

qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied by such aeronautical authorities to the operation of international scheduled air services.

3. The flight routes of aircraft operating the agreed services and the points for crossing national boundaries shall be established by each of the Contracting Parties with respect to its territory.

4. Subject to the approval of the aeronautical authorities, the airlines designated by the Contracting Parties shall agree on all technical and commercial questions pertaining to the flights of aircraft and the transportation of passengers, baggage, cargo and mail on the agreed services as well as on all questions concerning commercial co-operation, in particular the establishment of schedules, frequency of flights, types of aircraft, rates, servicing of aircraft on the ground, and methods of financial accounting.

ARTICLE 5

The capacity to be provided by the designated airlines of the Contracting Parties on the agreed services shall be closely related to the estimated requirements of air traffic between the U.S.S.R. and Canada. The frequency and scheduling of services to be operated by each airline and the types of aircraft to be used shall be agreed between the airlines on the basis of the principle, of fair and equal opportunity, and shall be subject to the approval of the aeronautical authorities of both Contracting Parties.

ARTICLE 6

The aeronautical authorities of both Contracting Parties shall exchange, at the request of either Contracting Party, such statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services. Such statements shall include all information required to determine the amount of traffic carried on the agreed services and the origins and destinations of such traffic.

ARTICLE 7

1. Each Contracting Party reserves the right to withhold, revoke, or impose conditions on the authorization granted to the airline designated by the other Contracting Party in accordance with Article 3 of this Agreement:

- (a) in the event of failure by such airline to qualify before the aeronautical authorities of that Contracting Party under the laws and regulations normally and reasonably applied by these authorities;
- (b) in the event of failure by such airline to comply with the laws and regulations referred to in Article 8 of this Agreement; or
- (c) in the event that it is not satisfied that substantial ownership and effective control of the airline are vested in the Contracting Party designating the airline or in nationals of that Contracting Party.

2. Unless immediate action to withhold or revoke the authorization granted to the airline designated by the other Contracting Party is essential to prevent further infringement of the laws and regulations referred to in Article 8 of this Agreement, the right to withhold or revoke such authorization shall be exercised only after consultation with the other Contracting Party.