

MEMORANDUM OF UNDERSTANDING

Following previous rounds of consultations, delegations of Argentina and Austria met in Buenos Aires on June 1st and 2nd, 2005 in order to discuss a bilateral Air Services Agreement between both countries.

The discussions were held in a very friendly and constructive atmosphere. The lists of Delegations is attached as annex I and II.

The Delegations agreed on the following agenda:

- I. Draft Air Services Agreement.
- II. Capacity and frequencies.
- III. Traffic Rights.
- IV. Non scheduled passengers services.
- V. All cargo services.
- VI. Miscellaneous.

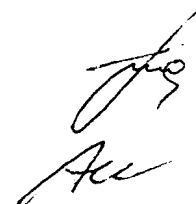
After thorough discussion, embracing all questions relating to air transport between the two countries, the following understanding was reached.

I. Draft Air Services Agreement

The heads of both Delegations agreed upon and initialled a Draft of a bilateral Air Services Agreement attached as annex III. Each Party will submit it for approval to its respective Authorities and recommend to their Governments to sign it at the earliest convenience. Date and venue will be convened through diplomatic channels. Moreover both Delegations declared their readiness to act in the spirit of the initialled draft Agreement within the sphere of their competence until its formal entry into force.

Air services may be started once the designation of an airline(s) is communicated to the other Party through the diplomatic channels.

In relation to code-share operations as set forth in Article 15 of the initialled draft of the Agreement, it was mutually understood by the Aeronautical Authorities that such operations will furthermore be permitted upon request, until the entry into force, once the airlines are duly authorised and the operations approved by the aeronautical authorities of the other Contracting Party. In addition, both Parties have agreed that in the case of a designated airline acting exclusively as marketing carrier, the frequencies shall not be counted against the provisions of capacity set up in Point II.



II. Capacity and frequencies

In the spirit of Article 13 of the draft of the Agreement both Aeronautical Authorities agreed that the designated airline(s) of each Party will be allowed to operate up to 7 (seven) weekly frequencies using any type of aircraft. Once scheduled air services are introduced by an airline designated by the Contracting Parties, the aeronautical authorities of both sides shall resume official consultations in order to examine the provisions on capacity and frequencies.

III. Traffic rights

The designated airlines are permitted to exercise third, fourth and fifth freedom traffic rights on the routes specified in the Route Schedules.

IV. Route Schedules

a) For airlines designated by the Argentine Republic:

Points of origin: points in the ARGENTINE REPUBLIC, intermediate points: points on the continent of America, on the continent of Africa and on the continent of Europe, points of destination: points in the REPUBLIC OF AUSTRIA, Points beyond: points on the continent of Africa, on the continent of Asia and on the continent of Europe.

b) For airlines designated by the Republic of Austria:

Points of origin: points in the REPUBLIC OF AUSTRIA, intermediate points: points on the continent of Europe, on the continent of Africa and on the continent of America, points of destination: points in the ARGENTINE REPUBLIC, Points beyond: points on the continent of America and on the continent of Africa and on the continent of Asia.

V. Non-Scheduled passengers services

Both Parties agreed that airlines of each Contracting Party shall have the right to operate non schedule passengers, combination and all cargo services with no limitation of frequencies or capacity, with any type of aircraft, except as may be required for technical, operational or environmental reasons, including 5th. traffic rights.

VI. All cargo services


Any airline(s) of each Contracting Party shall have the right to operate all-cargo flights, with no limitation of frequencies and/or capacity, with any type of aircraft, from points behind its territory, through points in its territory and intermediate points, to points located in the territory of the other Contracting Party, and to points beyond, with full traffic rights according to the Route Schedules, with the exception of cabotage.

VII. Miscellaneous

This Memorandum of Understanding will be applied provisionally from the date of signature.

