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AGREEMENT

**BETWEEN THE GOVERNMENT OF GEORGIA AND THE GOVERNMENT OF
THE REPUBLIC OF ARMENIA**

CONCERNING AIR SERVICES

The Government of Georgia and the Government of the Republic of Armenia (hereinafter referred to as "the Contracting Parties")

Being participants to the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944;

Desiring to conclude an Agreement according to the provisions of the said Convention for the purpose of operating air services between their state territories:

Have agreed as follow:

ARTICLE 1
Definitions

For the purpose of this Agreement, unless the context otherwise requires:

- (a) the term "the Chicago Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944 and includes: (i) any amendment thereto which has entered into force under Article 94 (a) thereof and has been ratified by both Contracting Parties; and (ii) any annex or any amendment thereto adopted under Article 90 of that Convention, insofar as such amendment or annex is at any given time effective for both Contracting Parties;
- (b) the term "aeronautical authorities" means in the case of Georgia, the Ministry of Economic Development of Georgia and/or the United Transport Administration and in the case of the Republic of Armenia – the General Department of Civil Aviation at the Government of the Republic of Armenia, or, in both cases, any person or body who may be authorized to perform any functions exercisable by the above-mentioned authorities;
- (c) the term "designated airline" means an airline which has been designated and authorized in accordance with Article 4 of this Agreement;
- (d) the term "territory" in relation to a State has the meaning assigned to it in Article 2 of the Chicago Convention;
- (e) the terms "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Chicago Convention;
- (f) the term "this Agreement" includes said agreement, its Annex hereto and any amendments to this agreement or to its annex that forms an integral part of this Agreement;

- (g) the term "user charges" means a charge made to airlines by the competent authorities or permitted by them to be made for the provision of airport property or facilities or of air navigation facilities, including related services and facilities, for aircraft, their crews, passengers and cargo;
- (e) the term "fifth freedom rights" means the right granted to the designated airline of the one Contracting Party by the other Contracting Party for the take on of passengers, cargo, baggage and mail on the territory of the other Contracting Party with the aim of their transportation on the territory of the third country.

ARTICLE 2

Applicability of the Chicago Convention

The provisions of this Agreement shall be subject to the provisions of the Chicago Convention insofar as those provisions are applicable to international air services.

ARTICLE 3

Grant of Rights

- (1) Each Contracting Party grants to the designated airline(s) of the other Contracting Party the following rights in respect of its international air services:
 - (a) the right to fly across its state territory without landing;
 - (b) the right to make stops in its state territory for non-traffic purposes.
- (2) Each Contracting Party grants to the designated airline(s) of the other Contracting Party the rights hereinafter specified in this Agreement for the purpose of operating international air services on the routes specified in the appropriate Section of the Schedule annexed to this Agreement, which is an integral part of this Agreement. Such services and routes are hereinafter called "the agreed services" and the "specified routes" respectively. While operating an agreed service on a specified route the airlines designated by each Contracting Party shall enjoy in addition to the rights specified in paragraph (1) of this Article the right to make stops in the state territory of the other Contracting Party at the points specified for that route in the Schedule to this agreement for the purpose of taking on board and discharging passengers and cargo, including mail.
- (3) Nothing in paragraph (2) of this Article shall be deemed to confer on the designated airlines of one Contracting Party the right to exercise the fifth freedom rights without the agreement of the Aeronautical Authorities of the concerned Contracting Parties or to take on board, in the state territory of the other Contracting Party, passengers and cargo, including mail, carried for hire or reward and destined for another point in the state territory of the other Contracting Party.
- (4) If because of armed conflict, political disturbances or developments, or force majeure circumstances, a designated airline of one Contracting Party is 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 temporary rearrangements of routes.

ARTICLE 4
Designation of and Authorization of Airlines

- (1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes and to withdraw or alter such designations, without delay.
- (2) On receipt of information of such designation the other Contracting Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay grant to the airline or airlines designated the appropriate operating authorizations.
- (3) The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the legislation in force normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Chicago Convention.
- (4) Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the right specified in Article 3(2) of this Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.
- (5) When an airline has been so designated and authorized, it may at any time begin to operate the services, provided that the flight schedules has been approved in accordance with the provisions of Article 6 of the present Agreement.

