

AGREEMENT
BETWEEN THE GOVERNMENT OF THE STATE OF ISRAEL
AND
THE GOVERNMENT OF CANADA
ON AIR TRANSPORT

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>HEADING</u>
1	Headings & Definitions
2	Grant of Rights
3	Designation
4	Authorizations
5	Withholding, Revocation, Suspension and Limitation of Authorizations
6	Application of Laws
7	Safety Standards, Certificates and Licences
8	Aviation Security
9	Customs Duties and Other Charges
10	Statistics
11	Tariffs
12	Availability of Airports and Aviation Facilities and Services
13	Charges for Airports and Aviation Facilities and Services
14	Capacity
15	Airline Representatives
16	Ground Handling
17	Sales and Transfer of Funds
18	Taxation
19	Applicability to Charter/Non-scheduled Flights
20	Consultations
21	Amendment
22	Settlement of Disputes
23	Termination
24	Registration with ICAO
25	Multilateral Conventions
26	Entry into Force

AGREEMENT BETWEEN THE GOVERNMENT THE STATE OF ISRAEL
AND THE GOVERNMENT OF CANADA
ON AIR TRANSPORT

The Government of the State of Israel and the Government of Canada, hereinafter referred to as the "Contracting Parties",

Being parties to the Convention on International Civil Aviation, done at Chicago on 7 December 1944;

Desiring to ensure the highest degree of safety and security in international air transportation;

Recognizing the importance of international air transportation in promoting trade, tourism and investment;

Desiring to promote their interests in respect of international air transportation; and

Desiring to conclude an agreement on air transport, supplementary to the said Convention;

Have agreed as follows:

ARTICLE 1
Headings & Definitions

1. Headings used in this Agreement are for reference purposes only.
2. For the purpose of this Agreement, unless otherwise stated:

"aeronautical authorities" means, in the case of Canada, the Minister of Transport of Canada and the Canadian Transportation Agency, and, in the case of the State of Israel, the Ministry of Transport and Road Safety by the Civil Aviation Authority, or, in both cases, any other authority or person empowered to perform the functions exercised by the said authorities;

"agreed services" means scheduled air services on the routes specified in this Agreement for the transport of passengers and cargo, including mail, separately or in combination;

"Agreement" means this Agreement, any Annex attached thereto, and any amendment to this Agreement or to any Annex attached thereto;

"air service", "international air service" and "airline" shall have the meanings respectively assigned to them in Article 96 of the Convention;

"Convention" means the *Convention on International Civil Aviation*, done at Chicago on 7 December 1944 and includes any Annex adopted under Article 90 of that Convention and any amendment of the Convention or of the Annexes under Articles 90 and 94 thereof so far as those Annexes and amendments have been adopted by both Contracting Parties;

"designated airline" means an airline which has been designated and authorized in accordance with Articles 3 and 4 of this Agreement;

"territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention.

ARTICLE 2
Grant of Rights

1. Each Contracting Party grants to the other Contracting Party the following rights for the conduct of international air services by the airlines designated by that other Contracting Party:

- (a) the right to fly across its territory without landing;
- (b) the right to land in its territory for non-traffic purposes; and
- (c) to the extent permitted in this Agreement, the right to make stops in its territory on the routes specified in this Agreement for the purpose of taking up and discharging international traffic in passengers and cargo, including mail, separately or in combination.

2. Each Contracting Party also grants the rights specified in subparagraphs 1(a) and (b) of this Article to airlines of the other Contracting Party, other than those designated under Article 3 of this Agreement.

3. Nothing in paragraph 1 of this Article shall be deemed to confer on a designated airline of one Contracting Party the right of taking up, in the territory of the other Contracting Party, passengers 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

Each Contracting Party shall have the right to designate, by diplomatic note, an airline or airlines to operate the agreed services on the routes specified in this Agreement for that Contracting Party and to withdraw a designation or to substitute another airline for one previously designated.

