

AGREEMENT**on Air Transport between Canada and the European Community and its Member States**

TABLE OF CONTENTS

<i>Article</i>	<i>Title</i>
1	Headings and definitions
2	Grant of rights
3	Designation, authorisation and revocation
4	Investment
5	Application of laws
6	Civil aviation safety
7	Civil aviation security
8	Customs duties, taxes and charges
9	Statistics
10	Consumer interests
11	Availability of airports and aviation facilities and services
12	Charges for airports and aviation facilities and services
13	Commercial framework
14	Competitive environment
15	Air traffic management
16	Continuation of designations and authorisations
17	Joint Committee
18	Environment
19	Labour matters
20	International cooperation
21	Settlement of disputes
22	Amendment
23	Entry into force and provisional application
24	Termination
25	Registration of the Agreement
26	Relationship to other agreements

AGREEMENT ON AIR TRANSPORT

CANADA

of the one part;

and

THE REPUBLIC OF AUSTRIA,

THE KINGDOM OF BELGIUM,

THE REPUBLIC OF BULGARIA,

THE REPUBLIC OF CYPRUS,

THE CZECH REPUBLIC,

THE KINGDOM OF DENMARK,

THE REPUBLIC OF ESTONIA,

THE REPUBLIC OF FINLAND,

THE FRENCH REPUBLIC,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE REPUBLIC OF HUNGARY,

IRELAND,

THE ITALIAN REPUBLIC,

THE REPUBLIC OF LATVIA,

THE REPUBLIC OF LITHUANIA,

THE GRAND DUCHY OF LUXEMBOURG,

MALTA,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF POLAND,

THE PORTUGUESE REPUBLIC,

ROMANIA,

THE SLOVAK REPUBLIC,

THE REPUBLIC OF SLOVENIA,

THE KINGDOM OF SPAIN,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

being parties to the Treaty establishing the European Community and being Member States of the European Union (hereinafter the Member States),

and the EUROPEAN COMMUNITY,

of the other part;

Canada and the Member States being parties to the Convention on International Civil Aviation opened for signature at Chicago, on the 7th day of December, 1944, together with the European Community;

DESIRING to promote an aviation system based on competition among airlines in the market place with minimum government interference and regulation;

DESIRING to promote their interests in respect of air transportation;

RECOGNISING the importance of efficient air transportation in promoting trade, tourism and investment;

DESIRING to enhance air services;

DESIRING to ensure the highest degree of safety and security in air transportation;

DETERMINED to obtain the potential benefits of regulatory cooperation and, to the extent practical, harmonisation of regulations and approaches;

ACKNOWLEDGING the important potential benefits that may arise from competitive air services and viable air services industries;

DESIRING to foster a competitive air services environment, recognising that where there is not a level competitive playing field for airlines, potential benefits may not be realised;

DESIRING to make it possible for their airlines to have a fair and equal opportunity to provide the air services under this Agreement;

DESIRING to maximise benefits to passengers, shippers, airlines and airports and their employees, and others benefiting indirectly;

AFFIRMING the importance of protecting the environment in developing and implementing international aviation policy;

NOTING the importance of protecting consumers and encouraging an appropriate level of consumer protection associated with air services;

NOTING the importance of capital to the airline industry for the further development of air services;

DESIRING to conclude an agreement on air transport, supplementary to the said Convention,

HAVE AGREED AS FOLLOWS:

Article 1

Headings and definitions

1. Headings used in this Agreement are for reference purposes only.

2. For the purpose of this Agreement, unless otherwise stated:

- (a) 'Aeronautical authorities' means any authority or person empowered by the Parties to perform the functions set out in this Agreement;
- (b) 'Air services' means scheduled air services on the routes specified in this Agreement for the transport of passengers and cargo, including mail, separately or in combination;
- (c) 'Agreement' means this Agreement, any Annex attached thereto, and any amendments to the Agreement or to any Annex;
- (d) 'Airline' means an airline which has been designated and authorised in accordance with Article 3 of this Agreement;
- (e) 'Party' means either Canada or the Member States and the European Community taken together or individually;

- (f) 'Convention' means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944 and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or of the Convention under Articles 90 and 94 thereof so far as those Annexes and amendments have been adopted by Canada and the Member States; and
- (g) 'Territory' means for Canada, its land areas (mainland and islands), internal waters and territorial sea as determined by its domestic law, and includes the air space above these areas; and for the Member States of the European Community, the land areas (mainland and islands), internal waters and territorial sea in which the Treaty establishing the European Community is applied and under the conditions laid down in that Treaty and any successor instrument, and includes the air space above these areas; the application of this Agreement to the airport of Gibraltar is understood to be without prejudice to the respective legal positions of the Kingdom of Spain and the United Kingdom with regard to the dispute over sovereignty over the territory in which the airport is situated, and to the continuing suspension of Gibraltar airport from European Community aviation measures existing as at 18 September 2006 as between Member States, in accordance with the Ministerial statement on Gibraltar airport agreed in Cordoba on 18 September 2006.

Article 2

Grant of rights

1. Each Party grants to the other Party the following rights for the conduct of air transportation by the airlines of the other Party:
- (a) the right to fly across its territory without landing;
- (b) the right to make stops in its territory for non-traffic purposes;
- (c) to the extent permitted in this Agreement, the right to make stops in its territory on the routes specified in this Agreement for the purpose of taking up and discharging traffic in passenger and cargo, including mail, separately or in combination; and
- (d) the rights otherwise specified in this Agreement.
2. Each Party also grants the rights specified in paragraphs 1(a) and (b) of this Article to the other Party for airlines of the other Party other than those referred to under Article 3 (Designation, authorisation and revocation) of this Agreement.

Article 3

Designation, authorisation and revocation

1. The Parties recognise as constituting a designation under this Agreement the licenses or other forms of authorisation

issued by the other Party for the conduct of air services under this Agreement. Upon request by the aeronautical authorities of one Party, the aeronautical authorities of the other Party which issued the licence or other form of authorisation shall verify the status of such licences or authorisations.

2. On receipt of applications from a designated airline of one Party, in the form and manner prescribed, the other Party shall, consistent with its laws and regulations, grant requested authorisations and permissions to that airline to operate the air services with minimum procedural delay, provided that:

- (a) such airline qualifies under the laws and regulations normally applied by the aeronautical authorities of the Party granting the authorisations and permissions;
- (b) such airline complies with the laws and regulations of the Party granting the authorisations and permissions;
- (c) subject to Annex 2, in the case of an airline of Canada, effective control of the airline is vested in nationals of either Party, the airline is licensed as a Canadian airline, and the airline has its principal place of business in Canada; in the case of an airline of a Member State, effective control of the airline is vested in nationals of either Party, Iceland, Liechtenstein, Norway or Switzerland, the airline is licensed as a Community airline, and the airline has its principal place of business in a Member State; and
- (d) the airline otherwise operates in a manner consistent with the conditions set out in this Agreement.

3. A Party may withhold the authorisations or permissions referred to in paragraph 2 of this Article, and revoke, suspend, impose conditions or limit the operating authorisations or permissions or otherwise suspend or limit the operations of an airline or airlines of the other Party in the event of failure by that airline to comply with the provisions of paragraph 2 or where it has been determined by a Party that conditions in the territory of the other Party are not consistent with a fair and competitive environment and are resulting in a significant disadvantage or harm to its airline or airlines, pursuant to paragraph 5 of Article 14 (Competitive environment).

4. The rights enumerated in paragraph 3 of this Article shall be exercised only after consultations in the Joint Committee unless immediate action is essential to prevent infringement of the laws and regulations referred to in paragraph 2 or unless safety or security requires action in accordance with the provisions of Article 6 (Civil aviation safety) and Article 7 (Civil aviation security).

*Article 4***Investment**

Each Party shall permit full ownership of its airlines by nationals of Canada or a Member State or States subject to the conditions in Annex 2 to this Agreement.

