

Air Services Agreement

PREAMBLE

The Kingdom of Spain and Islamic Republic of Pakistan, hereinafter referred to as the Contracting Parties;

Desiring to promote an international aviation system which offers fair and equal opportunities to their respective airlines for the operation of the services and which allows them to compete in accordance with the laws and regulations of each Contracting Party;

Desiring to facilitate the expansion of international air transport opportunities;

Desiring to make it possible for airlines to offer the traveling and shipping public a variety of service options and wishing to encourage airlines to develop and implement innovative and competitive prices; and

Desiring to ensure the highest degree of safety and security in international air transport and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property; and adversely affect the operations of air services and undermine public confidence in the safety of civil aviation.

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944;

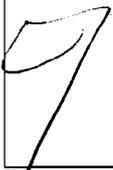
Have agreed as follows:

**ARTICLE I
DEFINITIONS**

For the purpose of interpretation and application of this Agreement, except as otherwise provided herein:

- a) the term "Aeronautical Authorities" means in the case of the Kingdom of Spain, on the civil level, the Ministry of Fomento (General Directorate of Civil Aviation), and in the case of the Islamic Republic of Pakistan, the Director General of the Civil Aviation Authority or, in both cases, any person or body duly authorized to perform any function related to this Agreement exercised by the said Authorities;
- b) the term "Agreement" means this Agreement, its Annex and any amendments thereto;

- c) the term "agreed services" means the international air services which can be operated, according to the provisions of this Agreement, on the specified routes;
- d) the term "air transportation" means the public carriage by aircraft of passengers, baggage, cargo and mail separately or in combination for remuneration or hire;
- e) the term "capacity" means, in relation to an aircraft, the availability of seats and/or cargo of the said aircraft and, in relation to the agreed services, it means the capacity of the aircraft used on the said services, multiplied by the number of frequencies operated by the said aircraft during each season on one route or on one sector of a route;
- f) the term "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, any amendment of the Annexes or the Convention under Article 90 and 94 thereof so far as those Annexes and amendments have become effective for or have been ratified by both Contracting Parties;
- g) the term "designated airline" means the airline providing international air services that each Contracting Party has designated to operate the agreed services on the specified routes as established in the Annex to this Agreement and in accordance with Article 3 of this Agreement;
- h) the term, "nationals", in the case of Spain, shall be understood as referring to nationals of European Community Member States;
- i) the term "specified routes" means the routes established or to be established in the Annex to this Agreement;
- j) the term "tariff" means any fare , rate or charge for the carriage of passengers, baggage and/or cargo (excluding mail) in air transportation including other modes of transportation in connection therewith, if applicable charged by airlines and/or their agents, and the conditions governing the availability of such fare, rate or charge;
- k) the terms "territory", "international air service", and "stop for non traffic purposes" have the meanings specified in Articles 2 and 96 of the Convention;
- l) 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, or aviation security facilities or services, including related services and facilities for aircraft, their crews, passengers and cargo.



**ARTICLE 2
OPERATING RIGHTS**

1. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement, for the purpose of establishing scheduled International air services on the routes specified in the Annex hereto.

2. The airlines designated by each Contracting Party, shall enjoy, while operating an agreed service on a specified route, the following rights:
 - a) to fly over the territory of the other Contracting Party without landing;

 - b) to make stops in the said territory for non-traffic purposes;

 - c) to make stops in the said territory at points specified in the Route Schedule in the Annex A to this Agreement for the purpose of taking on or putting down International traffic of passengers, cargo and mail, jointly or separately, in accordance with the provisions of the Annex A to this Agreement, to or from the territory of the other Contracting Party or to or from the territory of another State;

3. Airlines of either Contracting Party other than the designated airlines shall be ensured the rights specified in paragraphs a) and b) above.

