

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**AIR TRANSPORT SERVICES
AGREEMENT**

BETWEEN

THE KINGDOM OF SAUDI ARABIA

AND

THE ISLAMIC REPUBLIC OF IRAN

AIR TRANSPORT AGREEMENT
BETWEEN
THE ISLAMIC REPUBLIC OF IRAN

THE KINGDOM OF SAUDI ARABIA

PREAMBLE

The Government of the Kingdom of Saudi Arabia and the Government of the Islamic Republic of Iran (hereinafter referred to in this Agreement as the Contracting Parties) being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944;
(16/09/1323).

Desiring to conclude the Air Services Agreement between the Government of the Kingdom of Saudi Arabia and the Government of the Islamic Republic of Iran hereinafter referred to as the "Agreement" for the purpose of establishing air services between and beyond their respective territories;

Have agreed on the Following Provisions:





ARTICLE 1
DEFINITIONS

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

-) the term "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, (16/09/1323) and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof so far as those Annexes and amendments have become effective for or been ratified by both Contracting Parties
-) the term "aeronautical authorities" means in the case of the Government of the Kingdom of Saudi Arabia the Presidency of Civil Aviation and in the case of the Government of the Islamic Republic of Iran Civil Aviation Organization or, in both cases, any other person or body authorised to perform any functions presently exercised by the said Aeronautical Authorities;
-) the term "designated airline" means one or two airlines which has been designated and authorised in accordance with Article 3 of this Agreement;
-) the term "tariff" means the prices to be paid for the carriage of passengers and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail;
-) the term "territory" in relation to a State means the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection or mandate of such State as defined in Article 2 of the Convention;

the terms "air service", "International air service", "airline" and "stop for non-traffic purposes" have the meaning respectively assigned to them in Article 96 of the Convention.

-) The term "Agreement" means this Agreement, its Annexes and any amendments thereto.
-) The term "Schedule" means the Schedule of the routes to operate air transportation services annexed to this Agreement and any amendments thereto as agreed in accordance with the provisions of article 16 of this Agreement.
-) The term "capacity" in relation to "an aircraft" means the payload of that aircraft available on a route or section of a route and the term "capacity" in relation to "an agreed service" means the capacity of the aircraft used





on such service, multiplied by the frequency operated by such aircraft over a given period on a route or section of a route.

Annexes to this Agreement shall be deemed to be part of the Agreement and all references to them shall include reference the Annexes, except where otherwise expressly provided.

It is understood that the titles given to the Articles of this Agreement do in no way restrict or extend the meaning of any of the provisions of this Agreement.



ARTICLE 2 GRANTING OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing and operating scheduled international air services on the routes specified in the Schedule annexed to this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively.

2. An airline designated by each Contracting Party shall enjoy, whilst operating and agreed service on a specified route, the following rights:

- (a) To fly, without landing, across the territory of the other Contracting Party;
- (b) To make stops in the said territory for non-traffic purposes; and
- (c) To make stops in the said territory at the points specified for that route in the Schedule annexed to this Agreement, for the purpose of putting down and taking on international traffic in passengers, cargo and mail.

3. The exercise of traffic rights in intermediate and beyond points specified in the routes schedule annexed to this Agreement is subject to the negotiation and Agreement of the designated airlines of the Contracting Parties and approval of their competent authorities.

4. Nothing in paragraphs 1 and 2 of this Article shall be deemed to confer on the airline of one Contracting Party the privilege of taking on, in the territory of the other Contracting Party, passengers, cargo or mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.



ARTICLE 3
DESIGNATION OF AIR LINES

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or two airlines for the purpose of operating the agreed services on the specified routes.

2. On receipt of such designation the aeronautical authorities of the other Contracting party shall subject to the provisions of paragraph 3 of this Article and paragraph 1 of Article 4, grant without delay, to the airlines designated the appropriate operating authorisations.