ARTICLE 4

Authorizations

1. Following receipt of a notice of designation or of substitution pursuant to Article 3 of this Agreement, the aeronautical authorities of the other Contracting Party shall, consistent with the laws and regulations of that Contracting Party, issue without delay to the airline so designated the required authorizations to operate the agreed services for which that airline has been designated.

2. The Contracting Parties confirm that, upon receipt of such authorizations, the designated airline may begin at any time to operate the agreed services, in whole or in part, provided that the airline complies with the provisions of this Agreement.

ARTICLE 5

Withholding, Revocation, Suspension and Limitation of Authorizations

1. Notwithstanding paragraph 1 of Article 4, the aeronautical authorities of each Contracting Party shall have the right to withhold the authorizations referred to in Article 4 of this Agreement with respect to an airline designated by the other Contracting Party, and to revoke, suspend or impose conditions on such authorizations, temporarily or permanently:

- (a) in the event that they are not satisfied that substantial ownership and effective control of the airline are vested in the Contracting Party designating the airline or its nationals or both;
- (b) in the event of failure by such airline to comply with the laws and regulations of the Contracting Party granting the rights;
- (c) in the event of failure by such airline to qualify under the laws and regulations normally applied by the aeronautical authorities of the Contracting Party granting the rights;
- (d) in the event of failure by such airline to otherwise operate in a manner consistent with the conditions set out in this Agreement.

2. The rights enumerated in paragraph 1 of this Article shall be exercised only after consultations between the aeronautical authorities of the Contracting Parties in conformity with Article 20 of this Agreement, unless immediate action is essential to prevent infringement of the laws and regulations referred to in paragraph 1 or unless safety or security requires action in accordance with the provisions of Articles 7 or 8 of this Agreement.

ARTICLE 6
Application of Laws

1. Each Contracting Party shall require compliance with:
 - (a) its laws, regulations and procedures relating to the admission to, remaining in, or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft, by the designated airlines of the other Contracting Party upon entrance into, departure from and while within the said territory; and
 - (b) its laws and regulations relating to the admission to, remaining in, or departure from its territory of passengers, crew members and cargo including mail (such as regulations relating to entry, clearance, transit, aviation security, immigration, passports, customs and quarantine) by the designated airlines of the other Contracting Party and by or on behalf of such passengers and crew members, and applicable to the cargo including mail carried by the designated airlines of the other Contracting Party, upon transit of, admission to, departure from and while within that territory.
2. Nothing in this Agreement shall be deemed to derogate from the competition laws of the Contracting Parties.
3. A Contracting Party shall not give preference to its own or any other airline over an airline of the other Party engaged in similar international air transportation in the application of its immigration, customs, quarantine and similar regulations.
4. Passengers, baggage, cargo and mail in direct transit shall not be subject to undue delays.

ARTICLE 7

Safety Standards, Certificates and Licences

1. Certificates of airworthiness, certificates of competency and licences, that are issued or rendered valid by the aeronautical authorities of one Contracting Party and that are still in force, shall be recognized as valid by the aeronautical authorities of the other Contracting Party for the purposes of operating the agreed services provided that such certificates or licences were issued or rendered valid pursuant to, and in conformity with, as a minimum, the standards established under the Convention. The aeronautical authorities of each Contracting Party reserve the right, however, to refuse to recognize, for the purpose of flights above or landing within 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 certificates or licences 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 used in the operation of the agreed services, permit a difference from the minimum standards established under the Convention, and which difference has been filed with the International Civil Aviation Organization, the other Contracting Party may request consultations between the aeronautical authorities of the Contracting Parties in conformity with Article 20 of this Agreement with a view to clarifying the practice in question.
3. Consultations concerning the safety standards and requirements maintained and administered by the aeronautical authorities of the other Contracting Party relating to aeronautical facilities, crew members, aircraft, and operation of the designated airlines shall be held within fifteen (15) days of receipt of a request from either Contracting Party, or such other period as may be mutually determined by the Contracting Parties. If, following such consultations, the aeronautical authorities of one Contracting Party find that the aeronautical authorities of the other Contracting Party do not effectively maintain and administer safety standards and requirements in these areas that are at least equal to the minimum standards established pursuant to the Convention, the aeronautical authorities of the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards. Failure to take appropriate corrective action within fifteen (15) days, or such other period as may be accepted by the aeronautical authorities of the Contracting Party that made the findings, shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorizations of the designated airlines of the other Contracting Party.

