

## ARTICLE IX

1. On any specified route the capacity provided by the designated airlines of the Contracting Parties shall be maintained in reasonable relationship to the requirements of the public for air transport on that route.

2. In the application of the principle stated in paragraph 1 of this Article:—

- (a) an agreed service provided by a designated airline shall have as its primary objective the provision, at a reasonable load factor, of capacity adequate to the current and reasonably expected requirements for the carriage by that airline of traffic originating in or destined for the territory of the Contracting Party which has designated the airline;
- (b) the capacity provided by a designated airline of one Contracting Party under sub-paragraph (a) above may be augmented by supplementary capacity adequate for the carriage of international air traffic both originating at and destined for points on the specified route in the territories of States other than that designating the airline. Such supplementary capacity shall be related to traffic requirements of the areas through which the airline operates, after taking account of the air services so established by airlines of the States referred to above, including the other Contracting Party, insofar as they are carrying international air traffic originating in or destined for their territories.

## ARTICLE X

1. The tariffs on any agreed service shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of service (such as standards of speed and accommodation) and the tariffs of other airlines for any part of the specified route. These tariffs shall be fixed in accordance with the provisions of this Article.

2. Agreement on the tariffs shall, whenever possible, be reached by the designated airlines concerned through the rate-fixing machinery of the International Air Transport Association. When this is not possible, tariffs in respect of each of the specified routes shall be agreed upon between the designated airlines concerned. In any case the tariffs shall be subject to the approval of the aeronautical authorities of both Contracting Parties.

3. If the designated airlines concerned cannot agree on the tariffs, or if the aeronautical authorities of either Contracting Party do not approve the tariffs submitted to them, in accordance with the provisions of paragraph 2 of this Article, the aeronautical authorities of the Contracting Parties shall endeavour to reach agreement on the appropriate tariffs.

4. If the agreement under paragraph 3 of this Article cannot be reached, the dispute shall be settled in accordance with the provisions of Article XIII of the present Agreement.

5. No new or amended tariff shall come into effect if the aeronautical authorities of either Contracting Party do not approve it except under the terms of paragraph 3 of Article XIII of the present Agreement. Pending determination of the tariffs in accordance with the provisions of this Article, the tariffs already in force shall prevail.