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

4. When an airline has been so designated and authorized it may begin at any time to operate the agreed services, provided that a tariff established in accordance with the provisions of Article 15 of this Agreement is in force in respect of that service.

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ARTICLE 4
REFUSAL, REVOCATION OR SUSPENSION OF OPERATING
AUTHORISATION

1. Each Contracting Party shall have the right to refuse to grant or to revoke an operating authorisation or to suspend the exercise of the rights specified in paragraph 2 of Article 2 of this Agreement by an airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of those rights:

- (a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in the nationals of such Contracting Party; or
- (b) in case of failure by that airline to comply with the laws and/or regulations of the Contracting Party granting the right; or
- (c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, such right shall be exercised only after consultation with the other Contracting Party.

3. In the event of action by one Contracting Party under the provisions of this Article, the rights of the other Contracting Party under Article 18 of this Agreement shall not be prejudiced.

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ARTICLE 5
FACILITIES AND AIRPORT CHARGES

Each Contracting party shall designate an airport or airports in its territory or the use of the designated airline of the other Contracting party on specified routes and provide designated airline of the other Contracting party with communicative , aviation and meteorological facilities and other services necessary for the operation of agreed services.

2. The charges to be levied by either Contracting Party for the use of airports and other aviation facilities by the aircraft of the designated airline of the other Contracting Party shall not be higher than those paid by its national aircraft engaged in similar international services.



ARTICLE 6

EXEMPTION FROM CUSTOMS AND OTHER DUTIES

1. Aircraft of the designated airline of one Contracting Party operating international services as well as supplies of fuel, lubricating oils, other consumable technical supplies, spare parts, regular equipment and stores retained on board shall, upon arriving in or leaving the territory of the other Contracting Party, be exempted on the basis of reciprocity from customs duties, and taxes inspection fees and other similar duties or charges, provided such equipment and supplies remain on board the aircraft up to such time as they re-exported or are used or consumed by such aircraft on flights over that territory.

2. There shall also be exemption from the same duties, fees and charges, with the exception of charges corresponding to the service performed:

- (a) aircraft stores taken on board in the territory of a Contracting Party, within limits fixed by the authorities of the said Contracting Party, and for use on a board outbound aircraft engaged in an international air service of the other Contracting Party;
- (b) spare parts entered into the territory of either Contracting Party for the maintenance or repair of aircraft used on international air services by the designated airlines of the other Contracting Party;
- (c) fuel and lubricants to supply outbound aircraft operated on international services by the airlines designated by the other Contracting Party, even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.

3. Materials referred to in paragraph 2 above may be placed under the supervision or control of the customs authorities up to such time as they may be re-exported or otherwise disposed of in accordance with customs regulations.

4. Passengers, baggage and cargo in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose, shall only be subject to a simplified control. Baggage and cargo shall, up to such time that they are on direct transit, be exempted from customs duties and any taxes.

5. There shall also be exemption from all customs duties and / or taxes on a reciprocal basis for official documents bearing the badge of the airline such as luggage tags, air tickets, airway bills, boarding cards, and timetables imported into the territory of either Contracting Party for the exclusive use by the designated airline of the other Contracting Party



ARTICLE 7
PRINCIPLES GOVERNING OPERATION OF THE AGREED SERVICES

The designated airlines of the two Contracting Parties shall be afforded fair and equal opportunity in the operation of the agreed services on the specified routes.

2. In operating the agreed services, the designated airlines of each Contracting Party shall take into account the interests of the airline of the other Contracting Party so as not to affect unduly the services which the latter provides on the whole or part of the same routes.

3. The agreed services provided by the designated airlines of the Contracting Parties 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, cargo and mail between the territory of the Contracting Party designating the airline and the territory of the other Contracting Party. Provision for the carriage of passengers and 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;

(c) the requirements of through airline operation.

4. In order that the designated airlines be afforded fair and equal treatment, the frequency of the services and their capacity, as well as the flight schedules shall be subject to approval by the aeronautical authorities of the two Contracting Parties. This requirement should also be met in case of any change concerning the agreed services.