4. Pursuant to Article 16 of the Convention, each Contracting Party agrees that any aircraft operated by or, if approved, on behalf of, an airline of one Contracting Party, may, while within the territory of the other Contracting Party, be the subject of an examination by the aeronautical authorities of the other Contracting Party, on board and around the aircraft to verify the validity of the relevant aircraft documents and those of its crew members and the apparent condition of the aircraft and its equipment (in this Article referred to as "ramp inspection"), provided that such ramp inspection does not cause an unreasonable delay in the operation of the aircraft.

5. If the aeronautical authorities of one Contracting Party, after carrying out a ramp inspection, find that:

- (a) an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention; and/or
- (b) there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,

the aeronautical authorities of that Contracting Party may, for the purposes of Article 33 of the Convention and at their discretion, determine that the requirements under which the certificates or licences in respect of that aircraft or its crew members 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. This same determination may be made in the case of denial of access for ramp inspection.

6. The aeronautical authorities of each Contracting Party shall have the right to withhold, revoke, suspend or impose conditions on the authorizations of an airline of the other Contracting Party, without consultation, in the event the aeronautical authorities of the first Contracting Party conclude that immediate action is essential to the safety of airline operations.

7. Any action by the aeronautical authorities of one Contracting Party in accordance with paragraphs 3 or 6 above shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 8
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. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, done at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, done at Montreal on 23 September 1971, the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, done at Montreal on 24 February 1988, as well as with any other convention and protocol relating to the security of civil aviation which both Contracting Parties adhere to.
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 members, airports and air navigation facilities, and any other threat to the security of civil aviation.
4. The Contracting Parties shall 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, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports located in their territory act in conformity with such aviation security provisions. Accordingly, each Contracting Party, upon request, shall provide the other Contracting Party notification of any difference between its national laws, regulations and practices and the aviation security standards of the Annexes referred to in this paragraph. Either Contracting Party may at any time request consultations, to be held without delay, with the other Contracting Party to discuss any such differences.
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 adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew members, carry-on items, baggage, cargo, mail and aircraft stores prior to and during boarding and loading.

6. Each Contracting Party shall, as far as may be practicable, meet any request from the other Contracting Party for reasonable special security measures to meet a particular threat. These special security measures shall remain in effect until alternative equivalent measures have been accepted by the Contracting Party requesting the measures.

7. Each Contracting Party shall have the right, within sixty (60) days following the serving of a notice, for its aeronautical authorities to conduct an assessment in the territory of the other Contracting Party of the security measures being carried out, or planned to be carried out, by aircraft operators in respect of flights arriving from, or departing to the territory of the first Contracting Party. The administrative arrangements, including the setting of specific dates for the conduct of such assessments, shall be mutually determined between the aeronautical authorities of both Contracting Parties and applied without delay so as to ensure that assessments will be conducted expeditiously.

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 members, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and taking 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 provisions of this Article, it may request consultations. Such consultations shall start within fifteen (15) days of receipt of such a request. Failure to reach a satisfactory agreement within fifteen (15) days from the start of consultations shall constitute grounds for the Contracting Party that requested the consultations to withhold, revoke, suspend or impose conditions on the authorizations of the designated airlines of the other Contracting Party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the Contracting Party that believes that the other Contracting Party has departed from the provisions of this Article may take interim action at any time.

ARTICLE 9
Customs Duties and Other Charges

1. Each Contracting Party shall, to the fullest extent possible under its national laws and regulations on a basis of reciprocity, exempt the designated airlines of the other Contracting Party from import restrictions, customs duties, excise taxes, inspection fees and other national duties and charges 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 that airline as well as printed ticket stock, air waybills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed without charge by that airline.