*Article 5***Application of laws**

Each Party shall require compliance with:

- (a) its laws, regulations and procedures relating to the admission to, remaining in, or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft, by airlines upon entrance into, departure from and while within the said territory; and
- (b) its laws and regulations relating to the admission to, remaining in, or departure from its territory of passengers, crew members and cargo including mail (such as regulations relating to entry, clearance, transit, civil aviation security, immigration, passports, customs and quarantine) by airlines and by or on behalf of such passengers, crew members and cargo including mail, upon transit of, admission to, departure from and while within the said territory. In the application of such laws and regulations, each Party shall, under similar circumstances, accord to airlines treatment no less favourable than that accorded to its own or any other airline engaged in similar international air services.

*Article 6***Civil aviation safety**

1. The Parties reaffirm the importance of close cooperation in the field of civil aviation safety. In that context, the Parties shall engage in further cooperation including in relation to air operations, notably to allow the sharing of information which may have an impact on the safety of international air navigation, the participation in each other's oversight activities or conducting joint oversight activities in the field of civil aviation safety and the development of joint projects and initiatives, including with third countries. This cooperation shall be developed in the framework of the Agreement on Civil Aviation Safety between Canada and the European Community, done at Prague on 6 May 2009, with respect to matters covered by that Agreement.

2. Certificates of airworthiness, certificates of competency and licences, issued or rendered valid by one Party, through its aeronautical authorities, in accordance with the applicable provisions of the Agreement on Civil Aviation Safety between Canada and the European Community, shall be recognised as valid by the other Party and its aeronautical authorities for the purpose of operating the air services, provided that such

certificates or licences were issued or rendered valid pursuant to, and in conformity with, as a minimum, the standards established under the Convention.

3. If the privileges or conditions of the licences or certificates referred to in paragraph 2 above, issued by the aeronautical authorities of one Party to any person or airline or in respect of an aircraft used in the operation of the air services, should permit a difference that is lower than the minimum standards established under the Convention, and which difference has been filed with the International Civil Aviation Organisation, or if those authorities should apply a standard or standards that are higher than, or other than, standards established under the Convention, the other Party may request consultations between the Parties in the framework of the Joint Committee with a view to clarifying the practice in question. Until such time as consultations may lead to a consensus and, in the spirit of a regime of reciprocal acceptance of each others' certificates and licenses, the Parties shall continue to recognise the certificates and licenses rendered valid by the aeronautical authorities of the other Party. Where the Agreement on Civil Aviation Safety between Canada and the European Community, done at Prague on 6 May 2009, has provisions governing the reciprocal acceptance of certificates and licenses, each party shall apply those provisions.

4. Consistent with applicable laws and within the framework of the Agreement on Civil Aviation Safety between Canada and the European Community, done at Prague on 6 May 2009, with respect to matters covered by that Agreement the Parties undertake to achieve reciprocal acceptance of certificates and licences.

5. A Party or its responsible aeronautical authorities may request at any time consultations with the other Party or its responsible aeronautical authorities concerning the safety standards and requirements maintained and administered by those aeronautical authorities. If, following such consultations, the Party or its responsible aeronautical authorities, which requested the consultations, find that the other Party or its responsible aeronautical authorities do not effectively maintain and administer safety standards and requirements in these areas, that, unless otherwise decided, are at least equal to the minimum standards established pursuant to the Convention, the other Party or its responsible aeronautical authorities shall be notified of such findings and the steps considered necessary to conform with these minimum standards. Failure by the other Party or its responsible aeronautical authorities to take appropriate corrective action within fifteen (15) days, or such other period as may be decided, shall constitute grounds for the Party or its responsible aeronautical authorities, which requested the consultations, to revoke, suspend or limit the operating authorisations or technical permissions or to otherwise suspend or limit the operations of an airline, the safety oversight of which is the responsibility of the other Party or its responsible aeronautical authorities.

6. Each Party accepts that any aircraft operated by or, on behalf of, an airline of one Party, may, while within the territory of the other Party, be the subject of a ramp inspection by the aeronautical authorities of the other Party, to verify the validity of the relevant aircraft documents, and those of its crew members and the apparent condition of the aircraft and its equipment, provided that such examination does not cause an unreasonable delay in operation of the aircraft.

7. If the aeronautical authorities of one Party, after carrying out a ramp inspection, find that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention or there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention, the aeronautical authorities of that Party shall notify the aeronautical authorities of the other Party that are responsible for the safety oversight of the airline operating the aircraft of such findings and the steps considered necessary to conform with these minimum standards. Failure to take appropriate corrective action within fifteen (15) days shall constitute grounds for revoking, suspending or limiting the operating authorisations or technical permissions or to otherwise suspend or limit the operations of the airline operating the aircraft. The same determination may be made in the case of denial of access for ramp inspection.

8. Each Party, through its responsible aeronautical authorities, shall have the right to take immediate action including the right to revoke, suspend or limit the operating authorisations or technical permissions or otherwise suspend or limit the operations of an airline of the other Party, if they conclude that it is necessary in view of an immediate threat to civil aviation safety. Where practicable, the Party taking such measures shall endeavour to consult the other Party beforehand.

9. Any action by a Party or its responsible aeronautical authorities in accordance with paragraph 5, 7 or 8 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

Article 7

Civil aviation security

1. Consistent with their rights and obligations under international law, the Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.

2. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the 'Convention on offences and certain other acts committed on board aircraft', done at Tokyo on 14 September 1963, the 'Convention for the suppression of unlawful seizure of aircraft', done at The Hague on 16 December 1970, the 'Convention for the suppression of unlawful acts against the safety of civil aviation',

done at Montreal on 23 September 1971, the 'Protocol for the suppression of unlawful acts of violence at airports serving international aviation', done at Montreal on 24 February 1988, and the 'Convention on the marking of plastic explosives for the purpose of detection', done at Montreal on 1 March 1991, and any other multilateral agreement governing civil aviation security binding upon the Parties.

3. The Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other acts of unlawful interference against the safety of such aircraft, their passengers and crew members, airports and air navigation facilities, and any other threat to the security of civil aviation.

4. The Parties shall act in conformity with the civil aviation security provisions established by the International Civil Aviation Organisation and designated as Annexes to the Convention on International Civil Aviation to the extent that such security provisions are applicable to the Parties. The Parties shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory act in conformity with such civil aviation security provisions. Accordingly, each Party, upon request, shall provide the other Party notification of any difference between its regulations and practices and the civil aviation security standards of the Annexes referred to in this paragraph, where these differences exceed or complement such standards and have relevance for the operators of the other Party. Either Party may at any time request consultations, to be held without unreasonable delay, with the other Party to discuss any such differences.

5. With full regard and mutual respect for the sovereignty of states, each Party agrees that operators of aircraft referred to in paragraph 4 of this Article may be required to observe the civil aviation security provisions referred to in that paragraph required by the other Party for entry into, departure from, or while within the territory of that other Party. Each Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to exercise security controls on passengers, crew members, baggage, carry-on items, cargo, mail and aircraft stores prior to boarding or loading.

6. The Parties agree to work towards achieving mutual recognition of each other's security standards and to cooperate closely on quality control measures on a reciprocal basis. The Parties also agree, where appropriate, and on the basis of decisions to be taken by Parties separately, to create preconditions for implementing one-stop security for flights between the territories of the Parties, meaning the exemption

of transfer passengers, transfer baggage, and/or transfer cargo from re-screening. To this end, they shall establish administrative arrangements allowing for consultations on existing or planned civil aviation security measures and for cooperation and for sharing of information on quality control measures implemented by the Parties. The Parties shall consult each other on planned security measures of relevance for operators located in the territory of the other Party to such administrative arrangements.

7. Each Party shall, as far as may be practicable, meet any request from the other Party for reasonable special security measures to meet a particular threat for a specific flight or a specific series of flights.

8. The Parties agree to cooperate on security inspections undertaken by them in either territory through the establishment of mechanisms, including administrative arrangements, for the reciprocal exchange of information on results of such security inspections. The Parties agree to consider positively requests to participate, as observers, in security inspections undertaken by the other Party.