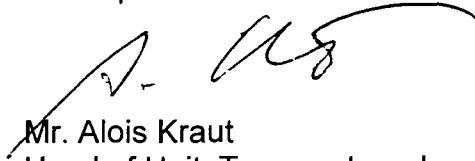
Done at Buenos Aires, on June 2nd, 2005

For the delegation of
the Argentine Republic:



Mr. Ricardo Alberto Cirielli
Undersecretary of Commercial Air
Transport

For the delegation of
the Republic of Austria :



Mr. Alois Kraut
Head of Unit ,Transport and
Telecommunication
Federal Ministry for Foreign Affairs



Mr. Dieter Gaupmann
Deputy Director Air Transport Affairs
Austrian Civil Aviation Authority

Annex I

ARGENTINE DELEGATION

Mr. Ricardo A. CIRIELLI	Undersecretary of Air Commercial Transport. Chief of Delegation.
Mr. Horacio KNOBEL	Legislation and Agreements Directorate, Undersecretariat of Air Commercial Transport.
Mr. Jorge TRAVERSA	Planning and Air Commercial Management Control Directorate, Undersecretariat of Air Commercial Transport.
Mrs. Nora RIZZO	Legislation and Agreements Directorate, Undersecretariat of Air Commercial Transport.
Mrs. Liliana BERNACCHI	Legislation and Agreements Directorate, Undersecretariat of Air Commercial Transport.
Mrs. Alejandra MACKLUF	Undersecretariat of Air Commercial Transport.
Mrs. Cristina HERAS	Undersecretariat of Air Commercial Transport.
Sr. Guillermo LARA	Ministry of Foreign Affairs



Annex II

AUSTRIAN DELEGATION

Mr Alois KRAUT
Head of Unit for Transport and Telecommunication
Federal Ministry for Foreign Affairs
Head of Delegation

Mr Thomas SCHULLER –GÖTZBURG
Minister-Counsellor
Austrian Embassy Buenos Aires

Mr Dieter GAUPMANN
Head of Unit, Government and Industry Relations
Deputy Director, Air Transport Affairs
Federal Ministry for Transport, Innovation and Technology

Mr Walter REIMANN
Director International Relations and Alliances
Austrian Airlines Group



DRAFT OF AIR SERVICES AGREEMENT

**between
the Austrian Federal Government
and
the Government of the Argentine Republic**

The Austrian Federal Government and the Government of the Argentine Republic, hereinafter referred to as Contracting Parties;

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

Desiring to conclude an agreement for the purpose of developing air services between their respective territories and beyond,

Have agreed as follows:

Article 1

Definitions

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

- (a) the term "Convention" means the Convention on International Civil Aviation done at Chicago on the seventh day of December 1944, and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or of the Convention under Article 90 and 94 so far as those Annexes and amendments have been adopted by both Contracting Parties;

- (b) the term "aeronautical authorities" means in the case of the Austrian Federal Government the Ministry of Transport, Innovation and Technology and, in the case of the Argentine Republic, the Ministry of Federal Planning, Public Investment and Services - Transport Secretariat - Under Secretariat of Air Commercial Transport, or, in both cases, any other authority legally empowered to perform the functions exercised by the said aeronautical authorities;
- (c) the term "designated airline" means each airline that one Contracting Party has designated in writing to the other Contracting Party and which has been authorized in accordance with Article 3 of this Agreement to operate the agreed services on the routes specified in conformity with paragraph (1) of Article 2 of this Agreement;
- (d) the terms "territory", "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meaning respectively assigned to them in Articles 2 and 96 of the Convention;
- (e) the term "capacity" in relation to agreed services means the available seat capacity of the aircraft used on such services, multiplied by the frequency operated by such aircraft over a given period on a route or section of a route;
- (f) the term "tariff" means the prices or charges to be paid for carriage of passengers, baggage and cargo (excluding remuneration and conditions for the carriage of mail) and the conditions under which those prices and charges apply, including commissions to be paid on the carriage for agency services, charges and conditions for any services ancillary to such carriage which are offered by airlines and also include any significant benefits provided in association with the carriage;
- (g) the term "Annex" means the Annex to this Agreement or as amended in accordance with the provisions of Article 21 of this Agreement. The Annex forms an integral part of this Agreement and all references to the Agreement shall include the Annex except where explicitly agreed otherwise.
- (h) the term LACAC means the Latin American Civil Aviation Commission.