2. The exemptions granted with respect to items listed in paragraph 1 of this Article shall apply when those items are:

- (a) introduced into the territory of one Contracting Party by or on behalf of a designated airline of the other Contracting Party;
- (b) retained on board aircraft of a designated airline of one Contracting Party upon arriving in or leaving the territory of the other Contracting Party; or
- (c) taken on board aircraft of a designated airline of one Contracting Party in the territory of the other Contracting Party,

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 a designated airline of a 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 Customs authorities up to such time as they are re-exported or otherwise disposed of in accordance with the Customs regulations applicable in the territory of the other Contracting Party.

4. Baggage and cargo in direct transit across the territory of either Contracting Party shall be exempt from customs duties and other similar charges.

ARTICLE 10
Statistics

The aeronautical authorities of each Contracting Party shall provide, or shall cause their designated airlines to provide to the aeronautical authorities of the other Contracting Party, upon request, periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the operation of the agreed services, including statistics showing the initial origins and final destinations of the traffic.

ARTICLE 11

Tariffs

1. For the purposes of this Article:
 - (a) "tariff" means a publication which includes all prices, conditions of carriage, classifications, rules, regulations, practices and services related thereto, for air transportation of passengers and their baggage and cargo but excludes remuneration and conditions for the carriage of mail;
 - (b) "price" means any fare, rate, and/or charge contained in tariffs (including other benefits provided in association with air transportation) for the carriage of passengers (including their baggage) and/or cargo (excluding mail) and the conditions directly governing the availability or applicability of such fare, rate and/or charge;
 - (c) "general terms and conditions of carriage" means those terms and conditions contained in tariffs which are broadly applicable to the agreed services and not directly related to any price.
2. Tariffs for carriage by the designated airlines shall be developed individually or, at the option of each designated airline, through discussion with other airlines, with respect to commercial agreements such as code sharing, interlining, and special prorate agreements.
3. The Contracting Parties acknowledge that market forces shall be the primary consideration in the establishment of prices for air transportation.
4. Prices for transportation shall not be required to be filed.
5. If the aeronautical authorities of one Contracting Party are dissatisfied with an existing or proposed price, either on their own motion or in response to a complaint, they shall so notify the aeronautical authorities of the other Contracting Party and the airline offering the price. The aeronautical authorities receiving the notice of dissatisfaction shall acknowledge the notice, including an indication of their agreement or disagreement with it, within 10 working days of receipt of the notice. The aeronautical authorities shall cooperate in securing information necessary for the consideration of a price on which a notice of dissatisfaction is given. If the aeronautical authorities of both Contracting Parties agree that such an existing or proposed price is unacceptable, they shall put that agreement into effect. Without such mutual agreement, the price may go into effect or continue in effect.
6. Each Contracting Party may require the designated airlines to file their respective general terms and conditions of carriage with the aeronautical authorities at least thirty (30) days before the proposed effective date or such lesser period as may be permitted by the aeronautical authorities. Acceptance or approval of each Contracting Party of such terms and conditions shall be subject to national laws and regulations. The aeronautical authorities of either Contracting Party may at any time withdraw such acceptance or approval upon not less than fifteen (15) days' notice to the designated airlines concerned and the term or condition shall cease to apply thereafter.

7. The Contracting Parties shall require the designated airlines to make full information on prices and the general terms and conditions of carriage available to the general public.

8. Notwithstanding paragraph 4, each Contracting Party shall cause their designated airlines to provide immediate access, on request by the aeronautical authorities of the other Contracting Party, to information on historical, existing, and proposed prices in a manner and format acceptable by the requesting aeronautical authorities.

ARTICLE 12

Availability of Airports and Aviation Facilities and Services

Each Contracting Party shall ensure that airports, airways, air traffic control and air navigation services, aviation security, and other related facilities and services that are provided in the territory of one Contracting Party are available for use by the airlines of the other Contracting Party on a non-discriminatory basis in like circumstances at the time arrangements for use are made.