9. When an incident or threat of an incident of unlawful seizure of civil aircraft or other acts of unlawful interference against the safety of such aircraft, their passengers and crew members, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and taking other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

10. When a Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, that Party, through its responsible authorities, may request consultations. Such consultations shall start within fifteen (15) days of receipt of such a request. Failure to reach a satisfactory agreement within fifteen (15) days from the start of consultations shall constitute grounds for the Party that requested the consultations to take action to withhold, revoke, suspend or impose appropriate conditions on the authorisations of the airlines of the other Party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the Party that believes that the other Party has departed from the provisions of this Article may take appropriate interim action at any time.

11. Without prejudice to the need to take immediate action in order to protect transportation security, the Parties affirm that when considering security measures, a Party shall evaluate possible adverse economic and operational effects on the operation of air services under this Agreement and, to the

extent permitted by law, shall take such factors into account when it determines what measures are necessary and appropriate to address those security concerns.

Article 8

Customs duties, taxes and charges

1. Each Party shall, to the fullest extent possible under its national laws and regulations, and on the basis of reciprocity, exempt airlines of the other Party with respect to their aircraft operated in international air transport, their regular equipment, fuel, lubricants, consumable technical supplies, ground equipment, spare parts (including engines), aircraft stores (including but not limited to such items as food, beverages and liquor, tobacco and other products destined for sale to or use by passengers in limited quantities during flight), and other items intended for or used solely in connection with the operation or servicing of aircraft engaged in international air transport from all import restrictions, property taxes and capital levies, customs duties, excise taxes, and similar fees and charges that are imposed by the Parties, and not based on the cost of services provided.

2. Each Party shall also exempt, to the fullest extent possible under national laws and regulations and on the basis of reciprocity, from the taxes, levies, duties, fees and charges referred to in paragraph 1 of this Article, with the exception of charges based on the cost of the service provided:

- (a) aircraft stores introduced into or supplied in the territory of a Party and taken on board, within reasonable limits, for use on outbound aircraft of an airline of the other Party engaged in international air transport, even when these stores are to be used on a part of the journey performed over the said territory;
- (b) ground equipment and spare parts (including engines) introduced into the territory of a Party for the servicing, maintenance, or repair of aircraft of an airline of the other Party used in international air transport as well as computer equipment and component parts for the handling of passengers or cargo, or security checks;
- (c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Party for use in an aircraft of an airline of the other Party engaged in international air transport, even when these supplies are to be used on a part of the journey performed over the said territory; and

(d) printed matter, including airline tickets, ticket covers, airway bills and other related advertising materials distributed without charge by the airline.

3. The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft used by an airline of a Party, may be unloaded in the territory of the other Party only with the approval of the Customs authorities of that territory. In such case, they may be required to be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with Customs regulations.

4. The exemptions provided by this Article shall also be available where the airlines of a Party have contracted with another airline, which similarly enjoys such exemptions from the other Party, for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article.

5. The provisions of the respective conventions in force between a Member State and Canada for the avoidance of double taxation on income and on capital are not altered by this Agreement.

Article 9

Statistics

1. Each Party shall provide to the other Party statistics that are required by domestic laws and regulations, and, upon request, other available statistical information as may be reasonably required for the purpose of reviewing the operation of the air services.

2. The Parties shall cooperate in the framework of the Joint Committee to facilitate the exchange of statistical information between them for the purpose of monitoring the development of the air services.

Article 10

Consumer interests

1. Each Party recognises the importance of protecting the interests of consumers and may take or may require airlines to take, on a non-discriminatory basis, reasonable and proportionate measures concerning the following matters, including but not limited to:

- (a) requirements to protect funds advanced to airlines;
- (b) denied boarding compensation initiatives;
- (c) passenger refunds;

(d) public disclosure of the identity of an air carrier actually operating the aircraft;

(e) financial fitness of its own airlines;

(f) passenger injury liability insurance; and

(g) setting accessibility measures.

2. The Parties endeavour to consult each other, within the framework of the Joint Committee, on matters of consumer interest, including their planned measures, with a view to achieve compatible approaches to the extent possible.

Article 11

Availability of airports and aviation facilities and services

1. Each Party shall ensure that airports, airways, air traffic control and air navigation services, civil aviation security, ground handling, and other related facilities and services that are provided in its territory shall be available for use by the airlines of the other Party on a non-discriminatory basis at the time arrangements for use are made.

2. To the fullest extent possible, Parties shall take all reasonable measures to ensure effective access to facilities and services, subject to legal, operational and physical constraints and on the basis of fair and equal opportunity, and transparency with respect to the procedures for gaining access.

3. Each Party shall ensure that its procedures, guidelines and regulations to manage slots applicable to airports in its territory are applied in a transparent, effective and non-discriminatory manner.

4. If a Party believes that the other Party is in violation of this Article, it may notify the other Party of its findings and request consultations under paragraph 4 of Article 17 (Joint Committee).

Article 12

Charges for airports and aviation facilities and services

1. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Party for the use of air navigation and air traffic control services shall be just, reasonable, cost-related and not unjustly discriminatory. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favourable than the most favourable terms available to any other airline.

2. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Party for the use of airport, civil aviation security and related facilities and services shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. These charges may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport and civil aviation security facilities and services at that airport or within that airport's system. These charges may include a reasonable return on assets, after depreciation. Facilities and services for which user charges are made shall be provided on an efficient and economic basis. In any event, these charges shall be assessed on the airlines of the other Party on terms not less favourable than the most favourable terms available to any other airline at the time the charges are assessed.

3. Each Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines or their representative bodies using the services and facilities, and shall encourage the competent charging authorities or bodies and the airlines or their representative bodies to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles of paragraphs 1 and 2 of this Article. Each Party shall encourage the competent charging authorities to provide users with reasonable notice of any proposal for changes in user charges to enable those authorities to consider the views expressed by the users before changes are made.

4. No Party shall be held, in dispute resolution procedures pursuant to Article 21 (Settlement of disputes), to be in breach of a provision of this Article, unless:

- (a) it fails to undertake a review of the charge or practice that is the subject of complaint by the other Party within a reasonable amount of time; or
- (b) following such a review, it fails to take all steps within its power to remedy any charge or practice that is inconsistent with this Article.

Article 13

Commercial framework

1. Each Party shall allow a fair and equal opportunity for the airlines of the other Party to provide the air services under this Agreement.

Capacity

2. Each Party shall allow any airline of the other Party to determine the frequency and capacity of the air services it offers under this Agreement based upon the airline's commercial considerations in the market place. No Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the airlines of the other Party, nor shall it require the filing of schedules, programmes for charter flights, or operations plans by airlines of the other Party, except as may be required for technical, operational or environmental (local air quality and noise) reasons under uniform conditions consistent with Article 15 of the Convention.

Codesharing

3. (a) Subject to the regulatory requirements normally applied to such operations by each Party, any airline of the other Party may enter into cooperative arrangements for the purposes of:
- (i) holding out its air services on the specified routes by selling transportation under its own code on flights operated by any airline of Canada, or of Member States, and/or of any third country; and/or a surface land or marine transportation provider of any country;
 - (ii) carrying traffic under the code of any other airline where such other airline has been authorised by the aeronautical authorities of a Party to sell transportation under its own code on flights operated by any airline of a Party.
- (b) A Party may require all airlines involved in codesharing arrangements to hold the appropriate underlying route authority.
- (c) A Party shall not withhold permission for codesharing services identified in paragraph 3(a)(i) of this Article on the basis that the airline operating the aircraft does not have the right to carry traffic under the codes of other airlines.
- (d) The Parties shall require all airlines in such codesharing arrangements to ensure that passengers are fully informed of the identity of the operator and the mode of transportation for each segment of the journey.

Ground handling

4. Each Party shall permit the airlines of the other Party when operating in its territory:

- (a) on the basis of reciprocity, to perform their own ground handling in its territory and, at their option, to have ground handling services provided in whole or in part by any agent authorised by its competent authorities to provide such services; and
- (b) to provide ground handling services for other airlines operating at the same airport, where authorised and consistent with applicable laws and regulations.

5. The exercise of the rights set forth in paragraphs 4(a) and (b) of this Article shall be subject only to physical or operational constraints resulting primarily from considerations of airport safety or security. Any constraints shall be applied uniformly and on terms no less favourable than the most favourable terms available to any airline of any country engaged in similar international air services at the time the constraints are imposed.

