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AGREEMENT

BETWEEN

THE GOVERNMENT OF GEORGIA

AND

THE SWISS FEDERAL COUNCIL

RELATING TO SCHEDULED AIR SERVICES

The Government of Georgia and the Swiss Federal Council (hereinafter, "the Contracting Parties");

Desiring to promote an international aviation system based on competition among airlines in the marketplace with minimum government interference and regulation;

Desiring to facilitate the expansion of international air services opportunities;

Recognising that efficient and competitive international air services enhance trade, the welfare of consumers, and economic growth;

Desiring to make it possible for airlines to offer a variety of service options, and wishing to encourage individual airlines to develop and implement competitive prices;

Desiring to ensure the highest degree of safety and security in international air services;

Being Parties to the Convention on International Civil Aviation, signed in Chicago, on December 7, 1944;

Have agreed as follows:

Article 1 Definitions

For the purpose of the present Agreement and its Annex, unless otherwise agreed:

- a. The term "the Convention" means the Convention on International Civil Aviation, signed in Chicago, on December 7, 1944, and includes any annex adopted under article 90 of that Convention and any amendment of the annexes or Convention under articles 90 and 94 thereof so far as those annexes and amendments are applicable for both Contracting Parties;
- b. The term "the present Agreement" means the present Agreement, its Annex hereto and any amendments to them;
- c. The term "aeronautical authorities" means, in the case of Georgia, the Ministry of Economic Development and/or the United Transport Administration and, in the case of Switzerland, the Federal Office of Civil Aviation or in both cases any person or body, authorised to exercise the functions presently assigned to the said authorities;
- d. The term "designated airlines" means an airline or airlines designated and authorised by the Contracting Parties, in accordance with Article 5 of the present Agreement, for the operation of the agreed air services;
- e. The term "agreed services" means air services on the specified routes for the carriage of passengers, cargo and mail, separately or in combination;
- f. The terms "air service", "international air service", "airline" and "stop for non-traffic purposes" shall have the meaning respectively assigned to them in Article 96 of the Convention;
- g. The term "territory" in relation to a State shall have the meaning assigned to it in Article 2 of the Convention;
- h. The term "tariff" means the prices to be paid for the carriage of passengers, baggage and cargo and the conditions under which these prices apply, including commission charges and other additional remuneration for agency or sale of transportation documents but excluding remuneration and conditions for the carriage of mail.

Article 2 Grant of Rights

1. Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the purpose of operating international air services on the routes specified in the schedules of the Annex. Such services and routes are hereafter called "agreed services" and "specified routes" respectively.
2. Subject to the provisions of the present Agreement the airlines designated by each Contracting Party shall enjoy, while operating international air services:
 - a. the right to fly without landing across the territory of the other Contracting Party;
 - b. the right to make stops in the said territory for non-traffic purposes;
 - c. the rights otherwise specified in the present Agreement.
3. Nothing in this Article shall be deemed to confer on the designated airlines of one Contracting Party the privilege of embarking, in the territory of the other Contracting Party, passengers, baggage, cargo and mail carried for remuneration or hire and destined for another point in the territory of that Contracting Party.
4. If because of armed conflict, political disturbances or developments, or special and unusual circumstances, the designated airlines of one Contracting Party are unable to operate a service on its normal routing, the other Contracting Party shall use its best efforts to facilitate the continued operation of such service through appropriate rearrangements of such routes, including the grant of rights for such time as may be necessary to facilitate viable operations.

Article 3 Exercise of Rights

1. The designated airlines shall enjoy fair and equal opportunities to compete in providing the agreed services covered by the present Agreement.
2. Neither Contracting Party shall restrict the right of each of the designated airlines to carry international traffic between the respective territories of the Contracting Parties or between the territory of one Contracting Party and the territories of third countries.

3. Each Contracting Party shall allow the designated airlines to determine the frequency and capacity of the international air services it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Contracting Party shall unilaterally limit the volume of traffic, frequency, number of destinations or regularity of service, or the aircraft type or types operated by the designated airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

Article 4 Application of Laws and Regulations

1. The legislation in force of one Contracting Party governing entry into and departure from its territory of aircraft engaged in international air navigation or flights of such aircraft over that territory shall apply to the designated airlines of the other Contracting Party.
2. The legislation in force of one Contracting Party governing entry into, sojourn in, and departure from its territory of passengers, crew, baggage, cargo or mail, such as formalities regarding entry, exit, emigration and immigration, as well as customs and sanitary measures shall apply to passengers, crew, baggage, cargo or mail carried by the aircraft of the designated airlines of the other Contracting Party while they are within the said territory.
3. To avoid the case of discrimination, neither Contracting Party may grant any preference to its own airlines with regard to the designated airlines of the other Contracting Party in the application of the legislation in force provided for in this Article.