5. The aeronautical authorities of the two Contracting Parties should, if necessary, endeavour to reach a satisfactory arrangement regarding flight schedules, capacity and frequencies.

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ARTICLE 8
APPROVAL OF TIME - TABLES

The designated airlines of either Contracting Party shall, not later than sixty (60) days prior to the date of operation of any agreed service(s), submit its proposed time-tables to the Aeronautical Authorities of the other Contracting Party for approval. Such time-tables shall include the type of service and aircraft to be used, the flight schedule and any other relevant information. This shall, likewise, apply to any subsequent changes. In special cases this time limit may be reduced subject to the approval of the said Authorities.



ARTICLE 9
SUPPLY OF STATISTICS

The aeronautical authorities of either Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, at their request, such information and statistics relating to the traffic carried on the agreed services by their designated airlines to and from the territory of the other Contracting Party as may normally be prepared and submitted by the designated airline to its national, aeronautical authorities. Such data shall include details on volume, distribution, origin and destination of the traffic. Any additional statistical traffic data which the aeronautical authorities of the Contracting Party may desire from the aeronautical authorities of the other Contracting Party shall, upon request, be a subject of mutual discussion and agreement between the two Contracting Parties.



ARTICLE 10
APPLICABILITY OF LAWS AND REGULATIONS

1. The laws and regulations of one Contracting Party shall apply to the navigation and operation of the aircraft of the airlines designated by the other Contracting Party during entry into, stay in and departure from the territory of the other Contracting Party.

2. The laws and regulations of one Contracting Party governing entry into, stay in and departure from its territory of passengers, crew, cargo or mail such as formalities regarding entry, exit, emigration, immigration, customs, currency, health and quarantine shall apply to passengers, crew, cargo and mail carried by the aircraft of the designated airline of the other Contracting Party while they are *within the said territory*

3. Each Contracting Party shall, upon request, supply to the other Contracting Party copies of the relevant laws and regulations referred to in this Article.



ARTICLE 11
TRANSFER OF EARNINGS

1. Each Contracting Party grants to the designated airline of the other Contracting Party the right of flexible transfer, in accordance with the foreign exchange regulations of the Contracting Party in the territory of which the revenue accrued, of the excess of receipts over expenditure earned by that airline in the territory of the other Contracting Party in connection with the carriage of passengers, mail and cargo. No charges other than normal bank charges shall be applicable to such transfers.

2. If a Contracting Party imposes restrictions on the transfer of excess of receipts over expenditure by the designated airline of the other Contracting Party, the latter have the right to impose reciprocal restrictions on the designated airline of that Contracting Party. The Contracting Parties shall do everything in their power to Facilitate the transfer of such Revenues.



ARTICLE 12 - RECOGNITION OF
CERTIFICATES AND LICENCES AND
SAFETY

1. Certificates of airworthiness, certificates of competency and licences, issued or rendered valid by one Contracting Party are still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the agreed services on the specified routes provided that such certificates or licenses were issued or rendered valid in conformity with the standards established under the Convention. Each Contracting Party, however, reserves the right to refuse to recognize, for flights above its own territory, certificates of competency and licences granted to its own nationals by the other Contracting Party.

2. Each Contracting Party may request consultations concerning the safety standards maintained by the other Contracting Party relating to aeronautical facilities, air crew, aircraft, and operation of the designated airlines. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards which may be established pursuant to the Convention on International Civil Aviation, the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards, and the other Contracting Party shall take appropriate corrective action.




ARTICLE 13
AIRLINE COMMERCIAL REPRESENTATION

1. The designated airlines of one Contracting Party shall be entitled, in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, to bring in and maintain in the territory of the other Contracting Party those of its own managerial, technical, operational and other specialist staff who are required for the provisions of the present air services.

2. The ground handling operations of either designated airline shall be undertaken in accordance with the laws and regulations of the other Contracting Party.

