

No. 27642

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
CANADA**

**Agreement concerning air services (with annexes). Signed at  
Ottawa on 22 June 1988**

*Authentic texts: English and French.*

*Registered by the United Kingdom of Great Britain and Northern Ireland  
on 23 November 1990.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
CANADA**

**Accord sur les services aériens (avec annexes). Signé à Ottawa  
le 22 juin 1988**

*Textes authentiques : anglais et français.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord  
le 23 novembre 1990.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF CANADA CONCERNING AIR SERVICES

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Canada,

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944;<sup>2</sup>

Desiring to conclude an Agreement supplementary to the said Convention for the purpose of establishing air services;

Have agreed as follows:

ARTICLE I

**Definitions**

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

- (a) the term “Convention” means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944 and includes: (i) any amendment thereto which has entered into force under Article 94(a) thereof and has been ratified by both Contracting Parties; and (ii) any Annex or any amendment thereto adopted under Article 90 of that Convention, in so far as such amendment or Annex is at any time effective for both Contracting Parties;
- (b) the term “aeronautical authorities” means, in the case of the United Kingdom, the Secretary of State for Transport and the Civil Aviation Authority, and in the case of Canada, the Minister of Transport and the Canadian Transport Commission or, in both cases, any person or body authorised to perform any functions at present exercisable by the above-mentioned authorities or similar functions;
- (c) the term “designated airline” means an airline which has been designated and authorised in accordance with Article 5 of this Agreement;
- (d) the term “territory” in relation to a State has the meaning assigned to it in Article 2 of the Convention, save that in the case of the United Kingdom it excludes Hong Kong;
- (e) the terms “air service”, “international air service”, “airline” and “stop for non-traffic purposes” have the meanings respectively assigned to them in Article 96 of the Convention;
- (f) the term “Agreement” includes the Annexes hereto and any amendments to them or to the Agreement.

<sup>1</sup> Came into force on 22 June 1988 by signature, in accordance with article 26.

<sup>2</sup> 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; vol. 958, p. 217; vol. 1008, p. 213, and vol. 1175, p. 297.

**ARTICLE 2****Applicability of the Chicago Convention**

The provisions of this Agreement shall be subject to the provisions of the Convention in so far as those provisions are applicable to international air services.

**ARTICLE 3****Grant of Rights**

(1) Each Contracting Party grants to the other Contracting Party the following rights in respect of international air services:

- (a) the right to fly across its territory without landing;
- (b) the right to make stops in its territory for non-traffic purposes.

(2) Each Contracting Party grants to the other Contracting Party the rights hereinafter specified in this Agreement for the purpose of operating international air services on the routes specified in the appropriate Schedule of Annex I to this Agreement. Such services and routes are hereinafter called “the agreed services” and “the specified routes” respectively. While operating an agreed service on a specified route the airlines designated by each Contracting Party shall enjoy in addition to the rights specified in paragraph (1) of this Article the right to make stops in the territory of the other Contracting Party at the points specified for that route in the Schedule of Annex I to this Agreement for the purpose of taking on board and discharging international traffic in passengers and cargo, including mail, separately or in combination.

(3) Nothing in paragraph (2) of this Article shall be deemed to confer on the designated airlines of one Contracting Party the right to take on board, in the territory of the other Contracting Party, passengers and cargo, including mail, carried for hire or reward and destined for another point in the territory of the other Contracting Party.

(4) If because of armed conflict, political disturbances or developments, or special and unusual circumstances, a designated airline of one Contracting Party is unable to operate a service on its normal routing, the other Contracting Party shall use its best efforts to facilitate the continued operation of such service through appropriate temporary rearrangements of routes.

**ARTICLE 4****Change of Aircraft**

(1) A designated airline of one Contracting Party may make a change of aircraft at any point on the specified routes on condition:

- (a) that the substitution is justified by reasons of economy of operation;
- (b) that the airline shall not hold itself out, directly or indirectly and whether in timetables, computer reservation systems, fare quote systems or advertisements, or by other like means, as providing any service other than the agreed service on the relevant specified routes;

- (c) that in connection with any one aircraft flight arriving at or departing from the point at which the change of aircraft takes place, only one departing or arriving aircraft flight shall be operated, unless otherwise authorised by the aeronautical authorities of the other Contracting Party;
  - (d) that where an agreed service includes a change of aircraft this fact is shown in all timetables, computer reservation systems, fare quote systems, advertisements and other like means of holding out the service;
  - (e) in addition, that where the change of aircraft is made at a point other than in the territory of the Contracting Party designating the airline;
    - (i) the aircraft used on the section of the route more distant from the territory of the Contracting Party designating the airline is not larger in capacity than that used on the nearer section;
    - (ii) the aircraft used on the section more distant from the territory of the Contracting Party designating the airline shall operate only in connection with and as an extension of the agreed service provided by the aircraft used on the nearer section and shall be scheduled so to do;
    - (iii) there is an adequate volume of through traffic.
- (2) The provisions of Article 7 of this Agreement shall govern all arrangements made with regard to change of aircraft.