4. Nothing in this Agreement shall be deemed to confer on the designated airlines of one Contracting Party rights of cabotage in the territory of the other Contracting Party

5. If because of armed conflict, political disturbances or developments, or special and unusual 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. Such measures shall be based on mutual consent between the Contracting Parties.

**ARTICLE 3
DESIGNATION OF AIRLINES**

1. Each Contracting Party shall have the right to designate by written notification through diplomatic channels to the other Contracting Party as many airlines as it wishes for the purpose of operating the agreed services on the specified routes and to substitute another airline for an airline previously designated. Such designation shall specify the scope of the authorization granted to each airline in relation to the operation of the agreed services.

2. On receipt of such designation, and on application from the designated airline, in the form and manner prescribed, the other Contracting Party shall grant without delay the appropriate operating authorizations and permissions, subject to the provisions of paragraphs 3) and 4) of this Article.

3. The Aeronautical Authorities of one Contracting Party may require any airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Convention.

4. The granting of the operating authorizations referred to in paragraph 2 of this Article shall require:

4.1 in the case of an airline designated by the Kingdom of Spain:

4.1.1 it is established in the territory of the Kingdom of Spain under the Treaty establishing the European Community and has a valid Operating Licence in accordance with European Community law; and

4.1.2 effective regulatory control of the airline is exercised and maintained by the European Community Member State responsible for issuing its Air Operator's Certificate and the relevant Aeronautical Authority is clearly identified in the designation, and

4.1.3 the airline is owned, directly or through majority ownership, and it is effectively controlled by Member States—and/or nationals of Member-states, and/or by other states listed in Annex B and/or nationals of such other states; and

4.1.4 the airline has its principal place of business in the territory of the Member State which granted its valid operating licence.

4.2 in the case of an airline designated by Islamic Republic of Pakistan

4.2.1 the airline is established in the territory of Islamic Republic of Pakistan and is licensed in accordance with the applicable law of Islamic Republic of Pakistan;

4.2.2 the Aeronautical Authority of the Islamic Republic of Pakistan has and maintains effective regulatory control of the airline; and

4.2.3 the airline is owned, directly or through majority ownership, and is effectively controlled by the Islamic Republic of Pakistan and/or by nationals of the Islamic Republic of Pakistan.

5. When an airline has been so designated and authorized, it may begin at any time to operate the agreed services in accordance with the provisions established in this Agreement.

ARTICLE 4 REVOCATIONS

1. Each Contracting Party shall have the right to revoke an operating authorization or technical permissions or to suspend the exercise of the rights specified in Article 2 of this Agreement given to the airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary for the exercise of these rights:

a) 1. In the case of an airline designated by the Kingdom of Spain:

- i) the airline is not established in the territory of Kingdom of Spain under the treaty establishing the European Community or does not have a valid operating licence from a Member State in accordance with European Community law; or
- ii) effective regulatory control of the airline is not exercised or not maintained by the European Community Member State responsible for issuing it Air Operator's Certificate or the relevant aeronautical authority is not clearly identified in the designation; or
- iii) the airline is not owned, directly or through majority ownership, or it is not effectively controlled by Member States and/or nationals of Member States, and/or by other states listed in Annex B and/or nationals of such other states; or
- iv) the airline does not have its principal place of business in the territory of the Member State which granted its valid Operating Licence; or
- v) the airline is already authorised to operate under a bilateral agreement between Islamic Republic of Pakistan and another Member State and that, by exercising traffic rights under this Agreement on a route that includes a point in that other Member State, it would be circumventing

restrictions on the traffic rights imposed by that other agreement; or

- vi) the airline designated holds an Air Operators Certificate and Operating Licence issued by a Member State with which the Islamic Republic of Pakistan does not have a bilateral air services agreement and that Member State has denied traffic rights or related commercial opportunities to an airline licensed by the Islamic Republic of Pakistan

1.1 The Islamic Republic of Pakistan shall notify the Kingdom of Spain in writing with reasons for its refusal, revocation, suspension or limitation as soon as possible. In exercising its rights under this paragraph, the Islamic Republic of Pakistan shall not discriminate between airline designated by the Kingdom of Spain on the grounds of nationality.