ARTICLE 5
Revocation or Suspension of Operating Authorizations

- (1) Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 3(2) of this Agreement by an airline designated by the other Contracting Party, or to propose such conditions as it may deem necessary on the exercise of these rights:
 - (a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party ; or
 - (b) in the case of failure by that airline to comply with the legislation of the Contracting Party which has granted these rights; or
 - (c) if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.
- (2) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultations with the other

Contracting Party. Such consultations shall take place prior to the expiry of thirty (30) days following the request by interested Contracting Party, unless both Contracting Parties otherwise agree.

ARTICLE 6
Principles Governing Operation of Agreed Services

- (1) Each Contracting Party shall allow the airlines designated by the both Contracting Parties to fairly carry out the competition for operating the International Air Services envisaged by the present Agreement.
- (2) Each Contracting Party shall allow the airlines designated by both Contracting Parties to define independently the capacity and frequency of services, which they propose to the consumers with regard to the reasonably possible and existed requirements on the transportation market place and which are supplied on the specified routes envisaged by the Annex of the Agreement. No Contracting Party defines unilaterally the traffic capacity, frequency or regulation, or the type (types) of the aircrafts for the air carries designated by the other Contracting Party, which are operated by the airlines designated by the other Contracting Party, with the exception, when there exists limitation in accordance with the legislation regulating technical, operating, customs, environmental fields. The operation of air service, in any case, shall be carried out in accordance with the provisions determined by the Article 15 of the Chicago Convention.
- (3) The airlines designated by the Contracting Party, submit to the Aeronautical Authorities of the other Contracting Party the flight schedules for approval 30 days earlier until the presumable date of their operating. In some cases, the mentioned period may be reduced on the basis of the agreement between the Aeronautical Authorities.
- (4) The schedules established for each season (April-October, November-March) shall remain in force for the further corresponding seasons, until new schedules have been established in accordance with the provisions of this Article.
- (5) The flight schedule, whereas possible should take into account the services, supplied on the agreed air service equally, during the weekdays, with envisaging the reasonable requirement. It agrees beforehand with the airports concerned and navigation bodies.

ARTICLE 7
Tariffs

- (1) Each Contracting Party shall allow tariffs for air transportation to be established by each designated airline based upon commercial considerations in the marketplace. Intervention by the Contracting Parties shall be limited to:
 - (a) prevention of unreasonably discriminatory tariffs or practices;
 - (b) protection of consumers from tariffs that are unreasonably high or restrictive due to the abuse of a dominant position; and

- (c) protection of airlines from tariffs that are artificially low due to direct or indirect governmental subsidy or support.
- (2) Tariffs for international air transportation by designated airlines between the territories of the Contracting Parties shall not be required to be approved. Notwithstanding the foregoing the designated airlines of the Contracting Parties shall continue to provide immediate access, on request, to information on historical, existing, and proposed tariffs to the aeronautical authorities.
- (3) Neither Contracting Party shall take unilateral action to prevent the inauguration or continuation of tariffs proposed to be changed or changed by:
 - (i) an airline of either Contracting Party for international air transportation between the territories of the Contracting Parties, or
 - (ii) an airline of one Contracting Party for international air transportation between the territory of the other Contracting Party and any other country, including in both cases transportation on an interline basis.

If either Contracting Party believes that any such tariff is inconsistent with the consideration set forth in paragraph 1 of this Article, it shall request consultations and notify the other Contracting Party of the reasons for its dissatisfaction as soon as possible. These consultations shall be held not later than 30 days after receipt of the request, and the Contracting Parties shall cooperate in securing information necessary for reasoned resolution of the issue. If the Contracting Parties reach agreement with respect to a tariff for which a notice of dissatisfaction has been given, each Contracting Party shall use its best efforts to put that agreement into effect. Without such mutual agreement, the tariff shall go into effect or continue in effect.

ARTICLE 8 Customs Duties

- (1) Aircraft operated in international air services by the designated airline or airlines of either Contracting Party shall be relieved from all customs duties, national excise taxes and similar national fees, as shall:
 - (a) the following items introduced by a designated airline of one Contracting Party into the state territory of the other Contracting Party:
 - (i) repair, maintenance and servicing equipment and component parts;
 - (ii) passenger handling equipment and component parts;
 - (iii) cargo-loading equipment and component parts;
 - (iv) security equipment including component parts for incorporation into security equipment;
 - (v) instructional material and training aids;
 - (vi) computer equipment and component parts;

- (vii) airline and operators' documents; and
- (b) the following items introduced by a designated airline of one Contracting Party into the state territory of the other Contracting Party or supplied to a designated airline of one Contracting Party in the state territory of the other Contracting Party:
 - (i) aircraft stores (including but not limited to such items as food, beverages and tobacco) on conditions that above mentioned stores will stay on board of this aircraft until leaving the state territory of Contracting Party.
 - (ii) fuel, lubricants and consumable technical supplies;
 - (iii) spare parts including engines;

provided in each case that they are for use on board an aircraft or within the limits of an international airport in connection with establishment or maintenance of an international air service by the designated airline concerned.