ARTICLE 13

Charges for Airports and Aviation Facilities and Services

1. For the purposes of this Article, "user charges" means charges made to airlines by the competent charging authorities or bodies, or permitted by them to be made, for the provision of airport property or facilities or of air navigation facilities, or aviation security facilities or services, including related services and facilities, for aircraft, their crews, passengers and cargo.
2. Each Contracting Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Contracting Party for the use of air navigation and air traffic control services shall be cost-related and not unjustly discriminatory. In any event, any such user charges shall be assessed on the airlines of the other Contracting Party on terms not less favourable than the most favourable terms available to any other airline.
3. Each Contracting Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Contracting Party for the use of airport, aviation security and related facilities and services shall be not unjustly discriminatory, and equitably apportioned among categories of users. These charges may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport and aviation security facilities and services at that airport or within that airport's system. These charges may include a reasonable return on assets, after depreciation. Facilities and services for which user charges are made shall be provided on an efficient and economic basis. In any event, these charges shall be assessed on the airlines of the other Contracting Party on terms not less favourable than the most favourable terms available to any other airline at the time the charges are assessed.
4. Each Contracting Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines or their representative bodies using the services and facilities, and shall encourage the competent charging authorities or bodies to provide each airport user, or the representatives or associations of airport users, with information on the components serving as a basis for determining the system or the level of all charges levied at each airport by the airport managing bodies as such information may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles of paragraphs 1 and 2 of this Article. Each Contracting Party shall encourage the competent charging authorities or bodies to provide users with reasonable notice of any proposal for changes in user charges to enable those authorities to consider the views expressed by the users before changes are made.
5. A Contracting Party shall not be held, in dispute resolution procedures pursuant to Article 22 (Settlement of Disputes), to be in breach of a provision of this Article, unless (a) it fails to undertake a review of the charge or practice that is the subject of complaint by the other Contracting Party within a reasonable amount of time; or (b) following such a review it fails to take all steps within its power to remedy any charge or practice that is inconsistent with this Article.

ARTICLE 14

Capacity

1. Each Contracting Party shall allow a fair and equal opportunity for the designated airlines of the other Contracting Party to provide the agreed services on the routes specified in this Agreement.
2. Within the capacity entitlements set out in the Annex, a Contracting Party shall not unilaterally limit the volume of traffic, frequency or regularity of service, or the size of aircraft operated by the designated airline of the other Contracting Party, except as may be required for customs and other government inspection services, technical, or operational reasons under uniform conditions consistent with Article 15 of the Convention.
3. Temporary increases to capacity to be provided on the agreed services in excess of the entitlements set out in this Agreement may from time to time be agreed between the Contracting Parties.
4. Temporary increases to capacity established in accordance with the provisions of paragraph 3 of this Article shall not constitute a change in capacity entitlement. Any change to capacity entitlements shall be agreed between the Contracting Parties.

ARTICLE 15
Airline Representatives

1. Each Contracting Party shall permit:

(a) the designated airlines of the other Contracting Party, on the basis of reciprocity, to bring into and to maintain in its territory their representatives and commercial, operational and technical staff as required in connection with the operation of the agreed services; and

(b) these staff requirements at the option of the designated airlines of the other Contracting Party, to be satisfied by their own personnel or, by using the services of any other organization, company or airline operating in its territory and authorized to perform such services for other airlines.

2. Each Contracting Party shall:

(a) with the minimum of delay and consistent with its laws and regulations, grant the necessary employment authorizations, visitor visas or other similar documents to the representatives and staff referred to in paragraph 1 of this Article; and

(b) facilitate and expedite the requirement of employment authorizations for personnel performing certain temporary duties that do not exceed ninety (90) days.

ARTICLE 16
Ground Handling

1. Each Contracting Party shall permit the designated airlines of the other Contracting Party when operating in its territory:
 - (a) on the basis of reciprocity, to perform their own ground handling in its territory and, at their option, to have ground handling services provided in whole or in part by any agent authorized by its competent authorities to provide such services;
 - (b) where authorised, to provide ground handling services for other airlines operating at the same airport in the territory of the other Contracting Party.