2. in the case of an airline designated by the Islamic Republic of Pakistan:

i) the airline is not established in the territory of the Islamic Republic of Pakistan or is not licensed in accordance with the applicable law of the Islamic Republic of Pakistan; or

ii) the aeronautical authority of the Islamic Republic of Pakistan is not maintaining effective regulatory control of the airline; or

iii) the airline is not owned directly or through majority ownership or is not effectively controlled by the Islamic Republic of Pakistan and/or by nationals of the Islamic Republic of Pakistan.

2.1 The Kingdom of Spain shall notify the Islamic Republic of Pakistan in writing with reasons for its refusal, revocation, suspension or limitation as soon as possible.

- b) in the case of failure by that airline to comply with the laws and regulations of the Contracting Party granting these rights, or
- c) in any case in which that airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under this Agreement or
- d) in the case of failure by the other Contracting Party to comply with or apply the Safety and Security standards in accordance with Articles 16 (safety) and 17 (aviation security) of this Agreement.

2. Without prejudice to the provisions under Article 16 (safety) and 17 (aviation security) and unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1) of this Article are essential to prevent further infringement of

the laws and regulations such a right shall be exercised only after consultations with the other Contracting Party

ARTICLE 5 EXEMPTIONS

1. Each party shall on the basis of reciprocity exempt a designated airline of the other party to the fullest extent possible, aircraft operated in International air services by the designated airlines of either Contracting Party, as well as their regular equipment, supplies of fuels and lubricants, and aircraft stores (including food, beverages and tobacco) which are on board such aircraft, from all customs duties and other duties or taxes or inspection fees on arriving in the territory of the other Contracting Party, provided that such equipment and supplies remain on board the aircraft up to such time as they are re-exported.

2. There shall also be exemption from the same duties and taxes, with the exception of charges corresponding to the service performed:

- a) aircraft stores taken on board in the territory of either Contracting Party, within the limits fixed by the Authorities of the said Contracting Party, and for use on board the aircraft engaged in international air services of the other Contracting Party; and
- b) spare parts, brought into the territory of either Contracting Party for the maintenance or repair of aircraft used on international air services by the designated airlines of the other Contracting Party; and
- c) fuels and lubricants destined to supply aircraft operated on international air services by the designated airlines of the other Contracting Party, even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board; and
- d) printed ticket stock, airway bills, any printed material which bears the insignia of the company printed thereon, uniforms and usual publicity material distributed without charge by the designated airlines.

The exemptions referred to in sub-paragraphs a), b), c) and d) above shall be granted in accordance with the procedure established in the Customs regulations in force.

3. Regular airborne equipment, as well as materials and supplies on board the aircraft of either Contracting Party may be unloaded in the territory of the other Contracting Party only with the approval of the Customs Authorities of such territory. In such case, they may 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 the 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 regular equipment and the other items referred to in this Article provided that the other airline or airlines enjoy the same exemptions from that other Contracting Party.

5. Passengers in transit across the territory of either Contracting Party as well as their baggage shall be subject to the controls established under the applicable Customs regulations. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes levied on imports.

ARTICLE 6 AIRPORT CHARGES

1. User charges that may be imposed on the airlines of the other Contracting Party shall be just, reasonable and not unjustly discriminatory. Neither Party shall impose or permit to be imposed on the designated airlines of the other Party user charges higher than those imposed on its own airlines operating similar international services.

2. Each Party shall encourage consultations on user charges between its competent charging authority or airport or air navigation service provider and airlines using the service and facilities provided by those charging authorities or service provider, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for changes in user charges should be given to such users to enable them to express their views before changes are made. Each Party shall further encourage its competent charging authority or service provider and such users to exchange appropriate information concerning user charges.