3. Each Contracting Party shall grant the designated airline of the other Contracting Party the right to engage in the sale of air transportation in its territory directly and, at the airline's discretion, through agents.

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ARTICLE 14 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. Without limiting the generality of their rights and obligations under international law the Contracting Parties shall, in particular, act in conformity with the provisions of the Convention of Offences and Certain Other Acts Committed on Board Aircraft signed at Tokyo on 14 September 1963, (23/06/1342) the Convention for the Suppression of Unlawful Seizure of Aircraft signed at the Hague on 16 December 1970 (25/09/1349) and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation signed at Montreal on 23 September 1971. (01/07/1350).

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

3. The 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 on International Civil Aviation to the extent that such security provisions are applicable to the Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 3 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, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

5. 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, airport or air navigation facilities occurs, the Contracting Parties shall assist

ARTICLE 15

TARIFFS

1. The tariffs to be charged by the airlines of the Contracting Parties for the agreed services shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of service and the tariffs of the other airlines operating scheduled services over the whole or part of the same routes.

2. The tariffs referred to in paragraph 1 of this Article shall, if possible, be agreed by the designated airlines of both Contracting Parties, after consultation with the other airlines operating over the whole or part of the route and such agreement shall, whatever possible, be reached by the use of the procedures of the International Air Transport Association for the working out of tariffs.



3. The tariffs so agreed shall be submitted for the approval of the aeronautical authorities of both Contracting Parties at least sixty (60) days prior to the proposed date of their introduction. In special cases this time limit may be reduced subject to the agreement of the said Authorities.

4. Approval may be given expressly. If neither of the aeronautical authorities has expressed disapproval within thirty (30) days from the date of submission in accordance with paragraph 3 of this Article, these tariffs shall be considered as approved. In the event of the period for submission being reduced, as provided for in paragraph 3, the aeronautical authorities may agree that the period within which disapproval must be notified shall be less than thirty (30) days.

5. If a tariff cannot be agreed in accordance with paragraph 2 of this Article or if, during the period applicable in accordance with paragraph 4 of this Article, one aeronautical authority gives the other aeronautical authority notice of its disapproval of a tariff agreed in accordance with the provisions of paragraph 2.

6. If the aeronautical authorities cannot agree on any tariff submitted to them under paragraph 3 of this Article, or on the determination of any tariff under paragraph 5 of this Article, the dispute shall be settled in accordance with the provisions of Article 19 of this Agreement.

6. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established.



ARTICLE 16 - CONSULTATION AND AMENDMENT

1. In a spirit of close co-operation the two Contracting Parties or their Aeronautical Authorities shall consult each other from time to time with a view to ensuring the implementation of and satisfactory compliance with the provisions of this Agreement and Annexes thereto.

2. If either Contracting Party considers it desirable to amend any of the provisions of this Agreement, it may request consultation with the other Contracting Party. Such consultation shall begin within a period of sixty (60) days from the date of the request. Any amendments so agreed shall come into force when they have been confirmed by an exchange of diplomatic notes following completion of the constitutional or otherwise required procedures.

3. Amendments relating only to the provisions of this Agreement other than those of the annexed Schedules and memorandum of understanding shall be approved by each Contracting Party in accordance with its constitutional procedures.

4. Amendments relating only to the provisions of the annexed Schedules and memorandum of understanding may be agreed upon between the Aeronautical Authorities of both Contracting Parties. Such amendments will become effective as soon as they are approved by both Aeronautical Authorities.



ARTICLE 17
CONFORMITY WITH MULTILATERAL CONVENTIONS OR
AGREEMENTS

This Agreement and its Annexes will be amended so as to conform with any multilateral conventions or Agreements which may become binding upon the Contracting Parties.

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ARTICLE 18
TERMINATION

1. Either Contracting Party may, at any time, give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall simultaneously be communicated to International Civil Aviation Organization.

2. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by mutual agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Party, notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.