Article 2

Traffic Rights

- (1) Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing and operating international air services by a designated airline or airlines over the routes specified in the appropriate section of the Annex. Such services and routes are hereinafter called "agreed services" and "specified routes" respectively

- (2) Subject to the provisions of this Agreement the designated airline or airlines of each Contracting Party shall enjoy, while operating the agreed services on the specified routes, the following rights:
- (a) to fly without landing across the territory of the other Contracting Party;
 - (b) to make stops in the territory of the other Contracting Party for non-traffic purposes;
 - (c) to embark and disembark in the territory of the other Contracting Party at points specified in the Annex passengers, baggage and cargo including mail, separately or in combination, destined for or coming from point(s) in the territory of the first Contracting Party; and
 - (d) to embark and disembark in the territory of the third countries at the points specified in the Annex passengers, baggage and cargo including mail, separately or in combination, destined for or coming from points in the territory of the other Contracting Party, specified in the Annex.
- (3) The airlines of each Contracting Party, other than those designated under Article 3 of this Agreement, shall also enjoy the rights specified in paragraph (2) (a) and (b) of this Article.
- (4) Nothing in paragraph (2) of this Article shall be deemed to confer on the designated airline(s) of one Contracting Party the right of taking on, in the territory of the other Contracting Party, passengers, baggage and cargo including mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

Article 3

Designation and Operating Authorization

- (1) Each Contracting Party shall have the right to designate an airline or airlines for the purpose of operating the agreed services for such a Contracting Party and to withdraw the designation of any airline or to substitute another airline for one previously designated. Such designation shall be effected by virtue of written notification between the aeronautical authorities of both Contracting Parties through diplomatic channel.
- (2) The aeronautical authorities, which have received the notification of designation, shall, subject to the provisions of paragraph (3) and (4) of this Article, grant without delay to the designated airline of the other Contracting Party the necessary operating authorizations.



(3) The aeronautical authorities of one Contracting Party may require the airline designated by the other Contracting Party to prove that it is qualified to fulfil the conditions prescribed under the laws and regulations applied to the operation of international air services by the said authorities in conformity with the provisions of the Convention.

(4) The aeronautical authorities of each Contracting Party shall have the right to refuse to accept the designation of an airline and to refuse to grant the operating authorization referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary for the exercise of the rights specified in Article 2 of this Agreement, whenever the Contracting Party has no proof that:

(a) in the case of an airline designated by the Republic of Austria

(i) the airline is established in the territory of the Republic of Austria under the Treaty establishing the European Community and has a valid Operating Licence in accordance with European Community law; and

(ii) effective regulatory control of the airline is exercised and maintained by the European Community Member State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authorities are clearly identified in the designation;

(iii) the airline is owned directly or through majority ownership and it is effectively controlled by the Republic of Austria and/or nationals of the Member States and/or nationals of such states

(b) in the case of an airline designated by the Argentine Republic

(i) the airline is established in the territory of the Argentine Republic and has a valid Air Operators Certificate (AOC) in accordance with Argentine law;

(ii) effective regulatory control of the airline is exercised and maintained by the Argentine Republic;

(iii) as far as it is allowed by Argentine law, the airline is owned directly or through majority ownership and it is effectively controlled by the Argentine Republic and/or nationals of the Argentine Republic and/or by other LACAC Member States and/or nationals of such states.

(5) When an airline has been designated and authorized in accordance with this Article, it may operate in whole or in part the agreed services for which it is designated, provided that tariffs and timetables established in accordance with the

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provisions of Articles 12 and 16 of this Agreement are in force in respect of these services.

Article 4

Revocation and Suspension of Operating Authorization

(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 2 of this Agreement of the designated airline of the other Contracting Party or to impose such conditions, temporary or permanent, as it may deem necessary on the exercise of such rights, if:

(a) in the case of an airline designated by the Republic of Austria

(i) the airline is not established in the territory of the Republic of Austria under the Treaty establishing the European Community or does not have a valid Operating Licence in accordance with European Community law;

(ii) effective regulatory control of the airline is not exercised or not maintained by the European Community Member State responsible for issuing its Air Operator's Certificate or the relevant aeronautical authorities are not clearly identified in the designation; or

(iii) The airline is not owned and effectively controlled by the Republic of Austria and/or nationals of the Members States and/or nationals of such states.

(iv) the airline is already authorized to operate under a bilateral agreement between the Argentine Republic and another Member State of the European Community and by exercising traffic rights under this Agreement on a route that includes a point in that other Member State of the European Community, it would be circumventing restrictions on traffic rights imposed by the bilateral agreement between the Argentine Republic and that other Member State of the European Community; or

(v) the airline has an Air Operators Certificate (AOC) issued by a Member State of the European Community that has no bilateral agreement with the Argentine Republic and traffic rights have been denied by that State to an airline designated by the Argentine Republic;