Airline representatives

6. Each Party shall permit:

- (a) the airlines of the other Party on the basis of reciprocity, to bring into and to maintain in its territory their representatives and commercial managerial, sales, technical, operational, and other specialist staff, as required in connection with their services;
- (b) these staff requirements at the option of the airlines of the other Party, to be satisfied by their own personnel or, by using the services of any other organisation, company or airline operating in its territory and authorised to perform such services for other airlines; and
- (c) the airlines of the other Party to establish offices in its territory for the promotion and sale of air transportation and related activities.

7. Each Party shall require the representatives and staff of the airlines of the other Party to be subject to its laws and regulations. Consistent with such laws and regulations:

- (a) each Party shall, with the minimum of delay, grant the necessary employment authorisations, visitor visas or other similar documents to the representatives and staff referred to in paragraph 6 of this Article; and
- (b) each Party shall facilitate and expedite the approval of any requirement for employment authorisations for personnel performing certain temporary duties not exceeding ninety (90) days.

Sales, local expenses, and transfer of funds

8. Each Party shall permit the airlines of the other Party:

- (a) to engage in the sale of air transportation in its territory directly or, at the discretion of the airlines, through their agents and to sell transportation in the currency of its territory or, at the discretion of the airlines, in freely convertible currencies of other countries, and any person shall be free to purchase such transportation in currencies accepted by those airlines;
- (b) to pay local expenses, including purchases of fuel, in its territory in local currency, or at the discretion of the airlines, in freely convertible currencies; and
- (c) to convert and remit abroad, on demand, funds obtained in the normal course of their operations. Such conversion and remittance shall be permitted without restrictions or delay at the foreign exchange market rates for current payments prevailing at the time of submission of the request for transfer, and shall not be subject to any charges except normal service charges collected by banks for such transactions.

Intermodal services

9. Each Party shall permit airlines operating:

- (a) passenger-combination services, to employ land or maritime surface transportation in connection with the air services. Such transportation may be provided by the airlines through arrangements with surface carriers, or the airlines may elect to perform the surface transportation themselves;
- (b) cargo services, to employ without restriction in connection with the air services any land or maritime surface transportation for cargo to or from any points in the territories of the Parties, or in third countries, including transport to and from all airports with customs facilities and including, where applicable, to transport cargo in bond under applicable laws and regulations; access to airport customs processing and facilities for cargo moving by surface or by air; and to elect to perform their own cargo surface transportation, subject to domestic laws and regulations governing such transportation, or to provide it through arrangements with other surface carriers, including surface transportation operated by airlines of any other country; and
- (c) intermodal services, to offer, at a single through price air and surface transportation combined, provided that passengers and shippers are not misled as to the facts concerning such transportation.

Pricing

10. The Parties shall permit prices to be freely established by the airlines on the basis of free and fair competition. Neither Party shall take unilateral action against the introduction or continuation of a price for international transportation to or from its territory.

11. The Parties shall not require prices to be filed with aeronautical authorities.

12. The Parties shall permit aeronautical authorities to discuss matters such as, but not limited to, prices which may be unjust, unreasonable or discriminatory.

Computer reservation systems

13. The Parties shall apply their respective laws and regulations relating to the operations of computer reservation systems in their territories on a fair and non-discriminatory basis.

Franchising and branding

14. The airlines of any Party may provide air services under this Agreement, pursuant to a franchising or branding arrangement with companies, including airlines, provided that the airline providing the air services holds the appropriate route authority, the conditions prescribed under domestic laws and regulations are met, and subject to the approval of aeronautical authorities.

Wet leasing

15. For the purposes of providing the air services under this Agreement, provided that the airline providing the air services and the operator of the aircraft in such arrangements hold the appropriate authorities, airlines of the Parties may provide air services under this Agreement using aircraft and flight crew provided by other airlines, including from other countries, subject to the approval of aeronautical authorities. For the purposes of this paragraph, airlines operating the aircraft shall not be required to have underlying route authority.

Charter/non-scheduled flights

16. The provisions set out in Articles 4 (Investment), 5 (Application of laws), 6 (Civil aviation safety), 7 (Civil aviation security), 8 (Customs duties, taxes and charges), 9 (Statistics), 10 (Consumer interests), 11 (Availability of airports and aviation facilities and services), 12 (Charges for airports and aviation facilities and services), 13 (Commercial framework), 14 (Competitive environment), 15 (Air traffic management),

17 (Joint Committee) and 18 (Environment) of this Agreement apply as well to charters and other non-scheduled flights operated by air carriers of one Party into or from the territory of the other Party.

17. When granting requested authorisations and permissions to an air carrier on receipt of applications to operate charters and other non-scheduled flights, the Parties shall act with minimum procedural delay.

Article 14

Competitive environment

1. The Parties acknowledge that it is their joint objective to have a fair and competitive environment for the operation of the air services. The Parties recognise that fair competitive practices by airlines are most likely to occur where these airlines operate on a fully commercial basis and are not state subsidised. They recognise that matters, such as, but not limited to the conditions under which airlines are privatised, the removal of competition distorting subsidies, equitable and non-discriminatory access to airport facilities and services and to computer reservation systems are key factors to achieve a fair and competitive environment.

2. If a Party finds that conditions exist in the territory of the other Party that would adversely affect a fair and competitive environment and its airlines' operation of the air services under this Agreement, it may submit observations to the other Party. Furthermore, it may request a meeting of the Joint Committee. The Parties accept that the degree to which the objectives in the Agreement related to a competitive environment may be undermined by a subsidy or other intervention is a legitimate subject for discussion in the Joint Committee.

3. Issues that may be raised under this Article 14 include, but are not limited to, capital injections, cross subsidisation, grants, guarantees, ownership, tax relief or tax exemption, protection against bankruptcy or insurance by any government entities. Subject to paragraph 4 of Article 14, a Party, upon notification to the other Party, may approach responsible government entities in the territory of the other Party including entities at the state, provincial or local level to discuss matters relating to this Article.

4. The Parties recognise the cooperation between their respective competition authorities as evidenced by the Agreement between the Government of Canada and the European Communities regarding the Application of their competition laws, done at Bonn on 17 June 1999.

5. If, following consultations in the Joint Committee, a Party believes that the conditions referred to in paragraph 2 of Article 14 persist and are likely to result in significant disadvantage or harm being caused to its airline or airlines, it may take action. A Party may take action under this paragraph from the earlier of the establishment, by a decision of the Joint Committee, of procedures and criteria by the Joint Committee for the exercise of such action or one year from the date that this Agreement is applied provisionally by the Parties or enters into force. Any action taken pursuant to this paragraph shall be appropriate, proportionate and restricted with regard to scope and duration to what is strictly necessary. It shall be exclusively directed towards the entity benefiting from the conditions referred to in paragraph 2, and shall be without prejudice to the right of any Party to take action under Article 21 (Settlement of disputes).

Article 15

Air traffic management

The Parties shall cooperate on addressing safety oversight and policy issues relating to air traffic management, with a view to optimising overall efficiency, reducing cost, and enhancing the safety and capacity of existing systems. The Parties shall encourage their air navigation service providers to continue to collaborate on interoperability to further integrate both sides' systems where possible, to reduce the environmental impact of aviation, and to share information where appropriate.

Article 16

Continuation of designations and authorisations

1. Any airline of Canada or of a Member State holding a current designation from its respective government under an air transport agreement with Canada superseded by this Agreement shall be deemed to be an airline designated to conduct air services.

2. Any airline of Canada or of a Member State holding a licence or authorisation issued by the aeronautical authorities of a Party valid for the operation of air services on the date of entry into force of this Agreement shall, pending issuance of any new or amended licence or authorisation under this Agreement, continue to have all the authorities provided in the said licence or authorisation and be deemed to have therein the authority to operate air services as provided for in this Agreement.

3. Nothing in this Article shall prevent an airline of a Party not referred to in paragraph 1 or 2 of this Article from being designated or authorised to conduct air services.

Article 17

Joint Committee

1. The Parties hereby establish a committee composed of representatives of the Parties (hereinafter referred to as the Joint Committee).