ARTICLE 19
SETTLEMENT OF DISPUTES

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this agreement and its Annex(es) 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 an advisory opinion to some person or body.
3. If the Contracting Parties fail to reach a settlement pursuant to paragraphs (1) and (2) above, either Contracting party may in accordance with its relevant laws and regulations refer the dispute to a arbitral tribunal of three arbitrators, two of whom to be nominated by the Contracting parties and one umpire.

In case the dispute is referred to arbitration, each of the Contracting parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt a notice in respect of reference of the dispute to arbitration and the umpire shall be appointed within a further period of sixty (60) days from the last appointment by the two so nominated. If either Contracting party fails to nominate its arbitrator within the specified period, or nominated arbitrators fail to agree on the umpire within the said period, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting party to appoint the arbitrator of failing party or the umpire as the case may require. However the umpire shall be a national of a state having diplomatic relations with both Contracting parties at the time of the appointment.

4. In the case of the appointment of the umpire by the President of the Council of International Civil Aviation Organization, if the President of the Council of International Civil Aviation Organization is prevented from carrying out the said function or if he is a national of either Contracting party, the appointment shall be made by the Vice-president and if the Vice-president is also prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by senior member of the Council who is not a national of either Contracting party.
5. Subject to other provisions agreed by the Contracting parties, the arbitral tribunal shall determine its procedure and the place of arbitration.
6. The decisions of the arbitral tribunal shall be binding for the Contracting parties.
7. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators shall be shared equally by the Contracting Parties. Any expenses incurred by the Council in connection with the appointment of the umpire and/or the arbitrator of the failing party as referred to in paragraph (3) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

ARTICLE 20
REGISTRATION WITH ICAO

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

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ARTICLE 21ENTRY INTO FORCE

This Agreement shall enter into force on the date of the last notification by either Contracting Party to the other Contracting party that it has fulfilled necessary measures in accordance with its laws and regulations for the entry into force of this Agreement.

In witness whereof the undersigned plenipotentiaries being duly authorized by their respective governments, have signed this Agreement, comprising one Preamble, twenty one (21) Articles and one Annex.

Done in Tehran on Sunday 16 Mehrnam 1420 Hejriah corresponding to 2nd May 1999 (1378/02/12) in Three original copies Arabic, Persian and English languages, all texts being equally authentic. In the case of any divergence of the texts, the English text shall prevail.

For the government
of the Kingdom of Saudi Arabia

.....
Dr. Ali. A. AL-Khalaf
President of Civil Aviation

For the government of
the Islamic Republic of
Iran

.....
Behzad Mazaheri
Deputy Minister of Road
and Transportation and
Administrator of Civil Aviation

ANNEX ROUTE SCHEDULE

1. Routes on which air services may be operated by the designated airline (airlines) of the Islamic Republic of Iran.

Points of Origin	Intermediate Points	Points of Destination	Points Beyond
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Points In The Islamic Republic of Iran	To be specified Later	Jeddah Dhahran Riyadh	Johannesburg Nairobi Cairo
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2. Routes on which air services may be operated by the designated (airlines) of the Government of the Kingdom of Saudi Arabia.

Points of Origin	Intermediate Points	Points of Destination	Points Beyond
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Points in the Kingdom of Saudi Arabia	To be Specified Later	Teheran Shiraz Mashad Esfahan	To be Specified Later
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NOTES

1. Each designated airline may serve intermediate points and points beyond specified in the Annex of the present Agreement on condition that no fifth freedom traffic rights shall be exercised between these points and the territory of the other Contracting Party, unless an agreement to that effect is made between the two Contracting Parties, based on the recommendations of the designated airlines.

2. Intermediate points and points beyond on any of the specified routes may, at the option of the designated airlines, be omitted on any or all flights.

3. Frequencies and types of aircraft of the designated airlines shall be agreed upon between the designated airlines, subject to the approval of aeronautical authorities of the contracting Parties.

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