(b) in the case of an airline designated by the Argentine Republic

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- (i) the airline is not established in the territory of the Argentine Republic or does not have a valid Air Operators Certificate (AOC) in accordance with Argentine law;
 - (ii) effective regulatory control of the airline is not exercised or not maintained by the Argentine Republic;
 - (iii) the airline is not owned and effectively controlled by the Argentine Republic or nationals of the Argentine Republic or, as far as it is allowed by Argentine law, the airline is not owned by other LACAC Member States or nationals of such States; or
 - (iv) the airline is already authorized to operate under a bilateral agreement between the Republic of Austria and another LACAC Member State, and by exercising traffic rights under this Agreement on a route that includes a point in that other LACAC Member State, it would be circumventing restrictions on traffic rights imposed by that other agreement;
 - (v) the airline has an Air Operators Certificate (AOC) issued by a LACAC State that has no bilateral agreement with the Republic of Austria and traffic rights have been denied by that State to an airline designated by the Republic of Austria;
- (c) an airline fails to prove before the aeronautical authorities of that Contracting Party granting those rights an ability to fulfil the conditions under the laws and regulations applied by these authorities in conformity with the provisions of the Convention; or
- (d) an airline otherwise fails to operate the agreed services in accordance with the conditions prescribed by this Agreement.
- (2) Unless immediate action is essential to prevent further infringement of the laws and regulations referred to above, the rights enumerated in paragraph (1) of this Article shall be exercised only after consultations with the aeronautical authorities of the other Contracting Party. Unless otherwise agreed by the aeronautical authorities, such consultations between the aeronautical authorities of both Contracting Parties shall begin within a period of sixty (60) days from the date of request made by either aeronautical authorities.

Article 5

Application of Laws, Regulations and Procedures

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- (1) While entering, being within or leaving the territory of one Contracting Party, its laws, regulations and procedures in force in its territory relating to the operation and navigation of aircraft shall be complied by the other Contracting Party's airlines.
- (2) The laws, regulations and procedures in force in the territory of one Contracting Party relating to admission to, stay in, transit through, or departure from its territory of passengers, crews, baggage, and cargo including mail, such as laws, regulations and procedures relating to entry, exit, immigration, passports, customs, currency, quarantine, health, veterinary or sanitary measures, shall apply to passengers, crew, baggage, cargo and mail carried by the aircraft of the designated airline of the other Contracting Party upon entry into or departure from or while within the territory of the said Contracting Party.
- (3) In the application of customs, quarantine and similar regulations in force in its territory, neither Contracting Party shall give preference to its own or any other airline over an airline of the other Contracting Party engaged in similar international air services.

Article 6

Aviation Security

- (1) Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.
- (2) The Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on September 14, 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970, the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal on September 23, 1971 and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on February 24, 1988, the Convention on Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on March 1, 1991 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

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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 provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention to the extent that such security provisions are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or who have their principal place of business or permanent residence in the territory of the Contracting Parties or, in the case of the Republic of Austria operators of aircraft which are established in its territory under the Treaty establishing the European Community and have valid Operating Licences in accordance with European Community law and the operators of airports in their territory act in conformity with such aviation security provisions.
- (5) Each Contracting Party agrees that its operators of aircraft shall be required to observe, for entry into, departure from or while within the territory of the other Contracting Party, aviation security provisions in conformity with the law in force in that country, including, in the case of the Austrian Republic, European Community law.
- (6) Each Contracting Party shall secure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading.
- (7) Each Contracting Party shall also give a sympathetic consideration to any request from the other Contracting Party for reasonable security measures to meet a particular threat.
- (8) 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 thereof.
- (9) When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Failure to reach a satisfactory agreement within one (1) month of the date of such request shall constitute grounds for application of Article 4 of this Agreement. If

required by a serious emergency, either Contracting Party may take interim action prior to the expiry of a month period.

Article 7

Aviation Safety

- (1) Certificates of airworthiness, certificate of competency and licenses issued, or rendered valid, in accordance with the rules and procedures of one Contracting Party, including, in the case of the Republic of Austria, the laws and regulations of the European Community, and still in force shall be recognized as valid by the other Contracting Party for the purpose of operating the agreed services, provided that such certificates and licenses are at least equal to or above the minimum standards which are established pursuant to the Convention.
- (2) Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flights above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party or by the other State.
- (3) Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within thirty (30) days of that request.
- (4) If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within fifteen (15) days or such longer period as may be agreed, shall be grounds for the application of Article 4 of this Agreement.
- (5) Notwithstanding the obligations mentioned in Article 33 of the Convention it is agreed that any aircraft operated by or, under the lease agreement, on behalf of the airline or airlines of one Contracting Party on services to or from the territory of another Contracting Party may, while within the territory of the other Contracting Party, be made the subject of an examination by the authorized representatives of the other Contracting Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition

of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.