2. The Joint Committee shall identify aeronautical authorities and other competent authorities for matters covered under this Agreement and facilitate contacts between them.

3. The Joint Committee shall meet as and when necessary and at least once a year. Either Party may request the convening of a meeting.

4. A Party may also request a meeting of the Joint Committee to consult regarding any question relating to the interpretation or application of this Agreement and to seek to resolve any concerns raised by the other Party. Such a meeting shall begin at the earliest possible date, but not later than two months from the date of receipt of the request, unless the Parties decide otherwise.

5. The Joint Committee shall adopt decisions where expressly provided by the Agreement.

6. The Joint Committee shall foster cooperation between the Parties and may consider any matter related to the operation or implementation of this Agreement, including, but not limited to:

- (a) reviewing market conditions affecting air services under this Agreement;
- (b) exchanging information, including advising as to changes to domestic law and policies, which affect the Agreement;
- (c) considering potential areas for the further development of the Agreement, including the recommendation of amendments to the Agreement;
- (d) recommending conditions, procedures, and amendments required for new Member States to become Parties to this Agreement; and
- (e) discussing issues related to investment, ownership and control, and confirming when the conditions for the progressive opening of traffic rights as set out in Annex 2 to this Agreement are met.

7. The Joint Committee shall develop cooperation and foster expert-level exchanges on new legislative or regulatory initiatives.

8. The Joint Committee shall adopt, by decision, its rules of procedure.

9. All decisions of the Joint Committee shall be made by consensus.

*Article 18***Environment**

1. The Parties recognise the importance of protecting the environment when developing and implementing international aviation policy.

2. Without prejudice to the rights and obligations of the Parties under international law and the Convention, each Party within its own sovereign jurisdiction shall have the right to take and apply the appropriate measures to address the environmental impacts of air transport provided that such measures are applied without distinction as to nationality.

3. The Parties recognise that the costs and benefits of measures to protect the environment must be carefully weighed in developing international aviation policy. When a Party is considering proposed environmental measures, it should evaluate possible adverse effects on the exercise of rights contained in this Agreement, and, if such measures are adopted, it should take appropriate steps to mitigate any such adverse effects.

4. The Parties recognise the importance of working together, and within the framework of multilateral discussions, to consider the effects of aviation on the environment and the economy, and to ensure that any mitigating measures are fully consistent with the objectives of this Agreement.

5. When environmental measures are established, the aviation environmental standards adopted by the International Civil Aviation Organisation in Annexes to the Convention shall be followed except where differences have been filed.

6. The Parties shall endeavour to consult each other on matters of the environment, including on planned measures likely to have a significant effect on the international air services covered by this Agreement, with a view to achieve compatible approaches to the extent possible. Consultations shall start within 30 days of receipt of such a request, or any other period of time where mutually determined.

*Article 19***Labour matters**

1. The Parties recognise the importance of considering the effects of this Agreement on labour, employment and working conditions.

2. Either Party may request a meeting of the Joint Committee under Article 17 in order to discuss the labour matters referred to in paragraph 1 of this Article.

*Article 20***International cooperation**

The Parties may bring to the Joint Committee under Article 17 issues related to:

(a) air transport and international organisations;

(b) possible developments in relations between the Parties and other countries in air transport; and

(c) trends in bilateral or multilateral arrangements;

including, where possible, proposals on the development of coordinated positions in these fields.

*Article 21***Settlement of disputes**

1. If any dispute arises between the Parties relating to the interpretation or application of this Agreement they shall in the first place endeavour to settle it through formal consultations within the Joint Committee. Such formal consultations shall begin as soon as possible and notwithstanding paragraph 4 of Article 17 within a period of no more than 30 days from the date of receipt by one Party of the written request made by the other Party, referring to this Article, unless otherwise decided by the Parties.

2. If the dispute is not resolved within 60 days of the receipt of the request for formal consultations, it may be referred to a person or body for decision by consent of the Parties. If the Parties do not so consent, the dispute shall, at the request of either Party be submitted to arbitration by a tribunal of three arbitrators in accordance with the procedures set forth below.

3. Within 30 days from the receipt of a request for arbitration each Party to the dispute shall nominate an independent arbitrator. The third arbitrator shall be appointed within a further period of 45 days by agreement between the two arbitrators named by the Parties. If either of the Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organisation may be requested by either Party to appoint an arbitrator or arbitrators as the case requires. If the President is of the same nationality as one of the Parties, the most senior Vice-president who is not disqualified on that ground shall make the appointment. In all cases the third arbitrator shall be a national of a third State, shall act as President of the Tribunal and shall determine the place where arbitration will be held.

4. The Tribunal shall establish its own rules of procedure and the timetable for the proceedings.

5. At the request of a Party the Tribunal may order the other Party to the dispute to implement interim relief measures pending the Tribunal's final determination.

6. The Tribunal shall attempt to render a written decision within 180 days from the receipt of the request for arbitration. The decision of the majority of the Tribunal shall prevail.

7. If the Tribunal determines that there has been a violation of this Agreement and the responsible Party does not cure the violation, or does not reach a resolution with the other Party to the dispute on a mutually satisfactory solution within 30 days after notification of the Tribunal's decision, the other Party may suspend the application of equivalent benefits arising under this Agreement until such time as the dispute has been resolved.

8. The expenses of the Tribunal shall be shared equally between the Parties to the dispute.

9. For the purposes of this Article, the European Community and the Member States shall act together.

Article 22

Amendment

Any amendment to this Agreement may be mutually determined by the Parties pursuant to consultations held in conformity with Article 17 (Joint Committee) of this Agreement. Amendments shall come into force in accordance with the terms set out in Article 23 (Entry into force and provisional application).

Article 23

Entry into force and provisional application

1. This Agreement shall enter into force one month after the date of the latest diplomatic note in which the Parties confirm that all necessary procedures for the entry into force of this Agreement have been completed. For purposes of this exchange, the European Community and its Member States nominate the General Secretariat of the Council of the European Union. Canada shall deliver to the General Secretariat of the Council of the European Union the diplomatic note(s) to the European Community and its Member States, and the General Secretariat of the Council of the European Union shall deliver to Canada the diplomatic notes from the European Community and its Member States. The diplomatic note or notes from the European Community and its Member States shall contain communications from each Member State confirming that its necessary procedures for entry into force of this Agreement have been completed.

2. Notwithstanding paragraph 1 of this Article, the Parties agree to provisionally apply this Agreement in accordance with the provisions of domestic law of the Parties from the first day of the month following the date of the latest note by which the Parties have notified each other of the completion of the relevant domestic procedures to provisionally apply this Agreement.

Article 24

Termination

A Party may at any time give notice in writing through diplomatic channels to the other Party of its decision to

terminate this Agreement. Such notice shall be communicated simultaneously to the International Civil Aviation Organisation and the United Nations Secretariat. The Agreement shall terminate one (1) year after the date of receipt of the notice by the other Party, unless the notice to terminate is withdrawn by mutual consent before the expiry of this period. In the absence of an acknowledgement of receipt by the other Party, the notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organisation and the United Nations Secretariat.

Article 25

Registration of the Agreement

This Agreement and any amendment thereto shall be registered with the International Civil Aviation Organisation and the United Nations Secretariat, in accordance with Article 102 of the Charter of the United Nations, following its entry into force. The other Party shall be informed of registration as soon as this has been confirmed by the Secretariats of the International Civil Aviation Organisation and the United Nations.

Article 26

Relationship to other agreements

1. If the Parties become parties to a multilateral agreement, or endorse a decision adopted by the International Civil Aviation Organisation or another international intergovernmental organisation, that addresses matters covered by this Agreement, they shall consult in the Joint Committee to determine the extent to which this Agreement is affected by the provisions of the multilateral agreement or decision and whether this Agreement should be revised to take into account such developments.

2. During the period of provisional application pursuant to paragraph 2 of Article 23 (Entry into force and provisional application) of the Agreement, the bilateral agreements listed in Annex 3 to this Agreement shall be suspended except to the extent provided in Annex 2 to this Agreement. Upon entry into force pursuant to paragraph 1 of Article 23 of this Agreement, this Agreement shall supersede the relevant provisions of the bilateral agreements listed in Annex 3 to this Agreement except to the extent provided in Annex 2 to this Agreement.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto, have signed this Agreement.