#### ARTICLE 5

##### **Designation and Authorisation of Airlines**

- (1) Each Contracting Party shall have the right to designate by a diplomatic note to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes, and to withdraw or alter such designations.
- (2) On receipt of such a designation the aeronautical authorities of that other Contracting Party shall, subject to the provisions of paragraph (3) of this Article, grant without delay to the airline or airlines so designated the appropriate operating authorisations.
- (3) The aeronautical authorities of one Contracting Party may refuse to grant the operating authorisations referred to in paragraph (2) of this Article, or may impose such conditions as they may deem necessary on the exercise by a designated airline of the rights specified in Article 3(2) of this Agreement, in any case where
- (a) an airline designated by the other Contracting Party is unable to satisfy them that it is qualified to fulfil the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the Convention;
  - (b) those authorities are not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.
- (4) When an airline has been so designated and authorised, it may begin to operate the agreed services, provided that the airline complies with the applicable provisions of this Agreement.

## ARTICLE 6

### **Revocation or Suspension of Operating Authorisations**

- (1) The aeronautical authorities of each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 3(2) of this Agreement by an airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of those rights:
- (a) in any case where they are 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
  - (b) in the case of failure by the airline to comply with the laws or regulations of the Contracting Party granting those rights; or
  - (c) if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.
- (2) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

## ARTICLE 7

### **Principles Governing Operation of Agreed Services**

- (1) There shall be fair and equal opportunity for the airlines of both Contracting Parties to operate the agreed services on the specified routes.
- (2) Each Contracting Party shall take all appropriate action within its jurisdiction to eliminate or prevent all forms of discrimination or unfair competitive practices adversely affecting the competitive position of the designated airlines of the other Contracting Party.
- (3) In operating the agreed services the airlines of each Contracting Party shall take into account the interests of the airlines of the other Contracting Party so as not to affect unduly the services which the latter provide on the whole or part of the same routes.
- (4) The agreed services provided by the designated airlines of the Contracting Parties shall bear a close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision at a reasonable load factor of capacity adequate to carry the current and reasonably anticipated requirements for the carriage of passengers and cargo including mail coming from or destined for the territory of the Contracting Party which has designated the airline.
- (5) The capacity which may be provided by the designated airlines of one Contracting Party for the carriage of passengers and cargo including mail between the territory of the other Contracting Party and points on the specified routes in third countries shall be determined from time to time by agreement between the Contracting Parties.

**ARTICLE 8****Entry and Clearance of Aircraft and Traffic**

- (1) Subject to the provisions of the Convention and this Agreement, 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 complied with by the designated airline or airlines of the other Contracting Party upon entry into, departure from and while within the said territory.
- (2) The laws and regulations of a Contracting Party respecting entry, clearance, immigration, passports, customs and quarantine shall be complied with, by or on behalf of crews, passengers, cargo, including mail, upon entry into, departure from and while within the territory of such Contracting Party.
- (3) Baggage and cargo in direct transit across the territory of either Contracting Party shall be exempt from customs duties and other similar taxes.

**ARTICLE 9****Recognition of Certificates and Licences**

- (1) Certificates of airworthiness, certificates of competency and licences, 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 agreed services on the specified routes provided that the requirements under which such certificates or licences were issued or rendered valid are equal to or above the minimum standards established from time to time 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 licences granted to its own nationals by the other Contracting Party.
- (2) If the privileges or conditions of the licences or certificates referred to in paragraph (1) above, issued by the aeronautical authorities of one Contracting Party to any person or designated airline or in respect of an aircraft operating the agreed services on the routes specified in Annex I, should permit a difference from the standards established under the Convention, and which difference has been filed with the International Civil Aviation Organisation, the aeronautical authorities of the other Contracting Party may request consultations in accordance with Article 20 of this Agreement with the aeronautical authorities of that Contracting Party with a view to satisfying themselves that the practice in question is equal to or above the relevant standards established under the Convention.

**ARTICLE 10****Aviation Security**

- (1) The assurance of safety, for civil aircraft, their passengers and crews being a fundamental pre-condition for the operation of international air services, and consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to provide for the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.