(6) If any such ramp inspection or series of ramp inspections gives rise to:

(a) serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at the time pursuant to the Convention,
or

(b) serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,

the Contracting Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licenses in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or above the minimum standards established pursuant to the Convention.

(7) In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by, or, on behalf of the airline of one Contracting Party in accordance with paragraph (5) above is denied by the representative of that airline or airlines, the other Contracting Party shall be free to infer that serious concerns of the type referred to in paragraph (6) above arise and draw the conclusions referred to in that paragraph.

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

(9) Any action by one Contracting Party in accordance with paragraphs (4) or (8) above shall be discontinued once the basis for the taking of that action ceases to exist.

(10) Where the Republic of Austria has designated an airline whose regulatory control is exercised and maintained by another European Community Member State, the rights of the other Contracting Party under this Article shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that other European Community Member State and in respect of the operating authorisation of that airline.

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Article 8

Customs Provisions, Duties and Taxes

- (1) Aircraft operated on international services by the airlines designated by each Party, as well as their regular equipment, supplies of fuel and lubricants and the aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties inspection fees and other duties or taxes on arriving in the territory of the other Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.
- (2) There shall also be exemption from the same duties and taxes with the exception of charges corresponding to the service performed;
- (a) aircraft stores taken on board in the territory of either Party, within limits fixed by the authorities of said Party, and for use on board the aircraft engaged on a specified route of the other Party;
- (b) spare parts entered into the territory of either Party for the maintenance or repair of aircraft used on a specified route by the designated airlines of the other Party;
- (c) fuel and lubricants destined to supply aircraft operated on a specified route by the designated airlines of the other Party, even if these supplies are to be used on the part of the journey performed over the territory of the Party in which they are taken on board.
- Material referred to in sub-paragraphs (a), (b) and (c) above may be required to be kept under customs supervision or control.
- (3) The regular airborne equipment, as well as the material and supplies retained on board the aircraft of either Party may be unloaded in the territory of the other Party only with the approval of the customs authorities of that Party. In each case, they may be placed under the supervision of said authorities up to such time as they are re-exported or otherwise disposed of in accordance with the customs regulations.
- (4) Nothing in this Agreement shall prevent the Argentine Republic from imposing, on a non discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in an aircraft of a designated airline of the Republic of Austria that operates between a point in the territory of the Argentine Republic and another Member State of LACAC.

(5) Nothing in this agreement shall prevent the Republic of Austria from imposing, on a non-discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in an aircraft of a designated airline of the Argentine Republic that operates between a point in the territory of the Republic of Austria and another point in the territory of the Republic of Austria or in the territory of another European Community Member State.

Article 9

Use of Airports and Aviation Facilities

- (1) Each Contracting Party shall use its best efforts to ensure that user charges imposed or permitted to be imposed by its competent authorities on the designated airlines of the other Contracting Party are fair and reasonable. They shall be based on sound economic principles.
- (2) Charges for the use of airport and navigation facilities and services offered by one Contracting Party to the designated airlines of the other Contracting Party shall not be higher than those which have been paid by its national aircraft operating on scheduled international services.

Article 10

Transit

Passengers, baggage, cargo and mail in direct transit across the territory of a Contracting Party, not leaving the area of the airport reserved for such purpose shall be subject, except in respect of security provisions referred to in Article 6 of this Agreement and prevention of violence, air piracy and trafficking of narcotic drugs and psychotropic substances, to no more than a simplified control. Baggage and freight in transit shall be exempt from customs duties and other charges.

Article 11

Sale of Services and Transfer of Funds

- (1) In accordance with the respective national laws and regulations, the designated airlines of one Contracting Party shall have the right to sell freely its or their air transport services in the territory of the other Contracting Party either directly or at its discretion through its agents, and any person shall be free to purchase such transportation in the local currency or in any freely convertible currency normally purchased by banks in that territory.