DONE in duplicate at Brussels on this seventeenth day of December 2009 in the Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, Swedish languages, each version being equally authentic.

Voor het Koninkrijk België
Pour le Royaume de Belgique
Für das Königreich Belgien



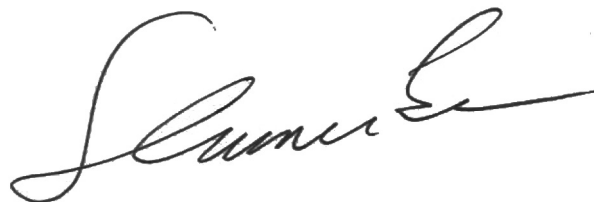
Deze handtekening verbindt eveneens het Vlaamse Gewest, het Waalse Gewest en het Brussels Hoofdstedelijk Gewest.

Cette signature engage également la Région wallonne, la Région flamande et la Région de Bruxelles-Capitale.

За Република България



Za Českou republiku



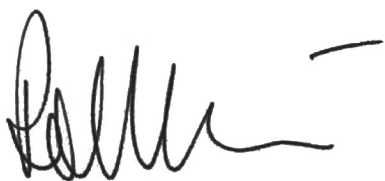
På Kongeriget Danmarks vegne



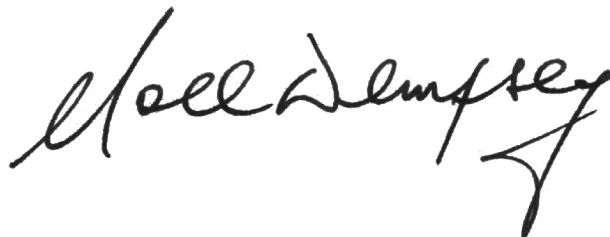
Für die Bundesrepublik Deutschland



Eesti Vabariigi nimel



Thar cheann Na hÉireann
For Ireland



Για την Ελληνική Δημοκρατία



Por el Reino de España



Pour la République française



Per la Repubblica italiana



Για την Κυπριακή Δημοκρατία



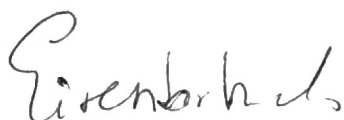
Latvijas Republikas vārdā



Lietuvos Respublikos vardu



Pour le Grande-Duché de Luxembourg



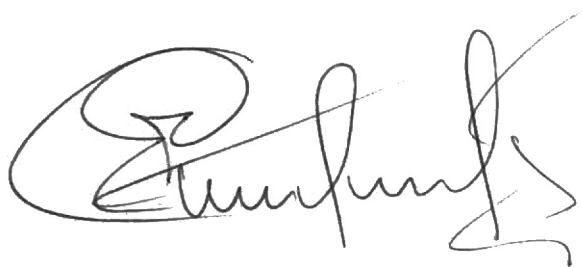
A Magyar Köztársaság részéről



Għal Malta



Voor het Koninkrijk der Nederlanden

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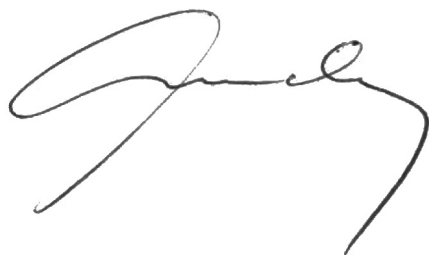
Für die Republik Österreich

A handwritten signature in black ink that reads "Donis Dues" in a cursive script.

W imieniu Rzeczypospolitej Polskiej

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Pela República Portuguesa

A highly stylized, cursive handwritten signature in black ink, likely belonging to a Portuguese representative.

Pentru România

A highly stylized, cursive handwritten signature in black ink, likely belonging to a Romanian representative.

Za Republiko Slovenijo

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Za Slovenskú republiku

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Suomen tasavallan puolesta

För Republiken Finland

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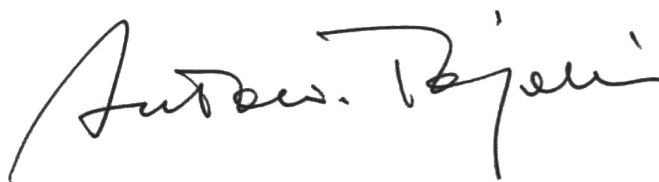
För Konungariket Sverige

A handwritten signature in black ink, starting with a large, stylized 'O' followed by several loops and a long, sweeping tail that curves to the right.

For the United Kingdom of Great Britain and Northern Ireland



За Европейската общност
 Por la Comunidad Europea
 Za Evropské společenství
 For Det Europæiske Fællesskab
 Für die Europäische Gemeinschaft
 Euroopa Ühenduse nimel
 Για την Ευρωπαϊκή Κοινότητα
 For the European Community
 Pour la Communauté européenne
 Per la Comunità europea
 Eiropas Kopienas vārdā
 Europos bendrijos vardu
 az Európai Közösség részéről
 Ghall-Komunità Ewropea
 Voor de Europese Gemeenschap
 W imieniu Wspólnoty Europejskiej
 Pela Comunidade Europeia
 Pentru Comunitatea Europeană
 Za Európske spoločenstvo
 Za Evropsko skupnost
 Euroopan yhteisön puolesta
 På Europeiska gemenskapens vägnar

For Canada
 Pour le Canada



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ANNEX 1

ROUTE SCHEDULE

1. For the purposes of paragraph 1(c) of Article 2 of this Agreement each Party shall permit the airlines of the other Party to provide transportation on the routes specified hereunder:

(a) For the airlines of Canada:

Points Behind — Points in Canada — Intermediate Points — Points in and within Member States — Points Beyond

(b) For the airlines of the European Community:

Points Behind — Points in Member States — Intermediate Points — Points in and within Canada — Points Beyond

2. Airlines of a Party may on any or all flights and at their option:

(a) operate flights in either or both directions;

(b) combine different flight numbers within one aircraft operation;

(c) serve behind, intermediate and beyond points and points in the territory of any Party and in any combination or any order;

(d) omit stops at any point or points;

(e) transfer traffic from any of its aircraft to any of its other aircraft without any limitation as to change in type or number of aircraft operated at any point;

(f) serve points behind any point in that Party's territory with or without change of aircraft or flight number and hold out and advertise such services to the public as through services;

(g) make stopovers at any points whether within or outside the territory of either Party;

(h) carry transit traffic at intermediate points and at points in the territory of the other Party;

(i) combine traffic on the same aircraft regardless of where such traffic originates; and

(j) provide service through codesharing consistent with paragraph 3 of Article 13 (Commercial framework) of this Agreement;

without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement.

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ANNEX 2

ARRANGEMENTS FOR THE AVAILABILITY OF RIGHTS

SECTION 1

Ownership and control of the airlines of both Parties

1. Notwithstanding Article 4 (Investment), ownership of a Party's airlines by nationals of all other Parties shall be allowable, on the basis of reciprocity, to the extent permitted by Canada's domestic laws and regulations for foreign investment in airlines.
2. Notwithstanding paragraph 2(c) of Article 3 (Designation, authorisation and revocation) and Article 4 (Investment) of the Agreement, the following provision shall apply with respect to ownership and control of airlines in place of paragraph 2(c) of Article 3 (Designation, authorisation and revocation) until the laws and regulations referred to in paragraphs 2(c) and (d) of Section 2 of this Annex dictate otherwise:

'in the case of an airline of Canada, substantial ownership and effective control of the airline are vested in nationals of Canada, the airline is licensed as a Canadian airline, and the airline has its principal place of business in Canada; in the case of an airline of a Member State, substantial ownership and effective control of the airline is vested in nationals of Member States, Iceland, Liechtenstein, Norway or Switzerland, the airline is licensed as a Community airline, and the airline has its principal place of business in a Member State'.

