

ANNEX II

TARIFF PROVISIONS

(1) (a) Notwithstanding the provisions of Article 13 of this Agreement, the Contracting Parties, in an endeavour to make the tariff regime as liberal, flexible and market responsive as possible, have agreed that the following procedures shall apply.

(b) For the purposes of this Annex, the term "agreed routes" means routes between the city-pairs listed in Appendix A.

(2) Unless the aeronautical authorities of both Contracting Parties indicate to each other in writing, within 15 days of receipt of a filing, that they do not approve, a passenger tariff for one way or round trip carriage between the territories of the Contracting Parties on the agreed routes filed in accordance with paragraph (4) of Article 13 shall be permitted to come into effect on the date proposed, provided that the said tariff is:

(a) at least 60% of the reference level in effect on the date the tariff is filed; or

(b) less than 60% of the reference level in effect on the date the tariff is filed and subject to each of the following requirements:

(i) a round trip;

(ii) a minimum stay of at least seven (7) days; and

(iii) an advance booking of at least seven (7) days, with the exception of tariffs where the travel is subject to the terms and conditions listed in Appendix B.

(3) For the purpose of paragraph (2) above, the reference levels are those listed in Appendix A. Subsequent adjustment of the reference levels for each Canada-United Kingdom city-pair or addition of new Canada-United Kingdom city-pairs shall require the approval of both aeronautical authorities. Reference levels for such additional city-pairs shall be determined by the aeronautical authorities on the basis of submissions made by one or more of the designated airlines and shall normally take into account the relationships established between the city-pairs listed in Appendix A. If either of the aeronautical authorities wish to discuss any such adjustment, or determination of a reference level for an additional city-pair, they may request consultations, such consultations to be held within 30 days of receipt of the request, or such longer period as may be agreed by both aeronautical authorities.