Article 5 Designation and Operating Authorisation

1. Each Contracting Party shall have the right to designate as many airlines as it wishes for the purpose of operating the agreed services. Such designation shall be effected by a written notification through the diplomatic channels.
2. The aeronautical authorities which have received the notification of designation shall, subject to the provisions of paragraphs 3 and 4 of this Article, grant without delay to the designated airlines of the other Contracting Party the

necessary operating authorisation.

3. The aeronautical authorities of one Contracting Party may require the airlines designated by the other Contracting Party to prove that they are qualified to fulfil the conditions prescribed under the legislation in force normally applied to the operation of international air services by the said authorities in conformity with the provisions of the Convention.
4. Each Contracting Party shall have the right to refuse to grant the operating authorisation referred to in paragraph 2 of this Article, or to impose such conditions as it may deem necessary on the exercise of the rights specified in Article 2 of the present Agreement, whenever the said Contracting Party has no proof that the airlines have their principal place of business in the territory of the Contracting Party designating them and that they hold current Air Operator's Certificates issued by the said Contracting Party.
5. Having received the operating authorisation, provided for under paragraph 2 of this Article, the designated airlines may at any time operate the agreed services.

Article 6 Revocation and Suspension of Operating Authorisation

1. Each Contracting Party shall have the right to revoke or suspend an operating authorisation for the exercise of the rights specified in Article 2 of the present Agreement by the designated airlines of the other Contracting Party or to impose such conditions as it may deem necessary on the exercise of such rights, if:
 - a. it has no proof that the said airlines have their principal place of business in the territory of the Contracting Party designating them and hold current Air Operator's Certificates issued by the said Contracting Party, or
 - b. the said airlines fail to comply with or have seriously infringed the legislation in force of the Contracting Party granting these rights, or
 - c. the said airlines fail to operate the agreed services in accordance with the conditions prescribed under the present Agreement.
2. Such a right shall be exercised only after consultation with the other

Contracting Party, unless immediate revocation, suspension or imposition of the conditions provided for under paragraph 1 of this Article is essential to prevent further infringements of the legislation in force.

Article 7 Aviation Security

1. The Contracting 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. The Contracting Parties shall follow the provisions of the following conventions: 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 Suppression of Unlawful Acts of violence at Airports Serving International Civil Aviation, done at Montreal on 24 February 1988, the Convention on the Marking of Plastic Explosives for the Purpose of Detection, done at Montreal on 1 March 1991, as well as with any other convention and protocol relating to the security of civil aviation which both Contracting Parties adhere to.
2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organisation and designated as Annexes to the Convention to the extent that such security provisions are applicable to the Contracting Parties. They shall require that operators of aircraft of their registry or 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 aviation security provisions.
4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 3 of this Article required by the other Contracting Party for entry into, departure from, or

while within, the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also consider any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.
6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Failure to reach a satisfactory agreement within fifteen (15) days from the date of such request shall constitute grounds to withhold, revoke, limit, or impose conditions on the operating authorisation and technical permissions of the airlines of that Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the expiry of fifteen (15) days.

Article 8 Aviation Safety

1. Each Contracting Party shall recognise as valid, for the purpose of operating the agreed services provided for in the present Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the other Contracting Party and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards that may be established pursuant to the Convention.

2. Each Contracting Party may, however, refuse to recognise as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party or by a third country.
3. Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within thirty (30) days of that request.
4. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within fifteen (15) days or such longer period as may be agreed shall be grounds for the application of Article 6 of the present Agreement.
5. Notwithstanding the obligations mentioned in Article 33 of the Convention it is agreed that any aircraft operated by or, under a lease arrangement, on behalf of the airline or airlines of one Contracting Party on services to or from the territory of another Contracting Party may, while within the territory of the other Contracting Party, be made the subject of an examination by the authorized representatives of the other Contracting Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.
6. If any such ramp inspection or series of ramp inspections gives rise to:
 - a. serious concerns 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
 - b. serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,

the Contracting Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licenses in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or above the minimum standards established pursuant to the Convention.

7. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by or on behalf of the airline or airlines of one Contracting Party in accordance with paragraph 5 above is denied by the representative of that airline or airlines, the other Contracting Party shall be free to infer that serious concerns of the type referred to in paragraph 6 above arise and draw the conclusions referred in that paragraph.
8. Each Contracting Party reserves the right to suspend or vary the operating authorization of an airline or airlines of the other Contracting Party immediately in the event the first Contracting Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.
9. Any action by one Contracting Party in accordance with paragraphs 4 or 8 above shall be discontinued once the basis for the taking of that action ceases to exist.