- (2) The designated airlines of the Contracting Parties shall have the right to convert and to remit to their home territory in accordance with the foreign exchange regulations, the excess of receipts over local expenditures earned in the territory of the other Contracting Party in a freely convertible currency. Conversion and remittance shall be performed without restrictions at the prevailing foreign exchange market rate applicable for these transactions on the day the transfer is made. In the case that the prevailing foreign exchange market rate system is not established, the conversion and remittance shall be performed without restrictions on the basis of the official exchange rate applicable on the date the transfer is made. Actual transfer shall be executed without delay and shall not be subject to any charges except normal service charges collected by banks for such transactions.
- (3) In the event that payments between the Contracting Parties are governed by a special agreement, such an agreement shall apply.

Article 12

Tariffs

- (1) The tariffs to be applied by the designated airline of a Contracting Party for services covered by this Agreement shall be established at reasonable levels, due regard being paid to all relevant factors, including interests of users, cost of operation, characteristics of service (such as standards of speed and accommodation), commission rates, reasonable profit, tariffs of other airlines and other commercial consideration in the market place.
- (2) The aeronautical authorities of both Contracting Parties shall consider unacceptable tariffs that are unreasonably discriminatory, unduly high or restrictive because of the abuse of a dominant position, or artificially low because of direct or indirect subsidy or support, or are resulting in the price dumping.
- (3) Neither of the aeronautical authorities of both Contracting Parties will require their designated airlines to consult other airlines before filing tariffs for approval.
- (4) If so required or upon request of the aeronautical authorities of either Contracting Party, the tariffs shall be filed by a designated airline at least thirty (30) days before the proposed date of their introduction. The aeronautical authorities may approve or disapprove tariffs filed for one way or round trip carriage between the territories of the two Contracting Parties which commences in their own territory.

When a designated airline of one Contracting Party has filed a tariff with the aeronautical authorities of the other Contracting Party from whose territory the tariff is to be applied, such tariff will be treated as having been approved, unless within fourteen (14) days after the date of receipt of filing the aeronautical authorities of the latter Contracting Party have served a written notice of disapproval to the filing airline.

In approving tariffs, the aeronautical authorities of a Contracting Party may attach to their approval such expiry dates as they consider appropriate. Where a tariff has an expiry date, it shall remain in force until the due expiry date, unless withdrawn by the airline or airlines concerned, or unless a replacement tariff is filed and approved prior to the expiry date.

- (5) Neither of the aeronautical authorities shall take a unilateral action to prevent the inauguration of proposed tariffs or the continuation of effective tariffs for carriage between the territories of the two Contracting Parties commencing in the territory of the other Contracting Party.
- (6) Upon request, the designated airline of one Contracting Party shall notify the aeronautical authorities of the other Contracting Party tariffs for carriage commencing in the territory of this other Contracting Party over the specified routes to the third countries.
- (7) Notwithstanding paragraph (5) above, where the aeronautical authorities of either Contracting Party believe that a tariff for the carriage to its territory falls within the categories described in paragraph (2) above, they shall give notice of disapproval to the aeronautical authorities and the designated airline of the other Contracting Party as soon as possible or at least within fourteen (14) days of the date of filing being received by them.
- (8) The aeronautical authorities of both Contracting Parties shall not require the filing for their approval of tariffs for carriage of cargo between points in the territories of the Contracting Parties, however the designated airlines shall register them at least fourteen (14) days before proposed date of introduction with aeronautical authorities of both Contracting Parties for the purpose of assessment pursuant to paragraphs (2) and (7) of this Article. Unless notice of disapproval with above mentioned cargo tariffs is received by the designated airline concerned from the aeronautical authorities of the Contracting Party in which territory the cargo transportation commences within eight (8) days from registration, such registered cargo tariff will take effect on the indicated date of introduction.

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- (9) The aeronautical authorities of either Contracting Party may, at any time, request consultations with the aeronautical authorities of the other Contracting Party on the application of the provisions of this Article. Such consultations shall be held not later than thirty (30) days after receipt of the request. If no agreement is reached, the decision of the aeronautical authorities of a Contracting Party in whose territory the carriage originates shall prevail.
- (10) Notwithstanding the provisions of this Article, the tariffs to be charged by the designated airline(s) of the Argentine Republic for carriage wholly within the European Community shall be subject to European Community law and, the tariffs to be charged by the designated airline(s) of the Republic of Austria for carriage between the territory of the Argentine Republic and another LACAC member State shall be subject to Argentine regulations.
- (11) The aeronautical authorities of each Contracting Party shall have the right to investigate violations of tariffs and sales conditions committed by any airline, passenger or freight agent, tour organizer or freight forwarder.