SECTION 2

Progressive availability of traffic rights

1. When exercising the traffic rights set out in paragraph 2 of this Section, the airlines of the Parties shall enjoy the operational flexibilities permitted in paragraph 2 of Annex 1.
2. Notwithstanding the traffic rights set out in Annex 1 to this Agreement:
 - (a) when the national laws and regulations of both Parties permit nationals of the other Party to own and control up to a total of 25 per cent of the voting interests of their airlines, the following rights shall apply:
 - (i) for passenger-combination and all-cargo services, for Canadian airlines, the right to provide international transportation between any points in Canada and any points in Member States; for Community airlines, the right to provide air services between any points in Member States and any points in Canada. In addition, for passenger-combination and all-cargo services, for airlines of a Party, the right to provide international transportation to and from points in third countries via any points in the territory of that Party with or without change of aircraft or flight number and hold out and advertise such services to the public as through services;
 - (ii) for all-cargo services, for airlines of both Parties, the right to provide international transportation between the territory of the other Party and points in third countries in conjunction with services between points in its territory and points in the territory of the other Party;
 - (iii) for passenger-combination and all-cargo services, for airlines of both Parties, operating rights that are provided for in bilateral air transport agreements between Canada and Member States listed in Section 1 of Annex 3, and the operating rights in arrangements that were being applied between Canada and individual Member States, as specified in Section 2 of Annex 3. With respect to beyond fifth freedom rights specified in this subparagraph, all limitations other than geographic limitations, limitations as to the number of points and specified frequency limitations shall no longer apply; and
 - (iv) for greater certainty, the rights contained in subparagraphs (i) and (ii) above shall be available where no bilateral agreement or arrangement existed on the date of provisional application or entry into force of this Agreement, or where the rights in an agreement that were available immediately prior to provisional application or entry into force of this Agreement are not as liberal as the rights contained in subparagraphs (i) and (ii) above;

- (b) when the national laws and regulations of both Parties permit nationals of the other Party to own and control up to a total of 49 per cent of the voting interests of their airlines, the following rights additional to subparagraph 2(a) shall apply:
- (i) for passenger-combination services, for the airlines of both Parties, fifth freedom rights shall be available at any intermediate points, and for Canadian airlines, between any points in Member States and any points in other Member States, provided that in the case of Canadian airlines the service includes a point in Canada, and in the case of Community airlines the service includes a point in any Member State;
 - (ii) for passenger-combination services, for the airlines of Canada, fifth freedom rights shall be available between any points in Member States and any points in Morocco, Switzerland, the European Economic Area, and other members of the European Common Aviation Area; and
 - (iii) for all-cargo services, for the airlines of a Party, without a requirement to serve a point in the territory of that Party, the right to provide international transportation between points in the territory of the other Party and points in third countries;
- (c) when the national laws and regulations of both Parties permit the nationals of the other Party to establish an airline in their territory for domestic and international air services, and pursuant to paragraphs 5, 6(e) and 9 of Article 17 (Joint Committee) of this Agreement, the following rights additional to subparagraphs 2(a) and (b) shall apply:
- (i) for passenger-combination services, for airlines of both Parties, fifth freedom rights shall be available to any points beyond without frequency limitations;
- (d) when the national laws and regulations of both Parties permit the full ownership and control of their airlines by nationals of the other Party and both Parties permit full application of Annex 1, pursuant to paragraphs 5, 6(e) and 9 of Article 17 (Joint Committee) of this Agreement and pursuant to a confirmation by the Parties through their respective procedures, the provisions of Annex 2 above shall no longer apply and Annex 1 shall take effect.
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ANNEX 3

BILATERAL AGREEMENTS BETWEEN CANADA AND THE MEMBER STATES OF THE EUROPEAN COMMUNITY

SECTION 1

As provided in Article 26 of this Agreement, the following bilateral agreements between Canada and the Member States shall be suspended or superseded by this Agreement:

- (a) The Republic of Austria: Agreement between the Government of Canada and the Austrian Federal Government on Air Transport, signed 22 June 1993;
- (b) The Kingdom of Belgium: Agreement between the Government of Canada and the Government of Belgium on Air Transport, signed 13 May 1986;
- (c) The Czech Republic: Agreement between the Government of Canada and the Government of the Czech Republic on Air Transport, signed 13 March 1996; Exchange of Notes amending the Agreement, signed 28 April 2004 and 28 June 2004;
- (d) The Kingdom of Denmark: Agreement between Canada and Denmark for Air Services between the Two Countries, signed 13 December 1949; Exchange of Notes between Canada and Denmark relating to the Air Agreement signed between the two Countries at Ottawa, 13 December 1949, signed 13 December 1949; Exchange of Notes between Canada and Denmark modifying the Agreement of 1949 Concerning Air Services, signed 16 May 1958;
- (e) The Republic of Finland: Agreement between the Government of Canada and the Government of Finland for Air Services between and beyond their Respective Territories, signed 28 May 1990. Exchange of Notes constituting an Agreement amending the Agreement between the Government of Canada and the Government of Finland for Air Services between and beyond their Respective Territories, done at Helsinki on 28 May 1990, signed 1 September 1999;
- (f) The French Republic: Air Transport Agreement between the Government of Canada and the Government of the French Republic, signed 15 June 1976 Exchange of Notes between the Government of Canada and the Government of the French Republic amending the Air Transport Agreement signed in Paris 15 June 1976, signed 21 December 1982;
- (g) The Federal Republic of Germany: Air Transport Agreement between the Government of Canada and the Government of the Federal Republic of Germany, signed 26 March 1973; Exchange of Notes between the Government of Canada and the Government of the Federal Republic of Germany amending the Air Transport Agreement signed at Ottawa on 26 March 1973, signed 16 December 1982 and 20 January 1983;
- (h) The Hellenic Republic: Agreement between the Government of Canada and the Government of the Hellenic Republic on Air Transport, signed 20 August 1984; Exchange of Notes constituting an Agreement between the Government of Canada and the Government of the Hellenic Republic amending the Agreement on Air Transport, done at Toronto on 20 August 1984, signed 23 June 1995 and 19 July 1995;
- (i) The Republic of Hungary: Agreement between the Government of Canada and the Government of the Republic of Hungary on Air Transport, signed 7 December 1998;
- (j) Ireland: Agreement between Canada and Ireland for Air Services between the two countries, signed 8 August 1947; Exchange of Notes (19 April and 31 May 1948) between Canada and Ireland amending the Agreement for Air Services between the two countries, signed 31 May 1948; Exchange of Notes between Canada and Ireland constituting an Agreement amending the Annex to the Air Agreement of 8 August 1947, signed 9 July 1951. Exchange of Notes between Canada and Ireland modifying the Air Agreement of 8 August 1947 between the two countries, signed 23 December 1957;
- (k) The Italian Republic: Agreement between Canada and Italy for Air Services, signed 2 February 1960; Exchange of Notes between the Government of Canada and the Government of the Republic of Italy constituting an Agreement to Amend the Agreement for Air Services as specified in the Agreed Minute of April 28, 1972, signed 28 August 1972;

- (l) The Kingdom of the Netherlands: Agreement between the Government of Canada and the Government of the Kingdom of the Netherlands relating to Air Transport, signed 2 June 1989; Exchange of Notes between the Government of Canada and the Government of the Kingdom of the Netherlands constituting an Agreement relating to the Operation of Non-scheduled (charter) Flights, signed 2 June 1989;
- (m) The Republic of Poland: Air Transport Agreement between the Government of Canada and the Government of the Polish People's Republic, signed 14 May 1976; Exchange of Notes constituting an agreement between the Government of Canada and the Government of the Polish People's Republic relating to Articles IX, XI, XIII and XV of the Air Transport Agreement signed 14 May 1976, signed at the same date;
- (n) The Portuguese Republic: Agreement between the Government of Canada and the Government of Portugal for Air Services between Canadian and Portuguese Territories, signed 25 April 1947; Exchange of Notes between the Government of Canada and the Government of Portugal amending paragraphs 3 and 4 of the Annex to the Agreement for Air Services between the two countries signed at Lisbon 25 April 1947, signed 24 and 30 April 1957. Exchange of Notes between Canada and Portugal amending paragraph 7 of the Annex to the Agreement for Air Services between the two countries, signed 5 and 31 March 1958;
- (o) Romania: Agreement between the Government of Canada and the Government of the Socialist Republic of Romania on Civil Air Transport, signed 27 October 1983;
- (p) The Kingdom of Spain: Agreement between the Government of Canada and the Government of Spain on Air Transport, signed 15 September 1988;
- (q) The Kingdom of Sweden: Agreement between Canada and Sweden for Air Services between Canadian and Swedish Territories, signed 27 June 1947; Exchange of Notes between Canada and Sweden supplementing the Agreement for Air Services between Canadian and Swedish Territories, signed 27 June and 28 June 1947. Exchange of Notes between Canada and Sweden modifying the Agreement of 1947 concerning air services, signed 16 May 1958; and
- (r) The United Kingdom of Great Britain and Northern Ireland: Agreement between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland Concerning Air Services, signed 22 June 1988.