ARTICLE 7 TARIFFS

1. Each Contracting Party shall allow tariffs for air services to be established freely by each designated airline.

2. Unless required by national laws or regulations made pursuant to those laws, tariffs charged by an airline or airlines shall not be required to be filed with the aeronautical authorities of either Contracting Party. Where filing is required, it shall be required not more than one day before the tariff is proposed to take effect. Filings provided to a Contracting Party shall be treated as confidential between the filing airline and that Contracting party and shall not be shared outside the relevant authorities of that Contracting Party, except with the permission of the filing airline or airlines.

3. In the event that the aeronautical authority of either Contracting Party is dissatisfied with a tariff proposed or in effect for an airline of the other Contracting Party, the aeronautical authorities will endeavour to settle the matter through consultations, if so requested by either authority. In any event, the aeronautical

authority of a Contracting Party shall not take unilateral action to prevent the coming into effect or continuation of a tariff of an airline of the other Contracting Party.

4. The tariffs to be charged by the airlines designated by the Islamic Republic of Pakistan for carriage wholly within the European Community shall be subject to European Community Law, provided that European Community law is applied on a non-discriminatory basis to the operations of the airlines of both the Contracting Parties.

5. Notwithstanding paragraphs 2 to 4 of this Article, the aeronautical authorities of the two Contracting Parties shall not require the filing of tariffs for the carriage of cargo. Such tariffs shall take effect when the airline concerned so decides.

6. On the basis of reciprocity, the designated airlines of the Parties shall provide access, on request, to information on existing or proposed tariffs to the responsible authorities of the other Party.

ARTICLE 8 SAFEGUARDS

1. The Parties agree that the following airline practices may be regarded as possible unfair competitive practices that may merit closer examination:

- a) charging fares and rates on routes at levels which are, in the aggregate, insufficient to cover the costs of providing the services to which they relate;
- b) the practices in question reflect an apparent intent or have the probable effect, of crippling, excluding or driving another airline from the market; and
- c) behaviour indicating an abuse of dominant position on the route.
- d) the practices in question are sustained rather than temporary;

2. If the aeronautical authorities of one Party consider that an operation or operations intended or conducted by the designated airline of the other Party may constitute unfair competitive behaviour in accordance with the indicators listed in paragraph 1, they may request consultation in accordance with Article 21 (Consultation) with a view to resolving the problem. Any such request shall be accompanied by notice of the reasons for the request, and the consultation shall begin within 30 days of the request.

ARTICLE 9 CURRENCY CONVERSION AND REMITTANCE OF EARNINGS

Each Party shall permit designated airline(s) of the other Party to convert and transmit abroad to the airline's(s') State of choice, on demand, all local revenues from the sale of air transport services and associated activities directly linked to air transport in excess of sums locally disbursed [and normal commercial interest earned on such revenues while on deposit awaiting transfer], with conversion and remittance permitted

promptly without restrictions, discrimination or taxation in respect thereof at the rate of exchange applicable as of the date of the request for conversion and remittance, in accordance with laws in force in that Contracting Party.

ARTICLE 10 SALE AND MARKETING OF AIR SERVICE PRODUCTS

On a reciprocal and non discriminatory basis:

1. Each Party shall accord designated airlines of the other Party the right to sell and market international air services and related products in its territory (directly or through agents or other intermediaries of the airline's choice), including the right to establish offices, both on-line and off-line.
2. Each airline shall have the right to sell and any person shall be free to purchase, transportation in the currency of that territory or, at its discretion, in freely convertible currencies of other countries in accordance with laws in force in that Contracting Party.