(2) Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963,<sup>1</sup> the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970<sup>2</sup> and the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal on 23 September 1971<sup>3</sup> and any other multilateral agreement governing aviation security binding upon both Contracting Parties.

(3) The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

(4) The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security standards and, so far as they are applied by them, the recommended practices established by the International Civil Aviation Organisation and designated as Annexes to the Convention on International Civil Aviation and shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory, act in conformity with such aviation security provisions. In this paragraph the reference to aviation security standards includes any difference notified by the Contracting Party concerned.

(5) Each Contracting Party agrees that its operators of aircraft may be required to observe the aviation security provisions referred to in paragraph (4) above required by the other Contracting Party for entry into, departure from, or while within the territory of that other Contracting Party. Each Contracting Party shall ensure that effective measures are taken within its territory to protect aircraft and to screen passengers and their carry-on items, and to carry out appropriate checks on crew, baggage, cargo and aircraft stores prior to and during boarding and loading.

(6) Each Contracting Party shall act favourably on any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

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

(8) When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the provisions of this Article, the first Contracting Party may request immediate consultations with the other Contracting Party. Failure by the Contracting Parties to reach a satisfactory resolution of the matter within 15 days from the date of receipt of such a request shall constitute grounds for withholding, revoking, limiting or imposing conditions on the operating authorisations of an airline or airlines of the other Contracting Party. When justified by an emergency, a Contracting Party may take interim action prior to the expiry of 15 days.

<sup>1</sup> United Nations, *Treaty Series*, vol. 704, p. 219.

<sup>2</sup> *Ibid.*, vol. 860, p. 105.

<sup>3</sup> *Ibid.*, vol. 974, p. 177, and vol. 1217, p. 404 (corrigendum to vol. 974).

## ARTICLE 11

**Customs Duties**

(1) Each Contracting Party shall on a basis of reciprocity exempt the designated airline or airlines of the other Contracting Party under its laws from customs duties, excise taxes, inspection fees and other fees, duties and charges (not based on costs of service provided) on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores (including liquor, tobacco, and other products destined for sale to passengers in limited quantities during the flight) and other items intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline or airlines of such other Contracting Party operating the agreed services, as well as printed ticket stock, air way bills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed without charge by that designated airline.

(2) The exemptions granted by this Article shall apply to the items referred to in paragraph (1) of this Article:

- (a) introduced into the territory of one Contracting Party by or on behalf of the designated airline or airlines of the other Contracting Party;
- (b) retained on board aircraft of the designated airline or airlines of one Contracting Party upon arriving in or leaving the territory of the other Contracting Party;
- (c) taken on board aircraft of the designated airline or airlines of one Contracting Party in the territory of the other Contracting Party and intended for use in operating the agreed services;

whether or not such items are used or consumed wholly within the territory of the Contracting Party granting the exemption, provided such items are not alienated in the territory of the said Contracting Party.

(3) The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline or airlines 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 territory. 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.

## ARTICLE 12

**Provision of Statistics**

The aeronautical authorities of a Contracting Party shall supply to the aeronautical authorities of the other Contracting Party at their request such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airlines of the Contracting Party referred to first in this Article. Such statements shall include all information required to determine the amount of traffic carried by those airlines on the agreed services and the origins and destinations of such traffic.



## ARTICLE 13

**Tariffs**

- (1) (a) The term tariff means:
- (i) the fare charged by an airline for the carriage of passengers and their baggage on scheduled air services and the charges and conditions for services ancillary to such carriage;
  - (ii) the rate charged by an airline for the carriage of cargo (excluding mail) on scheduled air services;
  - (iii) the conditions governing the availability or applicability of any such fare or rate including benefits attaching to either.
- (b) Where fares or rates differ according to the season, day of the week or time of the day on which the flight is operated, the direction of travel or according to some other factor, each different fare or rate shall be regarded as a separate tariff whether or not it has been filed separately with the related conditions with the relevant authorities.
- (2) The tariffs to be charged by the designated airlines of the Contracting Parties for carriage between their territories shall be those which have been approved (expressly or tacitly) by both aeronautical authorities. Tariffs shall be established at reasonable levels, due regard being paid to all the relevant factors, including the cost of carriage on the agreed services, the interests of users, reasonable profit and market considerations. Each designated airline shall be responsible only to its aeronautical authorities for provision of such cost justification as its aeronautical authorities may require.
- (3) Any of the designated airlines may consult together or, if they so wish, with other airlines about tariff proposals, but shall not be required to do so before filing a proposed tariff.
- (4) Each proposed tariff for carriage between the territories of the Contracting Parties shall be filed by or on behalf of the designated airline seeking approval for it with the aeronautical authorities of both Contracting Parties in such form and in such manner as the aeronautical authorities may each require to disclose the particulars referred to in paragraph (1) of this Article. It shall be filed not less than 30 days (or such shorter period as the aeronautical authorities of both Contracting Parties may agree) before the proposed effective date. The proposed tariff shall be treated as having been filed with a Contracting Party on the date on which it is received by the aeronautical authorities of that Contracting Party.
- (5) (a) Each proposed tariff may be approved by the aeronautical authorities of either Contracting Party at any time and, provided it has been filed in accordance with paragraph (4) of this Article, shall be deemed to have been approved by the aeronautical authorities of both Contracting Parties unless, within 15 days (or such shorter period as the aeronautical authorities of both Contracting Parties may agree after the date of filing) either of the aeronautical authorities have served on the other written notice of dissatisfaction of the proposed tariff.

