

7. (a) The capacity provided by the designated airlines of a party to this Agreement, together with the capacity provided by the designated airlines of the other party, shall be maintained in reasonable relationship to the requirements of the public for air transportation on the agreed routes.

(b) In the application of the principle stated in paragraph (a) above:

(i) the air services provided by a designated airline under this Agreement shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to the current and reasonably anticipated requirements of that airline for the carriage of international air traffic originating in or destined for the territory of the party designating the airline;

(ii) the capacity provided under subparagraph (i) may be augmented by complementary capacity adequate for the carriage of international air traffic both originating at and destined for points on the agreed routes in the territories of States other than that designating the airline. Such additional complementary capacity shall be related to the traffic requirements of the areas through which the airline operates, after taking account of the special position of other air services established by airlines of the States referred to above in so far as they are carrying, on the whole or part of the agreed routes, international air traffic originating in or destined for their territories.

(c) This Article shall not be interpreted to require changes in capacity more frequently in point of time, nor at a larger number of points along a route, than is consistent with sound operating practices of international air services.

8. Tariffs to be charged by the designated airlines shall be agreed in the first instance between them having due regard to the rates fixed by any tariff Conference of airlines operating in the area. Any tariff so agreed will be subject to the approval of the competent aeronautical authorities of the contracting parties. In the event of disagreement between the designated airlines, the competent aeronautical authorities of the contracting parties shall endeavour to reach an Agreement. Should the competent aeronautical authorities, or, subsequently, the contracting parties themselves, fail to agree, the matter in dispute will be referred to arbitration as provided for in Article VIII of this Agreement.