ARTICLE 11 NON-NATIONAL PERSONNEL AND ACCESS TO LOCAL SERVICES

1. The designated airline or airlines of one Party shall be allowed, on the basis of reciprocity, to bring into and to maintain in the territory of the other Party their representatives and managerial, commercial, operational, technical and other specialist staff as required in connection with the operation of the agreed services.
2. These staff requirements may, at the option of the designated airline or airlines of one Party, be satisfied by its own personnel or by using the services of any other organization, company or airline operating in the territory of the other Party and authorized to perform such services for other airlines.
3. The representatives and staff shall be subject to the laws and regulations in force of the other Party, and consistent with such laws and regulations:
 - a) Each Party shall, on the basis of reciprocity and with the minimum of delay, grant the necessary employment authorizations, visitor visas or other similar documents to the representatives and staff referred to in paragraph 1 of this Article; and
 - b) Both Parties shall facilitate and expedite the requirement of employment authorizations for personnel performing certain temporary duties.

**ARTICLE 12
GROUND HANDLING**

Each designated airline shall have the right to provide their own ground-handling services in the territory of the other Contracting Party or otherwise to contract these services out, in full or in part, at its option, with any of the suppliers authorized for the provision of such services. Where or as long as the regulations applicable to the provision of ground-handling in the territory of one Contracting Party prevent or limit either the freedom to contract these services out or self-handling, each designated airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

**ARTICLE 13
CODESHARING / COOPERATIVE ARRANGEMENTS**

1. When operating or holding out the agreed services on the specified routes or on in any segment of the route, the designated airline of one Contracting Party, whether as the operating or marketing airline may, subject to the laws or regulations made pursuant to those laws of the Contracting Party designating it, enter into cooperative marketing arrangements, including but not limited to joint ventures, blocked space or code sharing with:
 - a) an airline or airlines of the same Contracting Party; and/or
 - b) an airline or airlines of the other Contracting Party; and/or
 - c) an airline or airlines of a third country.
2. The entitlements set out in paragraph 1 of this Article may be exercised only where:
 - a) all such airlines hold appropriate traffic rights and/or authorisations to operate on the route and segments concerned; and
 - b) in respect of any tickets sold, the airline makes it clear to the purchaser at the point of sale that it is a code share service, which airline will actually operate each sector of the service and with which airline or airlines the purchaser in entering into a contractual relationship.
3. The capacity offered by a designated airline as the marketing airline on services operated by other airlines shall not be counted against the capacity entitlements of the Contracting Party designating the marketing airline.
4. The designated airlines of any one of the Parties may transfer traffic between the aircraft involved in code share operations, without restrictions on the number, size or type of aircraft, provided that the service is scheduled as a direct connecting flight.

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5. Code share services shall meet the regulatory requirements normally applied to such operations by the Contracting Parties, such as protection of and information to passengers, security, liability and any other requirements generally applied to other airlines operating international traffic.

ARTICLE 14 LAWS AND REGULATIONS

1. Each Contracting Party's laws and regulations controlling the admission to or departure from its own territory of aircraft engaged in international air services or related to the operation of aircraft while within its territory, shall be applied to the aircraft of the designated airlines of the other Contracting Party
2. The laws and regulations controlling the entry, stay and departure of passengers, crew, baggage, mail and cargo, over the territory of each Contracting Party, and also the regulations related to the requirements of entry and departure from the country, immigration, customs and sanitary rules, shall be applied in such territory to the operations of the designated airlines of the other Contracting Party.
- [3. Neither Party shall give preference to its own or any other airline over a designated airline of the other Party engaged in similar international air transportation in the application of its immigration, customs, quarantine and similar regulations].

ARTICLE 15 CERTIFICATES AND LICENCES

1. Certificates of airworthiness, certificates of competence and licenses issued or rendered valid in accordance with the rules and procedures of one Contracting Party and still in force shall be recognized as valid by the other Contracting Party for the purpose of operating the agreed services on the specified routes in the Annex to this Agreement, provided that the requirements under which such certificates and licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention.
2. Each Contracting Party reserves the right, however, of refusing to recognize the validity of the certificates of competency and the licenses granted to its own nationals by the other Contracting Party, for the purpose of over flying and/or landing in its own territory

ARTICLE 16 AVIATION SAFETY

1. 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 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 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 appropriate time period shall be grounds for the application of Article 4 of this Agreement (Revocations).

