

(3) The agreed services provided by the designated airlines of each Contracting Party shall bear reasonable relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to carry the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail originating from or designated for the territory of the Contracting Party which has destined the airline.

(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 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;
- (b) traffic requirements of the area through which the agreed service 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.

(5) The capacity that may be provided in accordance with this Article by the designated airlines of each Contracting Party on an agreed service shall be such as may from time to time be agreed between the aeronautical authorities of the Contracting Parties. Subject to paragraph (6) of this Article, and unless otherwise agreed between the aeronautical authorities, in operating the agreed capacity the designated airlines will be free to use their commercial judgment with respect to frequency and type of aircraft.

(6) In the event that one of the Contracting Parties believes that the operation proposed or conducted by an airline of the other Contracting Party is inconsistent with the principles set out in this Article it may without prejudice to the provisions of Article 17 request consultations pursuant to Article 16 of the Agreement.

ARTICLE 12

Change of Gauge

In operating any agreed service on any specified route a designated airline of one Contracting Party may substitute one aircraft for another at a point in the territory of the other Contracting Party on the following conditions only:

- (a) that it is justified by reason of economy of operation;
- (b) that the aircraft used on the section of the route more distant from the terminal in the territory of the first Contracting Party is not larger in capacity than that used on the nearer section;
- (c) that the aircraft used on the more distant section shall operate only in connection with and as an extension of the service provided by the aircraft used on the nearer section and shall be scheduled so to do; the former shall arrive at the point of change for the purpose of carrying traffic transferred from, or to be transferred into, the aircraft used on the nearer section; and its capacity shall be determined with primary reference to this purpose;