

Annex D

Maintain paragraphs 1 - 4 and replace paragraph 5 of ARTICLE XI (Capacity) of the Agreement.

ARTICLE XI
(Capacity)

1. There shall be fair and equal opportunity for the designated airline or airlines of each Contracting Party to operate the agreed services on the routes specified in the Annex.

2. In operating the agreed services, the designated airline or airlines of each Contracting Party shall take into account the interest of the designated airline or airlines 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 route.

3. The agreed services provided by the designated airlines of the Contracting Parties shall bear reasonable relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objectives the provision, at a reasonable load factor, of capacity adequate to meet the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail between the territory of the Party which has designated the airline or airlines and the countries of ultimate destination of the traffic.

4. Provision for the carriage of passengers, cargo and mail both taken up and discharged at points on the specified routes in the territories of States other than that designating the airline or airlines shall be made in accordance with the general principle that capacity shall be related to:

- (a) traffic requirements to and from the territory of the Contracting Party which has designated the airline or airlines;
- (b) traffic requirements of the area through which the airline 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.

Replace paragraph 5 with the following:

5. The capacity to be provided on the specified routes, i.e. frequency of services and type of aircraft, shall be in accordance with the principles laid down in this Article and subject to the approval of the aeronautical authorities of the Contracting Parties. Pending approval of the aeronautical authorities of both Contracting Parties to increase capacity, the status quo shall be maintained.