Article 9 Leasing

1. Either Contracting Party may prevent the use of leased aircraft for services under the present Agreement which does not comply with Articles 7 (Aviation Security) and 8 (Aviation Safety).
2. Subject to paragraph 1 above, the designated airlines of each Contracting Party may use aircraft (or aircraft and crew) leased from any company, including other airlines, provided that this would not result in a lessor airline exercising traffic rights it does not have.

Article 10 Exemption from Duties and Taxes

1. Aircraft operated on international services by the designated airlines of one Contracting Party, as well as their normal equipment, supplies of fuel and lubricants, aircraft stores including food, beverages and tobacco carried on board such aircraft, shall, on entering into the territory of the other Contracting Party, be exempt from all duties or taxes, provided such equipment, supplies and stores remain on board the aircraft until they are removed from the territory of that Contracting Party.
2. Shall also be exempt from the same duties and taxes, with exception of charges corresponding to the services rendered:
 - a. aircraft stores taken on board in the territory of one Contracting Party, within the limits fixed by the authorities of the said Contracting Party, and intended for use on board the aircraft operated on an international service by the designated airlines of the other Contracting Party;
 - b. spare parts and normal board equipment imported into the territory of one Contracting Party for the maintenance or repair of aircraft operated on international services;
 - c. fuel and lubricants destined for the designated airlines of one Contracting Party to supply aircraft operated on international services, even when these supplies are to be used on any part of a journey performed over the territory of the Contracting Party in which they have been taken on board;
 - d. the necessary documents used by the designated airlines of one Contracting Party including transportation documents, airway bills and advertising material, as well as motor vehicles, material and equipment which may be used by the designated airlines for commercial and operational purposes within the airport area provided such material and equipment serve the transportation of passengers and freight.
3. The normal board equipment, as well as the materials and supplies retained on board the aircraft operated by the designated airlines of one Contracting Party may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that territory. In such a case, they may be placed under the supervision of the said authorities until they are removed

from the territory of that Contracting Party or otherwise disposed of in accordance with customs regulations.

4. The exemptions provided for by this Article shall also be available in situations where the designated airlines of either Contracting Party have entered into arrangements with other airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraphs 1 and 2 of this Article provided such other airlines similarly enjoy such exemptions from such other Contracting Party.

Article 11 Direct Transit

Passengers, baggage and cargo in direct transit across the area of either Contracting Party and not leaving the area of the airport reserved for such purposes shall, unless security measures against violence, border integrity, air piracy and smuggling of narcotic drugs and immigration control measures require differently, be subject to no more than a very simplified control. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

Article 12 User Charges

1. Each Contracting Party shall use its best efforts to ensure that user charges imposed or permitted to be imposed by its competent authorities on the designated airlines of the other Contracting Party are just and reasonable. They shall be based on sound economic principles.
2. Charges for the use of airport and air navigation facilities and services offered by one Contracting Party to the designated airlines of the other Contracting Party shall not be higher than those which have to be paid by its national aircraft operating on scheduled international services.
3. Each Contracting Party shall encourage consultations between the competent charging authorities or bodies in its territory and the designated airlines using the services and facilities, and shall encourage the competent charging authorities or bodies and the designated airlines 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 Contracting Party shall encourage the competent charging authorities to provide users with reasonable notice of any proposal for changes

in user charges to enable users to express their views before changes are made.

Article 13 Commercial Activities

1. The designated airlines of one Contracting Party shall be permitted to maintain adequate representations in the territory of the other Contracting Party. These representations may include commercial, operational and technical staff which may consist of transferred or locally engaged personnel.
2. For the commercial activities the principle of reciprocity shall apply. The competent authorities of each Contracting Party will take all necessary steps to ensure that the representations of the airlines designated by the other Contracting Party may exercise their activities in an orderly manner.
3. In particular, each Contracting Party grants to the designated airlines of the other Contracting Party the right to engage in the sale of air transportation in its territory directly and, at the airlines' discretion, through its agents. The airlines shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies of other countries, in accordance with the legislation of the Contracting Parties.
4. The designated airlines of either Contracting Party may enter into marketing arrangements such as blocked space, code sharing or other commercial arrangements, with airlines of either Contracting Party, or airlines of a third country, provided that such airlines hold the appropriate operational authorisation.

Article 14 Conversion and Transfer of Revenues

The designated airlines shall have the right to convert and remit to their country, at the official rate of exchange, receipts in excess of sums locally disbursed in due proportion to the carriage of passengers, baggage, cargo and mail. If payments between the Contracting Parties are regulated by a special agreement, this special agreement shall apply.