3. Notwithstanding the obligations mentioned in Article 33 of the Convention, it is agreed that any aircraft operated by 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 authorised 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.

4. 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

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 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 authorisation 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.

7. Any action by one Contracting Party in accordance with paragraphs 2 or 6 above shall be discontinued once the basis for the taking of that action ceases to exist

8. When the Kingdom of Spain has designated an airline whose regulatory control is exercised and maintained by another Member State of the European Community, the rights of the other Contracting Party under this Article shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that other Member State of the European Community and in respect of the operating authorization of that airline.

ARTICLE 17 SECURITY

1. Consistent with their rights and obligations under international law, 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. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14th September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16th December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23rd September 1971, the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving international Civil Aviation, signed at Montreal on 24th February 1988 which is supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23rd September 1971, and the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1st March 1991.

2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of 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 Organization 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 or, in the case of the Kingdom of Spain, operators of aircraft who are established in its territory under the

Treaty establishing the European Community and have valid Operating Licenses in accordance with European Community law, and the operators of airports in their territory act in conformity with such aviation security provisions. The Parties underline the importance of working towards compatible practices and standards and the importance to inform each other promptly of any difference between its national regulations and practices and the aviation security standards of the Annexes. Either party may request immediate consultation with the other party at any time to discuss any such differences.

4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in the paragraphs above required by the other Contracting Party for entry into, departure from, or while within the territory of that Contracting Party. For departure from, or while within, the territory of Islamic Republic of Pakistan, operators of aircraft shall be required to observe aviation security provisions in conformity with the law in force in that country. For departure from, or while within, the territory of the Kingdom of Spain, operators of aircraft shall be required to observe aviation security provisions in conformity with European Community law. 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 give sympathetic consideration to 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 occur, 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 Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, the first Party may request consultations. Such consultations shall start within thirty (30) days of receipt of such a request from either Party. Failure to reach a satisfactory agreement within thirty (30) days from the start of consultations shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorizations of the airline or airlines designated by the other Party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the first Party may take interim action at any time.

7. Any action taken in accordance with the paragraph 6 above shall be discontinued upon compliance by the other Contracting Party with the provisions of this Article.

ARTICLE 18 CAPACITY

1. There shall be a fair and equal opportunity for the designated airlines of the Contracting Parties to operate the agreed services on the routes specified in this Agreement.

2. In operating the agreed services, the designated airlines of each Contracting Party shall be free to establish the frequencies, the capacity to be offered, and the type of aircraft to be used for such services.

3. The frequencies and time schedules established for the operation of the agreed services shall be notified when so required to the Aeronautical Authorities of the other Contracting Party at least thirty (30) days prior to the start of the operation or such shorter period as the Aeronautical Authorities of the other Contracting Party may agree.

4. Services provided by a designated airline under this Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the Contracting Parties. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement, if agreed, shall be exercised in accordance with the general principles of orderly development of international air transport to which both Parties subscribe and shall be subject to the general principle that capacity should be related to:

- a) the traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
- b) the requirements of through airline operations; and
- c) the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

5. In instances where any of the Contracting Parties consider that the services provided by one or more airlines of the other Contracting Party do not comply with the requirements and principles provided by this Article, it may ask for consultations in accordance with Article 21 (consultations) of this Agreement in order to examine the operations in question and determine on a mutual basis any action which may be deemed necessary.

**ARTICLE 19
INTERMODAL TRANSPORT**

The airlines of each Contracting Party shall be permitted to employ, in connection with air transport, any intermodal transport to or from any points in the territories of the Contracting Parties or third countries. Airlines may elect to perform their own intermodal transport or to provide it through arrangements, including code share, with other carriers. Such intermodal services may be offered as a through service and at a single price for the air and intermodal transport combined, provided that passengers and shippers are informed as to the providers of the transport involved.

