

adequate to the current and reasonably expected requirements of that airline for the carriage of traffic originating in or destined for the territory of the Contracting Party which has designated the airline.

(b) The capacity provided 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 routes in the territories of States other than that designating the airline. Such additional capacity shall be related to traffic demands of the areas through which the airline operates, after taking account of the air services so established by airlines of the other Contracting Party and of the States referred to above insofar as they are carrying international air traffic originating in or destined for their territories.

(5) Nothing in this Article shall prevent unfilled space in any aircraft operated in accordance with this Article from being used for the carriage of any international air traffic offered.

ARTICLE VI

A designated airline of one Contracting Party may make a change of gauge at a point in the territory of the other Contracting Party only on the following conditions:—

- (a) that it is justified by reason of economy of operation;
- (b) that the aircraft used on the section on which less traffic is carried by the airline to and from the territory of the first Contracting Party are smaller in capacity than those used on the other section;
- (c) that the aircraft of smaller capacity shall operate only in connection with the aircraft of larger capacity 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 of larger capacity; and their capacity shall be determined with primary reference to this purpose;
- (d) that there is an adequate volume of through traffic; and
- (e) that the provisions of Article V of this Agreement shall govern all arrangements made with regard to change of gauge.

ARTICLE VII

(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 determined in accordance with the following provisions of this Article.

(2) The tariffs referred to in paragraph (1) of this Article shall, if possible, be agreed in respect of each route between the designated airlines of the Contracting Parties, in accordance with other airlines operating over the whole or part of that route, and such agreement shall, where possible, be reached through the rate-fixing machinery of the International Air Transport Association. The tariffs so agreed shall be subject to the approval of the aeronautical authorities of both Contracting Parties.