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*The Secretary of State for External Affairs of Canada to
the Minister of Foreign Affairs of the Polish People's Republic*

Ottawa, May 14, 1976

No. FLA-321

Excellency,

I have the honour to refer to Articles IX, XI, XIII and XV of the Air Transport Agreement of May 14, 1976 between the Government of Canada and the Government of the Polish People's Republic and to the Inter-Airline Protocol relating thereto signed at Warsaw on February 23, 1976.

I—*Article IX*. It is the understanding of my Government that the principles contained in Article IX of the Agreement shall be applied as follows to air services between Canada and Poland:

1. Both Contracting Parties having agreed that there shall be a commercial agreement between their respective designated airlines:

(a) The commercial arrangements shall ensure for the designated airlines of the Contracting Parties a balanced participation in the benefits derived from the operation of the agreed services by either of the designated airlines, due regard being paid to the origin of the revenues. This arrangement shall also enable the designated airlines to enjoy fair and equal opportunity in the carriage of the traffic potential between their respective territories after both airlines have commenced the operation of services.

(b) The commercial arrangement shall establish the capacity, i.e. frequency, scheduling of services, and type of aircraft to be operated on the routes specified in the Annex to this Agreement, as well as providing for other matters of a commercial nature as necessary.

2. The commercial arrangement shall cover, in a manner satisfactory to the designated airlines of the Contracting Parties, at least passengers and freight carried on the agreed services and enplaned and deplaned in Canada and Poland. Traffic carried in transit via the territory of the other Contracting Party on the routes specified in the Annex to the Agreement shall not be considered as traffic enplaned and deplaned in Canada and Poland.

3. (a) In the event of termination of the commercial arrangement, the aeronautical authorities of the Contracting Parties will review the situation and endeavour to resolve any problems in accordance with Article XVIII of the Agreement.

(b) If such endeavour fails, and in the absence of agreement between the aeronautical authorities, the designated airlines of the Contracting Parties