Article 13

Capacity

- (1) Each Party shall grant a fair and equal opportunity to the airlines of the other Party to compete in providing the international air transportation governed by this Agreement.
- (2) In operating the agreed services the designated airlines of each Contracting Party shall take into account the interests of the designated 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.
- (3) 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/or cargo, including mail, coming from or destined for the territory of the Contracting Party designating the airline. Provision of the carriage of passengers and/or cargo, including mail, both taken on board and discharged at points on the specified routes in the territories of States, other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:



- (a) traffic requirements to and from the territory of the Contracting Party which has designated the airline;
 - (b) traffic requirements of the area through which the agreed service passes, after taking account of other transport services established by airlines of the states comprising the area; and
 - (c) the requirements of through airline operation.
- (4) Notwithstanding the above provisions, capacity shall be agreed upon between the aeronautical authorities of the Contracting Parties.

Article 14

Change of Aircraft

- (1) Each designated airline may on any or all flights on the agreed services and at its options change aircraft in the territory of the other Contracting Party or at any point along the specified routes, provided that:
- (a) aircraft used beyond the point of change of aircraft shall be scheduled in coincidence with the inbound or outbound aircraft, as the case may be;
 - (b) in the case of change of aircraft in the territory of the other Contracting Party and when more than one aircraft is operated beyond the point of change, not more than one such aircraft may be of equal size and none may be larger than the aircraft used in the third and fourth freedom sector.
- (2) For the purpose of change of aircraft operations, a designated airline may use its own equipment and, subject to national regulations, leased equipment and may operate under commercial arrangements with another airline, as laid down in Article 15.
- (3) A designated airline may use different or identical flight numbers for sectors of its change of aircraft operations.

Article 15

Code-sharing

- (1) In operating or holding out air services on the specified routes any designated airline of one Contracting Party may enter into code-sharing and blocked-space arrangement with:
- (a) an airline or airlines of either Contracting Party;

- (b) an airline or airlines of a third Party. Should such a third Party not authorize or allow comparable arrangements between the airlines of the other Contracting Party and other airlines on services to, from and via such third country, the aeronautical authorities of the concerned Contracting Party have the right not to accept such arrangements.
- (2) The above provisions are, however, subject to the conditions that all airlines in such arrangements:
- (a) hold the underlying traffic rights and meet the principles of this Agreement,
 - (b) meet the requirement applied to such arrangements by the aeronautical authorities of both Contracting Parties, and
 - (c) provide the consumers with the proper information concerning such code-sharing and blocked-space arrangements.
- (3) The code-sharing airlines are required to file proposed code-sharing and blocked-space arrangements with the aeronautical authorities of both Contracting Parties at least sixty (60) days before its proposed introduction. In special cases this time limit may be reduced subject to the consent of the respective aeronautical authority. Such code-sharing and blocked-space arrangements are subject to approval by the aeronautical authorities of both Contracting Parties.

Article 16

Timetables

- (1) An airline designated by one Contracting Party shall file to the aeronautical authorities of the other Contracting Party for approval at least thirty (30) days in advance the timetable of its intended services, specifying the frequency, type of aircraft, times, configuration and number of seats to be made available to the public and period of timetable validity. The same procedure shall apply to any modification thereof. In special cases this time limit may be reduced subject to the consent of the respective aeronautical authority.
- (2) If a designated airline wishes to operate supplementary flights besides those covered in the timetables, it shall request permission from the aeronautical authorities of the other Contracting Party. Such request shall usually be submitted at least two (2) working days before operating such flights.



Article 17



Airline Representation

- (1) The designated airline of one Contracting Party shall be allowed, on the basis of reciprocity, to bring into and to maintain in the territory of the other Contracting Party its representative and commercial, technical and other specialist staff reasonably required for the operation of the agreed services.
- (2) The representative and staff shall be subject to the laws and regulations in force in the territory of the other Contracting Party.
- (3) Subject to the laws and regulations in force in the respective territory, the designated airlines of both Contracting Parties shall have the right to establish in the territory of the other Contracting Party an office or offices for promotion of air transportation and sale of the air transportation services.

Article 18

Ground Handling

Subject to the laws and regulations of the respective Contracting Party including, in the case of the Republic of Austria, European Community law, each designated airline shall have in the territory of the other Contracting Party the right to perform its own ground handling (self-handling) or, at its option, the right to select among authorised suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each designated airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

Article 19

Provision of Information

The aeronautical authorities and the airlines of each Contracting Party shall provide the aeronautical authorities of the other Contracting Party, upon request, periodic statements of statistics or other similar information related to traffic carried by the designated airline on the routes specified in this Agreement as may be reasonably required for the purpose of reviewing the operation of agreed services.