- (2) The relief from customs duties, national excise taxes and similar national fees shall not extend to cost cover expenditures on realized services for designated airline(s) of a Contracting Party on the state territory of other Contracting Party.
- (3) Equipment and supplies referred to in paragraph (1) of this Article may be required to be kept under the supervision or control of the appropriate authorities.
- (4) The relieves provided for by this Article shall also be available in the cases when the designated airline or airlines of one Contracting Party have entered into arrangements with another airline or airlines for the loan or transfer in the state territory of the other Contracting Party of the items specified in paragraph (1) of this Article, provided such other airline or airlines similarly enjoy such relieves from such other Contracting Party.

ARTICLE 9 **Aviation Security**

- (1) The assurance of safety for civil aircraft, their passengers and crew being a fundamental pre-condition for the operation of international air services, the Contracting Parties reaffirm that their obligations to each other to provide for the security of civil aviation against acts of unlawful interference (and in particular their obligations under the Chicago Convention, the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, The Convention for the Suppression of Unlawful Seizure of Aircraft, signed at the Hague on 16 December 1970 and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971) form an integral part of this Agreement.
- (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 Standards and, so far as they are applied by them, the Recommended Practices established by the International Civil Aviation Organization and designated as Annexes to the Chicago Convention; and shall require that operators of aircraft of their registry, operators who have their principal place of business or permanent residence in their territory, and the operators of airports in their state territory, act in conformity with such aviation security provisions. In this paragraph the reference to aviation security Standards includes any difference notified by the Contracting Party concerned. Each Contracting Party shall give advance information to the other of its intention to notify any difference.
- (4) Each Contracting Party shall ensure that effective measures are taken within its state territory to protect aircraft, to screen passengers and their carry-on items, and to carry out appropriate checks on crew, cargo (including hold baggage) and aircraft stores prior to and during boarding or loading and that those measures are adjusted to meet increases in the threat. Each Contracting Party agrees that its designated airlines may be required to observe the aviation security provisions referred to in paragraph (3) required by the other Contracting Party, for entrance into, departure from, or while within, the state territory of that other Contracting Party. Each Contracting Party shall also act favorably upon 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 as rapidly as possible commensurate with minimum risk to life such incident or threat.

ARTICLE 10 **Flight Safety**

- (1) Each Contracting Party may request consultations at any time concerning safety standards in any area relating to crew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within 30 days of that request.
- (2) 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 Chicago 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 15 days or such longer period as may be agreed, shall be grounds for the application of Article 4 of this Agreement (revocation, suspension and variation of operating authorizations).

- (3) Notwithstanding the obligations mentioned in Article 33 of the Chicago Convention Contracting Parties agreed that any aircraft operated by the airline or airlines of one Contracting Party on services to or from the state territory another Contracting Party may, while within the state 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 conditions of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.
- (4) If any ramp inspection or series of ramp inspections mentioned in Point 3 of this Article 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 Chicago 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 Chicago Convention, the Contracting Party carrying out the inspection shall, for the purposes of Article 33 of the Chicago 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, do not comply with the minimum standards established pursuant to the Chicago Convention.
- (5) In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by the airline or airlines of one Contracting Party in accordance with the paragraph 3 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 4 above arise and draw the conclusions referred in that paragraph.
- (6) 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 denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.
- (7) Any action by one Contracting Party in accordance with paragraph 2 or 6 above shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 11 **Provision of Statistics**

The aeronautical authorities of a Contracting Party shall supply to the aeronautical authorities of the other Contracting Party at their request such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airlines of the Contracting Party. Such statements shall include all information required to determine the amount of

traffic carried by those airlines on the agreed services and the origins and destinations of such traffic.

ARTICLE 12
Transfer of Earnings

Each designated airline shall have the right, on demand, to convert and transfer to its own country the revenues received in the state territory of the other Contracting Party excess of sums locally disbursed. Conversion and transfer shall be permitted without restrictions at the rate of exchange applicable to current transactions which is in effect at the time such revenues are presented for conversion and transfer, and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.