- (b) Each proposed tariff which has been filed in the form required by paragraph (4) of this Article, but not in conformity with the minimum filing period therein specified, may be approved by the aeronautical authorities of either Contracting Party at any time. Furthermore, after a period of 15 days from the date of filing it shall be treated as having been approved by the aeronautical authorities of a Contracting Party unless the aeronautical authorities of that Contracting Party have either:
- (i) notified the airline filing the proposed tariff within 15 days after the date of filing that the proposed tariff must be refiled in conformity with the minimum filing period, or
  - (ii) served on the aeronautical authorities of the other Contracting Party, within 15 days (or such shorter period as the aeronautical authorities of both Contracting Parties may agree) after the date of filing, written notice of dissatisfaction of the proposed tariff.
- (c) In approving (expressly or tacitly) tariffs the aeronautical authorities of a Contracting Party may attach to their approval such expiry dates as they consider appropriate. Before so doing, the aeronautical authorities shall, whenever practical, use their best efforts to consult with the airline(s) filing the tariff.
- (6) If a notice of dissatisfaction is given in accordance with the provisions of paragraph (5) of this Article, the aeronautical authorities of the two Contracting Parties may determine the tariff by mutual agreement. Either Contracting Party may, within 30 days of the service of a notice of disapproval, request in writing consultations which shall be held within 30 days of receipt of the request.
- (7) If a notice of dissatisfaction has been given by one of the aeronautical authorities in accordance with paragraph (5) of this Article, and the aeronautical authorities have been unable to determine the tariff by agreement in accordance with paragraph (6) of this Article, the dispute may be settled in accordance with the provisions of Article 21 of this agreement.
- (8) Subject to paragraph (9) of this Article, a tariff established in accordance with the provisions of this Article shall remain in force, unless withdrawn by the designated airline concerned or until a replacement tariff has been established.
- (9) Except with the agreement of the aeronautical authorities of both Contracting Parties, and for such a period as they may agree, a tariff shall not be prolonged by virtue of paragraph (8) of this Article:
- (a) where a tariff has an expiry date, for more than 12 months after that date;
  - (b) where a tariff has no expiry date, for more than 12 months after the date on which a designated airline files a replacement tariff with the aeronautical authorities of the Contracting Parties.
- (10) (a) The tariffs to be charged by a designated airline of one Contracting Party for carriage between the territory of the other Contracting Party and the territory of a third State via any route shall be subject to the approval of the aeronautical authorities of the other Contracting Party and, where appropriate, of the third State.

- (b) No tariff shall be approved for such carriage unless it has been filed by the designated airline seeking that approval with the aeronautical authorities of the other Contracting Party, in such form as those aeronautical authorities may require to disclose the particulars referred to in paragraph (1) of this Article, not less than 30 days (or such shorter period as those aeronautical authorities may in a particular case agree) prior to the proposed effective date.
- (c) The Contracting Party which has approved a tariff for such carriage may withdraw its approval of that tariff on giving 90 days written notice to the designated airline of the other Contracting Party applying the tariff, and that tariff shall cease to be applied by that designated airline at the end of that period.
- (11) Neither Contracting Party shall exercise its right to serve notice of dissatisfaction of a tariff filed by a designated airline of the other Contracting party for carriage between the two countries where the proposed tariff would enable that airline to match a tariff already approved by the first Contracting Party for application by one of its own designated airlines, provided that the proposed tariff corresponds to the tariff being matched (e.g. in price level, conditions and date of expiry, but not necessarily the routing being used), or is more restrictive or higher than that tariff.
- (12) The aeronautical authorities of a Contracting Party may require that the rate of commission paid by a designated airline to an agent in respect of tickets sold or air waybills completed by that agent for carriage on air services originating in the territory of that Contracting Party shall be filed for approval by them in accordance with the procedures set out in this Article. Where rates of commission are subject to such approval the designated airline shall pay only the rates which have been approved.
- (13) Where this Article requires something to be done in writing, it may be done by means of a letter, telegram, telex or facsimile.