2. The exercise of the rights set forth in subparagraphs 1(a) and (b) of this Article shall be subject only to physical or operational constraints resulting from considerations of airport safety or security. Any such constraints shall be applied uniformly and on terms no less favourable than the most favourable terms available to any airline engaged in similar international air services at the time the constraints are imposed.

ARTICLE 17
Sales and Transfer of Funds

1. Each Contracting Party shall permit the designated airlines of the other Contracting Party:
 - (a) to engage in the sale of air transportation in its territory directly or, at the discretion of the designated airlines, through their agents and to sell transportation in the currency of that territory or, at the discretion of the designated airlines, in freely convertible currencies of other countries, and any person shall be free to purchase such transportation in currencies accepted by those airlines;
 - (b) to convert and remit abroad, on demand, funds obtained in the normal course of their operations. Such conversion and remittance shall be permitted without restrictions or delay 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; and
 - (c) to pay local expenses, including purchases of fuel, in its territory in local currency, or at the discretion of the designated airlines, in freely convertible currencies.

ARTICLE 18

Taxation

1. Profits or income from the operation of aircraft in international traffic derived by an airline of a Contracting Party, including participation in inter-airline commercial agreements or joint business ventures, shall be exempt from any tax on profits or income imposed by the Government of the other Contracting Party.
2. Capital and assets of an airline of a Contracting Party pertaining to the operation of aircraft in international traffic shall be exempt from any tax on capital and assets imposed by the Government of the other Contracting Party.
3. Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft derived by an airline of a Contracting Party shall be exempt from any tax on gains imposed by the Government of the other Contracting Party.
4. For the purposes of this Article:
 - (a) the term "profits or income" includes gross receipts and revenues derived directly from the operation of aircraft in international traffic, including:
 - (i) the charter or rental of aircraft;
 - (ii) the sale of air transportation, either for the airline itself or for any other airline; and
 - (iii) interest on sums generated directly from the operation of aircraft in international traffic provided that such interest is incidental to the operation;
 - (b) the term "international traffic" means the transportation of persons and/or cargo, including mail, except where such transportation is principally between points in the territory of a Contracting Party; and
 - (c) the term "airline of a Contracting Party" means, in the case of Canada, an airline resident in Canada for purposes of income taxation and, in the case of the State of Israel, an airline resident in the State of Israel for purposes of income taxation.
5. This Article shall not have effect when an agreement for the avoidance of double taxation with respect to taxes on income is in effect between the two Contracting Parties.

ARTICLE 19

Applicability to Charter/Non-scheduled Flights

1. The provisions set out in Articles 6 Application of Laws, 7 Safety Standards, Certificates and Licences, 8 Aviation Security, 9 Customs Duties and Other Charges, 10 Statistics, 12 Availability of Airports and Aviation Facilities and Services, 13 Charges for Airports and Aviation Facilities and Services, 15 Airline Representatives, 16 Ground Handling, 17 Sales and Transfer of Funds, 18 Taxation and 20 Consultations of this Agreement apply to charters and to other non-scheduled flights operated by the air carriers of one Contracting Party into or from the territory of the other Contracting Party and to the air carriers operating such flights.
2. The provisions of paragraph 1 of this Article shall not affect national laws and regulations governing the authorization of charters or non-scheduled flights or the conduct of air carriers or other parties involved in the organization of such operations.

ARTICLE 20

Consultations

1. Either Contracting Party may at any time request through diplomatic channels consultations on the implementation, interpretation, application, or amendment of this Agreement, or compliance with this Agreement. Such consultations, which may be between aeronautical authorities of the Contracting Parties, shall begin within a period of sixty (60) days from the date that a Contracting Party receives a written request, unless otherwise mutually determined by the Contracting Parties or unless otherwise provided for in this Agreement.
2. In addition to consultations described in paragraph 1, Contracting Parties shall facilitate direct technical discussions, including on tariffs, between the aeronautical authorities.

ARTICLE 21

Amendment

Any amendment to this Agreement that is mutually determined pursuant to consultations held in conformity with Article 20 of this Agreement shall come into force on the date of the last written notification, through diplomatic channels, by which the Contracting Parties shall have notified each other that all necessary internal procedures for entry into force of the amendment have been completed.