ARTICLE 13
Airline Representation and Sales

- (1) The designated airline or airlines of one Contracting Party shall be entitled, in accordance with the legislation in force in the relating to entry, residence and employment of the other Contracting Party, to bring in and maintain in the state territory of the other Contracting Party those of their own managerial, technical operational and other specialist staff who are required for the provision of air services.
- (2) The designated airlines of each Contracting Party shall have the right to engage in the sale of air transportation in the state territory of the other Contracting Party, either directly or through agents appointed by the designated airline. The designated airlines of each Contracting Party shall have the right to sell, and any person shall be free to purchase, such transportation in local currency.

ARTICLE 14
User Charges

- (1) Neither Contracting Party shall impose or permit to be imposed on the designated airlines of the other Contracting Party user charges higher than those imposed on its own airlines operating similar international air services.
- (2) Each Contracting Party shall encourage consultation on user charges between its competent charging authorities and airlines using the services and facilities provided by those charging authorities, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for charges in user charges should be given to such users to enable them to express their views before charges are made. Each Contracting Party shall further encourage its competent charging authorities and such users to exchange appropriate information concerning user charges.

ARTICLE 15
Consultation

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement or compliance with this Agreement. Such consultations, which may be between aeronautical authorities, shall begin within a period of 60 days from the date other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

ARTICLE 16
Settlements of Disputes

- (1) Any dispute relating to the interpretation or application of this Agreement or the Annex thereto shall be settled by direct negotiations between the aeronautical authorities of the Contracting Parties. Such negotiations shall commence as soon as practicable but in any event not later than sixty (60) days from the date of receipt of a request for such negotiations, unless otherwise agreed by the aeronautical authorities.
- (2) If the aeronautical authorities fail to reach an agreement, the dispute shall be settled by diplomatic channels between the Contracting Parties.
- (3) If the Contracting Parties fail to reach a settlement by negotiations, they may agree to refer the dispute for decision to some person or body, or the dispute may, at the request of either Contracting Party, be submitted for decision to a Tribunal of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other of a notice, through diplomatic channels, requesting arbitration of the dispute and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Contracting 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 Organization may be requested by either Contracting Party to appoint an arbitrator or arbitrators as the case requires. In all cases, the third arbitrator shall be a national of a third State and shall act as President of an arbitral body.
- (4) The arbitral tribunal shall reach its decisions by a majority of votes. The Contracting Parties undertake to comply with any decision given by Arbitral body.
- (5) Each Contracting Party shall bear the cost of its own member as well as of its representation in the arbitral proceedings; the cost of the chairman and any other costs shall be borne in equal parts by the Contracting Parties. In all other respects the arbitral tribunal shall determine its own procedure.
- (6) If either Contracting Party fails to comply with any decision given under paragraph 4 of this Article, the other Contracting Party may limit, withhold or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party in default or to the designated airline in default.

ARTICLE 17
Amendment

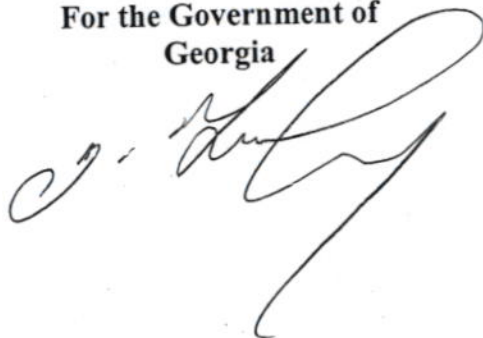
By consent of the Contracting Parties it is possible to make any amendments and additions to this Agreement in writing form that are made through the separate protocols and will enter into force pursuant to paragraph 1 of the Article 18 of this Agreement.

ARTICLE 18
Concluding Provisions

- (1) This Agreement will come into force on the date of receiving the last notification, by which the Contracting Parties notify each other through diplomatic channels concerning the fulfillment of procedures under the national legislation required for its entry into force, and is concluded for an unlimited period of time.
- (2) Either Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case this Agreement shall terminate twelve (12) months after the date of the delivery of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by mutual Agreement before the expiry of this period. In the absence of acknowledgment of the delivery by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the delivery of the notice by the International Civil Aviation Organization.
- (3) From the day of entry into force of this Agreement the Air Transport Agreement between the Government of the Republic of Georgia and the Government of the Republic of Armenia signed on 19 May, 1993 shall be deemed invalid.

Done at Tbilisi, Georgia , on date 20 JUN , 2008, in two original copies, each in Georgian, Armenian and English languages. In case of any divergence on interpretation of the provisions of this Agreement, the English text shall prevail.

**For the Government of
Georgia**



**For the Government of the
Republic of Armenia**