#### ARTICLE 14

##### Sales

Each designated airline shall have the right to engage in the territory of the other Contracting Party in the sale of air transportation directly and, at the discretion of the airline, through its agents. Each designated airline shall have the right to sell transportation in the currency of that territory or, at the discretion of the airline, in freely convertible currencies of other countries, and any person shall be free to purchase such transportation in currencies accepted for sale by that airline.

#### ARTICLE 15

##### Transfer of Earnings

Each designated airline shall have the right to convert and remit to its country, on demand, funds obtained in the normal course of its operations. Conversions and remittance shall be permitted without restrictions at the foreign exchange market rates for current payments prevailing at the time of submission of the request for transfer, and shall not be subject to any charges except normal service charges collected by banks for such transactions.

## ARTICLE 16

**Airline Representation**

The designated airline or airlines of one Contracting Party shall be entitled, subject to the laws and regulations of the other Contracting Party relating to entry, residence and employment, to bring in and maintain in the territory of the other Contracting Party those of their own managerial, technical, operational and other specialist staff who are required for the provision of air services.

## ARTICLE 17

**Income Tax Exemption**

For the purposes of income and corporation taxation of the designated airlines the Convention between the Contracting Parties for the Avoidance of Double Taxation and Prevention of Fiscal Evasion With Respect to Taxes on Income and Capital Gains, signed at London on 8 September 1978,<sup>1</sup> as amended,<sup>2</sup> applies.

## ARTICLE 18

**User Charges**

- (1) The term “user charge” means a charge made to airlines for the provision for aircraft, their crews and passengers of airport or air navigation property or facilities, including related services and facilities.
- (2) The user charges which either of the Contracting Parties may impose, or permit to be imposed, on the designated airlines of the other Contracting Party shall not be higher than would be paid by its own designated airlines operating similar international air services.
- (3) Each Contracting Party shall encourage consultations between its competent charging authorities and the designated airlines, and where practicable through the airlines’ representative organizations: Reasonable notice should be given to users of any proposals for changes in user charges to enable them to express their views before changes are made.

## ARTICLE 19

**Airports and other facilities**

Subject to the provisions of the Convention, neither Contracting Party shall give preference to its own or any other airline over an airline engaged in similar international air services of the other Contracting Party in the application of its customs, immigration, quarantine and similar regulations or in the use of airports, airways, air traffic services and associated facilities under its control.

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<sup>1</sup> United Nations, *Treaty Series*, vol. 1249, p. 171.

<sup>2</sup> *Ibid.*, p. 171, and vol. 1461, p. 401.

## ARTICLE 20

**Consultations**

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

## ARTICLE 21

**Settlement of Disputes**

- (1) If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place try to settle by negotiation.
- (2) If the Contracting Parties fail to reach a settlement of the dispute by negotiation, it may be referred by them to such person or body as they may agree on or, at the request of either Contracting Party, shall be submitted for decision to a tribunal of three arbitrators which shall be constituted in the following manner:
  - (a) within 30 days after receipt of a request for arbitration, each Contracting Party shall appoint one arbitrator. A national of a third State, who shall act as President of the tribunal, shall be appointed as the third arbitrator by agreement between the two arbitrators within 60 days of the appointment of the second;
  - (b) if within the time limits specified above any appointment has not been made, either Contracting Party may request the President of the Council of the International Civil Aviation Organization to make the necessary appointment within 30 days. If the President is of the same nationality as one of the Contracting Parties, the most senior Vice-President who is not disqualified on that ground shall make the appointment.
- (3) Except as hereinafter provided in this Article or as otherwise agreed by the Contracting Parties, the tribunal shall determine the limits of its jurisdiction and establish its own procedure. At the direction of the tribunal, or at the request of either of the Contracting Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held not later than 30 days after the tribunal is fully constituted.
- (4) Except as otherwise agreed by the Contracting Parties or prescribed by the tribunal, each Contracting Party shall submit a memorandum within 45 days after the tribunal is fully constituted. Replies shall be due 60 days later. The tribunal shall hold a hearing at the request of either Contracting Party, or at its discretion, within 30 days after replies are due.
- (5) The tribunal shall attempt to give a written decision within 30 days after completion of the hearing or, if no hearing is held, 30 days after the date both replies are submitted. The decision shall be taken by a majority vote.
- (6) The Contracting Parties may submit requests for clarification of the decision within 15 days after it is received and such clarification shall be issued within 15 days of such request.