ARTICLE 22
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 first endeavour to settle it by consultations held in conformity with Article 20 of this Agreement.
2. If the dispute is not resolved within 60 days of the commencement of consultations pursuant to Article 20 of this Agreement, either Contracting Party may submit the dispute 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 arbitrators, provided that such arbitrator is a national of a state having diplomatic relations with each of the Contracting Parties at the time of the appointment. 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 written 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. If the President is of the same nationality as one of the Contracting Parties or is not a national of a state having diplomatic relations with each of the Contracting Parties at the time of the appointment, the most senior vice-president who is not disqualified on those grounds shall make the appointment. In all cases the third arbitrator shall be a national of a third State having diplomatic relations with each of the Contracting Parties at the time of the appointment, shall act as President of the Tribunal and shall determine the place where arbitration will be held.
3. The Contracting Parties shall comply with any decision given under paragraph 2 of this Article.
4. The expenses of the Tribunal shall be shared equally between the Contracting Parties.
5. If and so long as either Contracting Party fails to comply with any decision given under paragraph 2 of this Article, the other Contracting Party may limit, withhold or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party in default or to the designated airline in default.

ARTICLE 23

Termination

Either Contracting Party may at any time from the entry into force of this Agreement give notice in writing through diplomatic channels to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be communicated simultaneously to the International Civil Aviation Organization. This Agreement shall terminate one (1) year after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by mutual consent before the expiry of this period. In the absence of an acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to be received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

ARTICLE 24
Registration with ICAO

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

ARTICLE 25
Multilateral Conventions

If a multilateral convention comes into force in respect of both Contracting Parties, consultations may be held in accordance with Article 20 of this Agreement 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

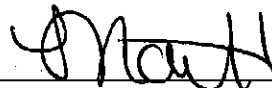
This Agreement shall enter into force on the date of the last written notification, through diplomatic channels, by which the Contracting Parties shall have notified each other that all necessary internal procedures for entry into force of this Agreement have been completed.

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

DONE in duplicate at _____ on this _____ day of _____, 201 (which corresponds to the _____ day of the month of _____ of the year _____ in the Hebrew calendar) in the English, French and Hebrew languages, each version being equally authentic.



For the Government of the State of Israel



For the Government of Canada

**ANNEX
ROUTE SCHEDULE**

For the purpose of Article 2 (Grant of Rights), each Contracting Party agrees that the designated airlines of the other Contracting Party may operate the agreed services on the routes specified in the applicable section of this Annex in accordance with the notes specified.

SECTION I – ISRAEL

Consistent with their designations, airlines designated by the Government of the State of Israel may operate/hold-out the agreed services in either direction or in both directions between points on the following routes and in accordance with the following notes:

Points in Israel	Intermediate Points	Points in Canada	Points Beyond
Any point or points	Any point or points	Any point or points	Any point or points

Notes:

1. At the discretion of each designated airline:
 - (a) traffic may be picked up at Points in Israel and set down at Points in Canada and vice versa; and/or
 - (b) traffic may be picked up at Points in the U.S.A. and set down at Points in Canada and vice versa, as a part of a service to or from Israel (fifth freedoms).
2. Transit and own stopover rights shall be available at Intermediate Points and at Points in Canada.
3. Points in Canada may be served separately or in combination on the same flight. Points on the specified routes may be omitted at the option of the designated airlines of Israel, provided that all services serve at least one Point in Israel.
4. (a) Each designated airline of Israel may, at its discretion and subject to the regulatory requirements normally applied to such operations by the aeronautical authorities of Canada, enter into cooperative arrangements for the purposes of:
 - (i) holding-out the agreed services on the specified routes by code-sharing (i.e. selling transportation under its own code) on flights operated by any airline or airlines of Israel, of Canada, and/or of any third countries; and/or
 - (ii) carrying traffic under the code of any other airlines that have been authorized by the aeronautical authorities of Canada to code-share on flights operated by the designated airlines of Israel.