Article 15 Tariffs

1. Each Contracting Party may require notification to or filing with its aeronautical authorities of tariffs for international air services operated pursuant to the present Agreement.
2. Without limiting the application of general competition and consumer law in each Contracting Party, intervention by the Contracting Party shall be limited to:
 - a. the prevention of unreasonably discriminatory tariffs or practices;
 - b. the protection of consumers from tariffs that are unreasonably high or unreasonably restrictive due either to the abuse of a dominant position or to concerted practices among air carriers; and
 - c. the protection of airlines from tariffs that are artificially low because of direct or indirect governmental subsidy or support.
3. Neither Contracting Party shall take unilateral action to prevent the inauguration or continuation of a tariff proposed to be charged or charged by the designated airlines of either Contracting Party for international air services between the territories of the Contracting Parties. If either Contracting Party believes that any such tariff is inconsistent with the consideration set forth in this Article, it shall request consultations and notify the other Contracting Party of the reasons for its dissatisfaction within fourteen (14) days from receiving the filing. These consultations shall be held not later than fourteen (14) days after receipt of the request. Both Contracting Parties shall use their best efforts to come to a mutual agreement within a reasonable time. Until such an agreement is reached, the tariff shall provisionally go into effect or continue in effect.

Article 16 Time-table Submission

1. Each Contracting Party may require notification to its aeronautical authorities of the envisaged time-tables by the designated airlines of the other Contracting Party no less than thirty (30) days prior to the operation of the agreed services. The same procedure shall apply to any modification thereof.

2. For supplementary flights which the designated airlines of one Contracting Party wishes to operate on the agreed services outside the approved time-table it has to request prior permission from the aeronautical authorities of the other Contracting Party. Such request shall usually be submitted at least two (2) working-days before operating such flights.

Article 17 Provision of Statistics

The aeronautical authorities of both Contracting Parties shall supply each other, on request, with periodic statistics or other similar information relating to the traffic carried on the agreed services.

Article 18 Consultations

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of the present Agreement. Such consultations, which may be between the aeronautical authorities, shall begin at the earliest possible date but not later than sixty (60) days from the date the other Contracting Party receives the written request, unless otherwise agreed by the Contracting Parties. Each Contracting Party shall prepare and present during such consultations relevant evidence in support of its position in order to facilitate informed, rational and economic decisions.

Article 19 Settlement of Disputes

1. Any dispute arising under the present Agreement, which cannot be settled by direct negotiations or through diplomatic channels, shall, at the request of either Contracting Party, be submitted to an arbitral tribunal.
2. In such a case, each Contracting Party shall nominate an arbitrator and the two arbitrators shall appoint a president, national of a third State. If within two (2) months after one of the Contracting Parties has nominated its arbitrator, the other Contracting Party has not nominated its own, or, if within the month following the nomination of the second arbitrator, both arbitrators have not

agreed on the appointment of the president, each Contracting Party may request the President of the Council of the International Civil Aviation Organisation to proceed with the necessary nominations.

3. The arbitral tribunal shall determine its own procedure. The expenses of the arbitration shall equally be shared between the Contracting Parties.
4. The Contracting Parties shall comply with any decision delivered in application of this Article.

Article 20 Modifications and Amendments

1. The present Agreement may be modified and amended by the Contracting Parties by mutual agreement, in the form of separate protocols, which will enter into force according to the procedure described in Article 23 of the present Agreement.
2. In the event of the conclusion of any general multilateral convention concerning air transport by which both Contracting Parties become bound, the present Agreement shall be modified so as to conform with the provisions of such convention.

Article 21 Termination

1. Each Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate the present Agreement. Such notice shall simultaneously be communicated to the International Civil Aviation Organisation.
2. The Agreement shall terminate at the end of a time-table period during which twelve (12) months after the date of receipt of the notice will have elapsed, unless the notice is withdrawn by mutual agreement before the expiry of this period.
5. In default of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the date on which the International Civil Aviation Organisation will have received communication thereof.

Article 22 Registration

The present Agreement and all amendments thereto shall be registered with the International Civil Aviation Organisation.

Article 23 Entry into Force

The present Agreement shall enter into force on the date of the last written notification by which the Contracting Parties have notified each other, through diplomatic channels, that their internal legal requirements for its entry into force have been fulfilled.

In witness thereof the undersigned being duly authorised by their respective Governments have signed the present Agreement.

DONE in duplicate at Tbilisi on this 22 day of July 2008 in the English, Georgian and German languages, all three texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

For the Government of Georgia



For the Swiss Federal Council