(7) The decision of the tribunal shall be binding on the Contracting Parties.

(8) Each Contracting Party shall bear the costs of the arbitrator appointed by it. The other costs of the tribunal shall be shared equally by the Contracting Parties including any expenses incurred by the President of the Council of the International Civil Aviation Organization in implementing the procedures in paragraph (2)(b) of this Article.

#### ARTICLE 22

##### **Amendments**

Any amendments of this Agreement agreed by the Contracting Parties shall come into force when confirmed by an Exchange of Notes.

#### ARTICLE 23

##### **Termination**

Either Contracting Party may at any time give written notice through the diplomatic channel to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. This Agreement shall terminate at midnight (at the place of receipt of the notice) immediately before the first anniversary of the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement before the end of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen days after receipt of the notice by the International Civil Aviation Organization.

#### ARTICLE 24

##### **Registration of the Agreement**

This Agreement and any amendment thereto shall be registered with the International Civil Aviation Organization.

#### ARTICLE 25

##### **Multilateral Conventions**

If a general multilateral air convention comes into force in respect of both Contracting Parties, the provisions of such convention shall prevail. Consultations in accordance with Article 20 of this Agreement may be held with a view to determining the extent to which this Agreement is affected by the provisions of the multilateral convention.

**ARTICLE 26****Entry into Force**

This Agreement shall enter into force on the date of signature.

**ARTICLE 27****Titles**

Titles used in this Agreement are for reference purposes only.

In witness whereof, the undersigned, being duly authorised by their respective Governments have signed this Agreement.

Done in duplicate at Ottawa this 22nd day of June, 1988, in the English and French languages, both texts being equally authoritative.

For the Government  
of the United Kingdom of Great Britain  
and Northern Ireland:

MARGARET THATCHER

For the Government  
of Canada:

BRIAN MULRONEY

## ANNEX I

## SCHEDULE

## Section I

Routes to be operated in both directions by the designated airline or airlines of the United Kingdom:

A. POINTS OF DEPARTURE	B. INTER-MEDIATE POINTS	C. DESTINATIONS IN CANADA	D. POINTS BEYOND
<b>ROUTE 1</b>			
Any point or points in the United Kingdom	Any point or points to be named by the United Kingdom (Note 3)	Any point or points in Canada	Any point or points in the continental United States to be named by the United Kingdom (Note 3) Honolulu Caribbean Islands Nandi Tahiti New Zealand Mexico Central America
<b>ROUTE 2</b>			
Bermuda and points in the United Kingdom territories in the Caribbean	Any point or points to be named by the United Kingdom (Notes 3 and 5)	Any point or points in Canada	Any point or points to be named by the United Kingdom (Notes 3 and 5)

## NOTES

- (1) A designated airline may on any or all flights omit stops at any point or points provided that the flight begins or terminates in the territory of the Contracting Party designating the airline.
- (2) Traffic in transit may be carried through points in Column C provided it is carried, without stop-over, on the same flight.
- (3) Points named by the United Kingdom may be changed on three months notice to the aeronautical authorities of Canada.
- (4) On Route 1 no traffic may be taken on board at points in Column C to be set down at points in Column B and Column D and vice versa except on:
  - (a) up to two flights per week in each direction, between Vancouver and points in the Pacific (Honolulu, Tahiti, New Zealand);
  - (b) up to four flights per week in each direction between Canada and Mexico (excluding Toronto/Mexico) and/or the Caribbean Islands, and/or points in Central America;
  - (c) up to fourteen flights per week in each direction, between points in Canada and points in the United States (excluding Honolulu), but not on more than four flights per week between Toronto and California and not on any flights between Vancouver and California;
  - (d) additional flights by agreement between the aeronautical authorities.
- (5) On Route 2 no traffic may be taken on board at points in Column C to be set down at points in Column B and Column D and vice versa.



## Section II

Routes to be operated in both directions by the designated airline or airlines of the Canada:

A. POINTS OF DEPARTURE	B. INTER- MEDIATE POINTS	C. DESTINA- TIONS IN UNITED KINGDOM	D. POINTS BEYOND
<b>ROUTE 1</b>			
Any point or points in Canada	Any point or points to be named by Canada (Note 3)	Any point or points in the United Kingdom	Any point or points in Europe, excluding Berlin, to be named by Canada (Note 3) Algeria Israel Alexandria Three points in Asia east of (and including) Pakistan (excluding Japan, Hong Kong, China, Indonesia) to be named by Canada (Note 3)
<b>ROUTE 2</b>			
Any point or points in Canada	Any point or points to be named by Canada (Notes 3 and 5)	Bermuda and any point or points in the United Kingdom territories in the Caribbean	Any point or points to be named by Canada (Notes 3 and 5)