(b) The aeronautical authorities of Canada shall not withhold permission for the designated airlines of Israel to code-share on the flights of third country airlines, as described in paragraph 4 (a)(i), on the basis that the airlines operating the aircraft or the countries designating them for service to Canada do not have the authority or right from Canada to carry traffic under the codes of airlines designated by Israel.

(c) Code-sharing services by each designated airline of Israel involving transportation between Points in Canada shall be restricted to flights operated by airlines authorised by the aeronautical authorities of Canada to provide services between Points in Canada, and shall only be available as part of an international journey.

(d) Code-sharing airlines shall be permitted to transfer their traffic between their aircraft and their partners' aircraft without limitation.

5. For the purposes of Article 14 (Capacity):

(a) The Government of the State of Israel shall be entitled to allocate:

- up to a total of twelve (12) flights per week in each direction among its designated airlines for passenger-combination and/or all-cargo own aircraft services; and
- two (2) additional flights for all-cargo own-aircraft services.

(b) Up to a total of nine (9) flights per week may be operated with fifth freedom rights.

(c) Neither the Government of Canada nor its aeronautical authorities shall unilaterally impose any restrictions with respect to capacity or frequency of service to be offered by the designated airlines of Israel for code-sharing services, as described in note 4 (a) (i) above.

SECTION II – CANADA

Consistent with their designations, airlines designated by the Government of Canada may operate/hold-out the agreed services in either direction or in both directions between points on the following routes and in accordance with the following notes:

Points in Canada	Intermediate Points	Points in Israel	Points Beyond
Any point or points	Any point or points	Any point or points	Any point or points

Notes:

1. At the discretion of each designated airline:
 - (a) traffic may be picked up at Points in Canada and set down at Points in Israel and vice versa; and/or
 - (b) traffic may be picked up at Points in the U.S.A. and set down at Points in Israel and vice versa, as a part of a service to or from Canada (fifth freedoms).
2. Transit and own stopover rights shall be available at Intermediate Points and at Points in Canada.
3. Points in Israel may be served separately or in combination on the same flight. Points on the specified routes may be omitted at the option of the designated airlines of Canada, provided that all services serve at least one Point in Canada.
4. (a) Each designated airline of Canada may, at its discretion and subject to the regulatory requirements normally applied to such operations by the aeronautical authorities of Israel, enter into cooperative arrangements for the purposes of:
 - (i) holding-out the agreed services on the specified routes by code-sharing (i.e. selling transportation under its own code) on flights operated by any airline or airlines of Canada, of Israel, and/or of any third countries; and/or
 - (ii) carrying traffic under the code of any other airlines that have been authorized by the aeronautical authorities of Israel to code-share on flights operated by the designated airlines of Canada.
- (b) The aeronautical authorities of Israel shall not withhold permission for the designated airlines of Canada to code-share on the flights of third country airlines, as described in paragraph 4 (a)(i), on the basis that the airlines operating the aircraft or the countries designating them for service to Israel do not have the authority or right from Israel to carry traffic under the codes of airlines designated by Canada.

(c) Code-sharing services by each designated airline of Canada involving transportation between Points in Israel shall be restricted to flights operated by airlines authorised by the aeronautical authorities of Israel to provide services between Points in Israel, and shall only be available as part of an international journey.

(d) Code-sharing airlines shall be permitted to transfer their traffic between their aircraft and their partners' aircraft without limitation.

5. For the purposes of Article 14 (Capacity):

(a) The Government of Canada shall be entitled to allocate:

- up to a total of twelve (12) flights per week in each direction among its designated airlines for passenger-combination and/or all-cargo own aircraft services; and
- two (2) additional flights for all-cargo own-aircraft services.

(b) Up to a total of nine (9) flights per week may be operated with fifth freedom rights.

(c) Neither the Government of the State of Israel nor its aeronautical authorities shall unilaterally impose any restrictions with respect to capacity or frequency of service to be offered by the designated airlines of Israel for code-sharing services, as described in note 4 (a)(i) above.