SECTION 2

For the purposes of Annex 2, Section 2, the following rights shall be available in accordance with subparagraph 2(a)(iii):

Part 1 for the Airlines of Canada

In conjunction with the operation of passenger-combination services between Canada and individual Member States, and in the operation of all-cargo services, airlines of Canada shall enjoy the following rights:

Member State	Traffic rights
Bulgaria	Fifth freedom rights shall be available at two points to be named which may be served intermediate to and/or beyond Sofia.
Czech Republic	Fifth freedom rights shall be available at up to four points of Canada's choice, intermediate to or beyond Prague and one additional point in the Czech Republic.
Denmark	Fifth freedom rights shall be available between Copenhagen and: <ul style="list-style-type: none"> (a) Amsterdam and Helsinki; or (b) Amsterdam and Moscow. Amsterdam may be served as an intermediate point or as a point beyond. Helsinki and Moscow are to be served as points beyond.
Germany	Fifth freedom traffic rights may be exercised between intermediate points in Europe and points in Federal Republic of Germany and between points in the Federal Republic of Germany and points beyond.
Greece	Fifth freedom rights shall be available at points intermediate to and/or beyond Athens and two additional points in Greece, excluding points in Turkey and Israel. The total number of intermediate points and points beyond that may be served at any one time with fifth freedom rights shall not exceed five of which no more than four may be intermediate points.
Ireland	Fifth freedom rights shall be available between points in Ireland and intermediate points, and between points in Ireland and points beyond Ireland. For all-cargo services, the right shall be available to provide international transportation between points in Ireland and points in third countries without a requirement to serve a point in Canada.

Member State	Traffic rights
Italy	Fifth freedom traffic rights shall be available between two intermediate points in Europe and Rome and/or Milan. Intermediate points with fifth freedom rights may also be served as points beyond.
Poland	Fifth freedom rights shall be available between Warsaw and two intermediate points in Europe to be selected by Canada from the following: Brussels, Copenhagen, Prague, Shannon, Stockholm, Vienna, Zurich.
Portugal	Fifth freedom traffic rights shall be available between points in Portugal and intermediate points, and between points in Portugal and points beyond Portugal.
Spain	Intermediate and beyond fifth freedom rights shall be available: (a) between Madrid and three additional points in Spain, and points in Europe, (except for Munich, Denmark, Sweden, Norway, Italy and the Republics of the former USSR); and (b) between Madrid and one other point in Spain and points in Africa and the Middle East, as defined by ICAO in Document 9060-AT/723. Not more than four fifth freedom rights shall be exercised at any one time.
Sweden	Fifth freedom rights shall be available between Stockholm and: (a) Amsterdam and Helsinki; or (b) Amsterdam and Moscow. Amsterdam may be served as an intermediate point or as a point beyond. Helsinki and Moscow are to be served as points beyond.
United Kingdom	Fifth freedom rights shall be available between points in the United Kingdom and intermediate points, and between points in the United Kingdom and points beyond. For all-cargo services, the right shall be available to provide international transportation between points in the United Kingdom and points in third countries without a requirement to serve a point in Canada.

Part 2 for the Airlines of the European Community

In conjunction with the operation of passenger-combination services between individual Member States and Canada, and in the operation of all-cargo services, Community airlines shall enjoy the following rights:

Member State	Traffic rights
Belgium	Fifth freedom traffic rights shall be available between Montreal and two points beyond in the United States of America located east of and including Chicago and north of and including Washington DC.
Bulgaria	Fifth freedom rights may be exercised at one beyond point in the United States of America east of and excluding Chicago and north of and including Washington DC. No fifth freedom rights shall be available if Montreal and Ottawa are co-terminalled. No fifth freedom rights shall be available at intermediate points.
Czech Republic	Fifth freedom rights shall be available between Montreal and two beyond points in the United States of America, north of and including Washington DC and east of and including Chicago.
Denmark	Fifth freedom rights shall be available between Montreal and Chicago and between Montreal and Seattle. Chicago may be served as an intermediate point or as a point beyond. Seattle may only be served as a point beyond.
Germany	Fifth freedom traffic rights shall only be available between Montreal and one beyond point in Florida. As an alternative, fifth freedom traffic rights shall be available between Montreal and two beyond points in the Continental United States of America excluding points in the states of California, Colorado, Florida, Georgia, Oregon, Texas and Washington.
Greece	Fifth freedom traffic rights shall be available between Montreal and Boston or between Montreal and Chicago or beyond Toronto to one point to be named by the Hellenic Republic in the United States of America, with the exception of points in California, Texas and Florida.

Member State	Traffic rights
Ireland	Fifth freedom rights shall be available between points in Canada and intermediate points, and between points in Canada and points beyond Canada. For all-cargo services, the right shall be available to provide international transportation between points in Canada and points in third countries without a requirement to serve a point in Ireland.
Italy	Fifth freedom traffic rights shall be available between two intermediate points in the northeast United States of America (north of and including Washington; east of and including Chicago) and Montreal and/or Toronto. Intermediate points with fifth freedom rights may also be served as points beyond.
Poland	Fifth freedom rights shall be available between Montreal and New York as an intermediate or beyond point.
Portugal	Fifth freedom traffic rights shall be available between points in Canada and intermediate points, and between points in Canada and points beyond.
Spain	Intermediate and beyond fifth freedom rights shall be available: (a) between Montreal and three additional points in Canada, and Chicago, Boston, Philadelphia, Baltimore, Atlanta, Dallas/Ft. Worth and Houston; and (b) between Montreal and Mexico City. Not more than four fifth freedom rights shall be exercised at any one time.
Sweden	Fifth freedom rights shall be available between Montreal and Chicago and between Montreal and Seattle. Chicago may be served as an intermediate point or as a point beyond. Seattle may only be served as a point beyond.
United Kingdom	Fifth freedom rights shall be available between points in Canada and intermediate points and between points in Canada and points beyond Canada. For all-cargo services, the right shall be available to provide international transportation between points in Canada and points in third countries without a requirement to serve a point in the United Kingdom.

SECTION 3

Notwithstanding Section 1 of this Annex, for areas that are not included within the definition of 'Territory' in Article 1 of this Agreement, the agreements in paragraphs (d) The Kingdom of Denmark, (f) The French Republic, (l) The Kingdom of the Netherlands, and (r) The United Kingdom of Great Britain and Northern Ireland shall continue to apply, according to their terms.

Declaration by the European Community and its Member States on the EU-Canada Air Transport Agreement to be made at the signature

'With regard to Article 26(2), the European Community and its Member States confirm that the phrase "the bilateral agreements in force listed in Annex 3 shall be suspended except to the extent provided for in Annex 2" has the same effect as stating that the relevant provisions in the Agreement shall prevail over the relevant provisions of the bilateral agreements in force listed in Annex 3.'

Declaration by the European Community and its Member States on the EU-Canada Air Transport Agreement to be made at the signature

'The European Community and its Member States clarify that the Air Transport Agreement between the European Community and its Member States on the one part, and Canada, on the other part, in particular in its Article 8, does not provide for the exemption from value added tax (VAT), with the exception of turnover tax on imports, and does not preclude Member States from taxing aviation fuel for domestic or intra-Community flights in line with Council Directive 2003/96/EC.'