### NOTES

- (1) A designated airline may on any or all flights omit stops at any point or points provided that the flight begins or terminates in the territory of the Contracting Party designating the airline.
- (2) Traffic in transit may be carried through points in Column C provided it is carried, without stop-over, on the same flight.
- (3) Points named by Canada may be changed on three months notice to the aeronautical authorities of the United Kingdom.
- (4) On Route 1 no traffic may be taken on board at points in Column C to be set down at points in Column B and Column D and vice versa except on:
  - (a) up to ten flights per week in each direction, between London and Algeria, Alexandria, Austria, Belgium, Cyprus, Finland, France, Federal Republic of Germany, Iceland, Republic of Ireland, Luxembourg, Malta, Netherlands, Portugal, Spain, Switzerland, Turkey and Yugoslavia;
  - (b) up to four flights per week in each direction, between London and points in Asia east of Israel;
  - (c) additional flights by agreement between the aeronautical authorities.
- (5) On Route 2 no traffic may be taken on board at points in Column C to be set down at points in Column B and Column D and vice versa.

## ANNEX II

## TARIFF PROVISIONS

- (1) (a) Notwithstanding the provisions of Article 13 of this Agreement, the Contracting Parties, in an endeavour to make the tariff regime as liberal, flexible and market responsive as possible, have agreed that the following procedures shall apply.
- (b) For the purposes of this Annex, the term “agreed routes” means routes between the city-pairs listed in Appendix A.
- (2) Unless the aeronautical authorities of both Contracting Parties indicate to each other in writing, within 15 days of receipt of a filing, that they do not approve, a passenger tariff for one way or round trip carriage between the territories of the Contracting Parties on the agreed routes filed in accordance with paragraph (4) of Article 13 shall be permitted to come into effect on the date proposed, provided that the said tariff is:
- (a) at least 60% of the reference level in effect on the date the tariff is filed; or
- (b) less than 60% of the reference level in effect on the date the tariff is filed and subject to each of the following requirements:
- (i) a round trip;
- (ii) a minimum stay of at least seven (7) days; and
- (iii) an advance booking of at least seven (7) days, with the exception of tariffs where the travel is subject to the terms and conditions listed in Appendix B.
- (3) For the purpose of paragraph (2) above, the reference levels are those listed in Appendix A. Subsequent adjustment of the reference levels for each Canada-United Kingdom city-pair or addition of new Canada-United Kingdom city-pairs shall require the approval of both aeronautical authorities. Reference levels for such additional city-pairs shall be determined by the aeronautical authorities on the basis of submissions made by one or more of the designated airlines and shall normally take into account the relationships established between the city-pairs listed at Appendix A. If either of the aeronautical authorities wish to discuss any such adjustment, or determination of a reference level for an additional city-pair, they may request consultations, such consultations to be held within 30 days of receipt of the request, or such longer period as may be agreed by both aeronautical authorities.
- (4) Passenger tariffs which do not qualify under paragraph (2) above shall be considered on their merits in accordance with Article 13 of the Agreement. A tariff for a short-term promotion, which would require the approval of both aeronautical authorities and which is designed to stimulate the market, to increase public awareness of a carrier and/or to promote a new product or service shall normally be approved provided it meets the following conditions:
- (a) each designated airline may initiate, under the terms of this paragraph, four (4) such promotions commencing in any calendar year in respect of any city-pair;
- (b) travel under such a promotion shall occur wholly within a six (6) week period which shall not include the months of June, July and August; and
- (c) no two consecutive promotions shall be offered at substantially similar price levels, conditions of travel and benefits.

Nothing in this paragraph shall be construed as meaning that short-term promotion tariffs not complying with the conditions set out above shall receive unfavourable consideration.

(5) Each tariff for the carriage of cargo between Canada and the United Kingdom (excluding its dependent territories) filed in accordance with paragraph (4) of Article 13 shall be permitted to come into effect on the date proposed, unless the aeronautical authorities of both Contracting Parties indicate to each other in writing within 15 days of receipt of the filing that they do not approve the proposed tariff.

(6) In the event that a tariff which has come into effect in accordance with any part of this Annex is considered by the aeronautical authorities of a Contracting Party to be causing or threatening damage to the interests of one or more of their own designated airlines operating over whole or part of the same route those aeronautical authorities may request in writing consultations. Such consultations shall be held within 30 days from receipt of the request, or such longer period as both aeronautical authorities may agree.

