that two such services, one in each direction, may be cancelled and replaced with two services which terminate (turn around) at a third country point,[1] thus providing, for example, for the period ending 28 February 1974, two round-the-world services in each direction and two services turning around at a third country point.

Tehran, Iran, 1st February 1973.

For the Government
of the United States of America
[*Signed—Signé*][2]

For the Government
of Iran:
[*Signed—Signé*][3]

[1] Such third country point must not lie east of Hong Kong or be a point in Bangladesh, Burma or Thailand.
[2] Signed by Joseph S. Farland—Signé par Joseph S. Farland.
[3] Signed by A. A. Khalatbari—Signé par A. A. Khalatbari.

EXCHANGE OF NOTES

I

Tehran, February 1, 1973

No. 020

Excellency:

I have the honor to refer to consultations held in Tehran between civil aviation delegations representing our respective Governments from 16 September to 23 September 1972. During these consulations the two delegations reached an understanding on the following:

"(1) The Route Schedule of the Air Transport Agreement between the Government of Iran and the Government of the United States of America signed on this date shall be amended in the spring of 1975 to include another Iranian route to Detroit and Los Angeles via the intermediate points specified in the existing Iranian route to the United States. At the same time Detroit shall be deleted from the existing Iranian route in the Route Schedule; and

"(2) The aforesaid Route Schedule shall be amended to add Abadan and Bandar Abbas as coterminals to the United States route;

"(3) Without prejudice to the right of either party to request consultation at any time, pursuant to the provisions of the Agreement, the Government of Iran is prepared to effect necessary economic adjustments if, five years after the commencement of operations by a designated airline of Iran to Los Angeles, an evaluation of the revenues of the designated airlines of the United States and Iran obtained from operations under the Agreement indicate an imbalance favoring the Iranian designated airline."

The above understanding is acceptable to my Government and if it is acceptable to the Government of Iran, this understanding will constitute an agreement between our two Governments effective on the date of your response indicating that this understanding is acceptable to the Government of Iran.

Accept, Excellency, the assurances of my highest consideration.

JOSEPH S. FARLAND

His Excellency Abbas Ali Khalatbari
Minister of Foreign Affairs
Tehran, Iran

[TRANSLATION [1] — TRADUCTION [2]]

MINISTRY OF FOREIGN AFFAIRS

Mr. Ambassador:

I had the honor of receiving Your Excellency's note No. 020, dated February 1, 1973, which reads as follows:

[*See note I*]

Please convey to your Government my Government's acceptance of the above understanding.

Accept, Excellency, the assurances of my highest consideration.

Tehran, Behmen 12, 1351,
Corresponding to February 1, 1973.

ABBAS ALI KHALATBARI
Minister of Foreign Affairs

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[1] Translation supplied by the Government of the United States of America.
[2] Traduction fournie par le Gouvernement des Etats-Unis d'Amérique.