Article 20



Consultations

- (1) In the spirit of close co-operation, the aeronautical authorities of the Contracting Parties shall have from time to time communication, which may be through discussion or by correspondence, to ensure close collaboration in all matters affecting the implementation of this Agreement.
- (2) Either Contracting Party may at any time request consultations on any problem related to this Agreement. Such consultations shall begin within a period of sixty (60) days from the date of the delivery of the request by the other Contracting Party, unless otherwise agreed by the Contracting Parties.

Article 21

Amendments

- (1) If either of the Contracting Parties considers it desirable to amend any provision of this Agreement, such amendment, if agreed, shall come into force when the Contracting Parties will have notified to each other the fulfilment of their constitutional procedures by an exchange of diplomatic notes. This Amendment shall enter into force on the first day of the second month, following the date on which the two Parties have notified each other by an exchange of diplomatic notes that the requirements for its entry into force under their respective constitutional procedures have been fulfilled.
- (2) Amendments to the Annex of this Agreement may be agreed directly between the aeronautical authorities of the Contracting Parties. Such amendments shall enter into force on the first day of the second month, following the date on which the two Parties have notified each other by an exchange of diplomatic notes that the requirements for their entry into force under their respective constitutional procedures have been fulfilled.
- (3) In an event a general multilateral convention related to international air transport and affecting the relations between the two Contracting Parties enters into force, this Agreement shall be amended to conform with the provisions of such multilateral convention in so far as those provisions have been accepted by both Contracting Parties.



Article 22

Settlement of Disputes



1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this agreement and its Annexes thereto, the Contracting Parties shall, in the first place endeavor to settle it by negotiation.
2. If the Contracting Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to some person or body, or the dispute may, at the request of either Contracting Party, be submitted for decision to a tribunal of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other of a notice through diplomatic channels requesting arbitration of the dispute and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Contracting Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting Party to appoint an arbitrator or arbitrators as the case requires.

In such a case the third arbitrator shall be a national of a third State and shall act as president of the arbitral tribunal.

3. The Contracting Parties undertake to comply with any decision given under paragraph (2) of this article.
4. If any so long as either Contracting Party or the designated airline of either Contracting Party fails to comply with the decision given under paragraph (2) of this Article, the other Contracting Party may limit, suspend or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party in default.
5. Each Contracting Party shall pay the expenses of the arbitrator it has nominated. The remaining expenses of the arbitration tribunal shall be shared equally by the Contracting Parties.

Article 23

Registration

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



Article 24

Termination

Either Contracting Party may at any time give notice in writing through diplomatic channels to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case this Agreement shall terminate twelve (12) months after the date of the delivery of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by agreement between the Contracting Parties before the expiry of this period. In absence of acknowledgement of delivery by the other Contracting Party, notice shall be deemed to have been received fourteen (14) days after the delivery of the notice to the International Civil Aviation Organization.

Article 25

Entry into force

This Agreement shall enter into force on the first day of the second month, following the date on which the two Parties have notified each other by an exchange of diplomatic notes that the requirements for its entry into force under their respective constitutional procedures have been fulfilled.

Done at (_____) this (____) day of (_____) 200(__).

in three originals in the German, Spanish and English language(s), all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

**For the Government
of the Republic of Austria**



**For the Government
of the Argentine Republic**



Annex

Section I

Routes to be operated by the designated airline or airlines of the Republic of Austria:

points of origin	intermediate points	points of destination	beyond points
points in the Republic of Austria	points on the continent of Europe, the continent of Africa and the continent of America	points in the Argentine Republic	points on the continent of America and the continent of Africa

Section II

Routes to be operated by the designated airline or airlines of the Argentine Republic:

points of origin	intermediate points	points of destination	beyond points
points in the Argentine Republic	points on the continent of America, the continent of Africa and the continent of Europe	points in the Republic of Austria	points on the continent of Europe, the continent of Africa and the continent of Asia

Notes:

1. The routes may be operated in either direction.
2. The designated airline may on any or all flights omit calling at any of the above mentioned points, provided that the agreed services on these routes begin at the point in the territory of the Contracting Party designating the airline.