(7) Nothing in paragraph (2) above shall prevent the aeronautical authorities of either Contracting Party from refusing to allow the charging of any tariff filed by one of its own designated airlines for carriage (including round trip carriage) originating in its own country. However such unilateral action shall only be taken if it appears to those authorities that a proposed tariff is either predatory or excessive. If the aeronautical authorities of the other Contracting Party consider that the consequences of such action will cause or threaten damage to one or more of their own designated airlines, they may call for consultations and such consultations shall be held within 30 days from receipt of the request, or such longer period as both aeronautical authorities may agree.

(8) A tariff filed by a designated airline of one Contracting Party for carriage between a point in the metropolitan territory of the other Contracting Party and a point in the territory of a third state by any route, including carriage on an intra-line or inter-line basis, for a comparable service shall be given approval if it is identical (e.g. in price level, conditions and date of expiry) to a tariff already approved by the aeronautical authorities of that other Contracting Party and applied by one of its designated airlines for carriage between those points. However, those aeronautical authorities may withdraw their approval if the tariff being matched is discontinued or may vary the terms of their approval to correspond to any approved variation of a tariff being matched.

(9) None of the provisions of this Annex conferring a right to request consultations shall prejudice the rights of the Contracting Parties to request consultations under the provisions of Article 20 of this Agreement.

(10) The Contracting Parties shall review the operation of this Annex no later than eighteen months from the date of its entry into force, with a view to introducing further improvement of its provisions, bearing in mind the objectives set out in paragraph (1) above.

## APPENDIX A

## ONE WAY REFERENCE FARES

	Westbound U.K. £	Eastbound CDN \$
LONDON:		
Vancouver	660	1 290
Calgary	625	1 235
Edmonton	625	1 235
Winnipeg	580	1 165
Toronto	530	1 085
Hamilton	530	1 085
Ottawa	520	1 075
Montreal	470	995
Halifax	435	940
St. John's/Gander	420	910
PRESTWICK:		
Vancouver	660	1 290
Calgary	625	1 235
Toronto	530	1 085
Halifax	435	940
MANCHESTER:		
Vancouver	660	1 290
Calgary	625	1 235
Edmonton	625	1 235
Toronto	530	1 085

Note: To establish return fares the applicable local currency reference level shall be doubled.

## APPENDIX B

**Conditions subject to which a tariff falling under paragraph (2)(b) does not require an advance-booking provision**

To qualify for the exception referred to in paragraph (2)(b)(iii), a proposed tariff must meet each of the following conditions:

1. Round trip;
2. Minimum stay of at least seven (7) days;
3. Minimum price levels as follows:

	Travel Originating in	Travel Commencing in*	Percentage of applicable Reference Level
(i)	Canada	Basic Season	24%
		Shoulder Season	27%
		Peak Season	35%
(ii)	United Kingdom	Basic Season	29%
		Shoulder Season	33%
		Peak Season	37%

If, however, both aeronautical authorities, through a change in charter regulations or otherwise, permit between Canada and the United Kingdom a fare with no advance-purchase restriction to be made available on non-scheduled services, condition 3 above shall cease to apply.

4. No more than the following percentages of seats on any flight to be sold:
  - (i) 30% for flights commencing in the months May to September inclusive.
  - (ii) 35% for flights commencing in other months.

\*Seasons are defined as follows:

- (i) for traffic originating in
 

Canada:	Basic:	January, February, November.
	Shoulder:	March, April, May, September, October, December.
	Peak:	June, July, August.
- (ii) for traffic originating in
 

the United Kingdom	Basic:	January, February, March, November.
	Shoulder:	April, May, June, October.
	Peak:	July, August, September, December.

### ANNEX III

#### NON-SCHEDULED AIR SERVICES

(1) Recognizing the need to preserve the opportunities for competition between scheduled and non-scheduled air services, a Contracting Party may request consultations if:

- (i) a tariff filing is approved which it considers might adversely affect the ability of non-scheduled air services to compete with scheduled air services; or
- (ii) adjustments to existing charterworthiness rules or requirements, or new rules or requirements, are imposed which it considers might adversely affect the ability of scheduled air services to compete with non-scheduled air services.

Such consultations shall be held within 30 days of receipt of the request, with a view to considering any necessary adjustments to charter rules or requirements or to scheduled tariffs.

(2) Articles 8, 9, 10, 11, 12, 15, 16, 17, 18 and 19 of the Agreement shall be applicable also to non-scheduled flights operated by an air carrier of one Contracting Party to or from the territory of the other Contracting Party and to the air carrier operating such flights, subject to national laws and regulations governing the right of air carriers to operate non-scheduled flights or the conduct of air carriers or other parties involved in the organization of such operations.

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