**ARTICLE 20
STATISTICS**

The Aeronautical Authorities of either Contracting Party shall supply to the Aeronautical Authorities of the other Contracting Party, at their request, the information and statistics related to the traffic carried by the airlines designated by one Contracting Party on the agreed services to or from the territory of the other Contracting Party in the same form as they have been prepared and submitted by the designated airlines to their national Aeronautical Authorities. Any additional statistical data related to traffic which the Aeronautical Authorities of one Contracting Party may request from the Aeronautical Authorities of the other Contracting Party shall be subject to discussions between the Aeronautical Authorities of both Contracting Parties, at the request of either Contracting Party.

**ARTICLE 21
CONSULTATION**

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



ARTICLE 22 MODIFICATIONS

1. If either Contracting Party considers it desirable to modify any of the provisions of this Agreement, it may request consultations with the other Contracting Party. Such consultations may be between the Aeronautical Authorities and may be conducted by discussion or correspondence and shall begin within a period of sixty (60) days from the date of the request. Any modifications so agreed shall come into force in accordance with Article 27.

2. Modifications to the Annex to this Agreement may be made by direct agreement between the competent Aeronautical Authorities of the Contracting Parties and confirmed by exchange of diplomatic notes. Consultations to this effect may be conducted by discussion or correspondence and shall begin within a period of sixty (60) days from the date of the request

ARTICLE 23 SETTLEMENT OF DISPUTES

1. Any dispute arising between the Contracting Parties relating to the interpretation or application of this Agreement the Contracting Parties shall in the first place endeavour to settle it by consultations and negotiation.

2. Any dispute that cannot be resolved by consultations may, at the request of either Contracting Party to this Agreement, be submitted to a mediator or a dispute settlement panel. Such a mediator or panel may be used for mediation, determination of the substance of the dispute or to recommend a remedy or resolution of the dispute.

3. The Contracting Parties shall agree in advance on the terms of reference of the mediator or of the panel, the guiding principles or criteria and the terms of access to the mediator or the panel. They shall also consider, if necessary, providing for an interim relief and the possibility for the participation of any Contracting Party that may be directly affected by the dispute, bearing in mind the objective and need for a simple, responsive and expeditious process.

4. A mediator or the members of a panel may be appointed from a roster of suitably qualified aviation experts maintained by ICAO. The selection of the expert or experts shall be completed within fifteen (15) days of receipt of the request for submission to a mediator or to a panel. If the Contracting Parties fail to agree on the selection of an expert or experts, the selection may be referred to the President of the Council of ICAO. Any expert used for this mechanism should be adequately qualified in the general subject matter of the dispute.

5. A mediation should be completed within sixty (60) days of engagement of the mediator or the panel and any determination including, if applicable, any recommendations, should be rendered within sixty (60) days of engagement of



the expert or experts. The Contracting Parties may agree in advance that the mediator or the panel may grant interim relief to the complainant, if requested, in which case a determination shall be made initially.

6. The Contracting Parties shall cooperate in good faith to advance the mediation and to be bound by any decision or determination of the mediator or the panel, unless they otherwise agreed. If the Contracting Parties agree in advance to request only a determination of the facts, they shall use those facts for resolution of the dispute.
7. The costs of this mechanism shall be estimated upon initiation and apportioned equally, but with the possibility of re-apportionment under the final decision.
8. The mechanism is without prejudice to the continuing use of the consultation process, the subsequent use of arbitration, or termination of this Agreement under Article 26.
9. If the Contracting Parties fail to reach a settlement through mediation, the dispute may, at the request of either Contracting Party, be submitted to arbitration in accordance with the procedures set forth below:
 - a) Arbitration shall be by a tribunal of three arbitrators, one to be named by each Contracting Party and the third to be agreed upon by the two arbitrators so chosen, provided that the third such arbitrator shall not be a national of either Contracting Party. Each Contracting Party shall designate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other Contracting Party of a diplomatic note requesting arbitration of the dispute, and the third arbitrator shall be agreed upon within a further period of sixty (60) days. If either of the Contracting Parties fails to designate its own arbitrator within the period of sixty (60) days and if the third arbitrator is not agreed on within the period indicated, the President of the Council of ICAO may be requested by either Contracting Party to appoint an arbitrator or arbitrators. If the President is of the same nationality as one of the Contracting Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.
 - b) The arbitration tribunal shall determine its own procedure.
 - c) The decision of the tribunal shall be binding on both the Contracting Parties.
 - d) The expenses of the tribunal shall be shared equally between the Contracting Parties.

Either Contracting Party may at any time request consultation relating to this Agreement. Such consultation shall begin at the earliest possible date, but not later than sixty (60) days from the date the other Contracting Party receives the request unless otherwise agreed.

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**ARTICLE 24
REGISTRATION**

The Agreement, including any amendments thereto, shall be registered with the International Civil Aviation Organization.

**ARTICLE 25
MULTILATERAL CONVENTIONS**

In the event of the conclusion by both Contracting Parties of a Multilateral Convention or Agreement concerning matters regulated by this Agreement after the later has come into force, the said Contracting Parties shall hold consultations in order to determine the advisability of revising the Agreement to conform to the provisions of such Multilateral Convention or Agreement

**ARTICLE 26
TERMINATION**

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 a case, the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice of termination is withdrawn by mutual agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

**ARTICLE 27
ENTRY INTO FORCE**

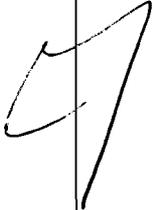
Each of the Contracting Parties shall notify the other Contracting Party through the diplomatic channel of the completion of its internal legal requirements for the entry into force of this Agreement. The Agreement shall come into force on the thirtieth day after receipt of the later notification.

In witness whereof, the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

Done in duplicate atthisday ofin the Spanish and English languages, all texts being equally authentic.

FOR THE KINGDOM OF SPAIN

FOR THE ISLAMIC REPUBLIC OF
PAKISTAN



To the Air Services Agreement between the Kingdom of Spain and the Islamic Republic of Pakistan.

ROUTE SCHEDULE

1. Route which may be operated in both directions by the airlines designated by Spain.

Points in Spain – intermediate points- points in Pakistan – points beyond.

2. Route which may be operated in both directions by the airlines designated by the Islamic Republic of Pakistan :

Points in Pakistan – intermediate points – points in Spain – points beyond.

GENERAL NOTES

1. The designated airlines may change the order or omit one or more points on the routes indicated in paragraphs 1 and 2 above, in whole or part of its services, provided that the departure point on the route is located in the territory of the Contracting Party which has designated such airlines.
2. The intermediate and beyond points on the above routes to be operated with fifth freedom traffic rights by the designated airlines, shall be agreed upon between the Aeronautical Authorities of both Contracting Parties.
3. The points in the territory of the Islamic Republic of Pakistan and the points in the territory of Spain indicated in paragraphs 1 and 2 above and intermediate points and points beyond established on both routes to be operated without fifth freedom traffic rights, shall be freely selected by the designated airlines of each Contracting Party and will be notified to the Aeronautical Authorities of both Contracting Party thirty (30) days before the commencement of the services. The points initially selected may be replaced likewise.

**LIST OF OTHER STATES REFERRED TO
IN ARTICLE 2 OF THIS AGREEMENT**

- (a) The Republic of Iceland (under the Agreement on the European Economic Area);
- (b) The Principality of Liechtenstein (under the Agreement on the European Economic Area);
- (c) The Kingdom of Norway (under the Agreement on the European Economic Area);
- (d) The Swiss Confederation (under the Agreement between the European Community and the Swiss Confederation on Air Transport).

