

**EU-Israel Air Transport Agreement***Article 7***Competitive Environment**

1. The Contracting Parties reaffirm the application of the provisions of Chapter 3 ("Competition") of Title IV of the Association Agreement to this Agreement.
2. The Contracting Parties acknowledge that it is their joint objective to have a fair and competitive environment for the operation of air services. The Contracting Parties recognise that fair competitive practices by air carriers are most likely to occur where these air carriers operate on a fully commercial basis and are not subsidised, and where neutral and non-discriminatory access to airport facilities, services, and slot allocation is ensured.
3. If one Contracting Party finds that conditions exist in the territory of the other Contracting Party, in particular due to subsidy, which would adversely affect the fair and equal opportunity of its air carriers to compete, it may submit observations to the other Contracting Party. Furthermore, it may request a meeting of the Joint Committee, as provided for in Article 22 of this Agreement. Consultations shall start within 30 days of receipt of such a request. Failure to reach a satisfactory agreement within 30 days from the start of consultations shall constitute grounds for the Contracting Party that requested the consultations to take action to refuse, withhold, revoke, suspend or impose appropriate conditions on the authorisations of the air carrier(s) concerned, consistent with Article 4.
4. The actions referred to in paragraph 3 shall be appropriate, proportionate and restricted with regard to scope and duration to what is strictly necessary. They shall be exclusively directed towards the air carrier(s) benefiting from the conditions referred to in paragraph 3, and shall be without prejudice to the right of either Contracting Party to take action under Article 23.
5. The Contracting Parties agree that the participation of the Israeli Government to help cover additional security expenses incurred by the Israeli air carriers as a result of Israeli Government instructions, is not an unfair competitive practice and is not considered as a subsidy for the purpose of this article provided that:
  - (a) such support covers exclusively costs necessarily incurred by the air carriers of Israel when implementing extra security measures required by the Israeli authorities which are not imposed on, or incurred by, air carriers of the European Union; and
  - (b) such security costs are clearly identified and quantified by Israel; and
  - (c) the Joint Committee receives, once a year, a report describing the total sum of the security expenses and the rate of participation of the Israeli government in the previous year.
6. Each Contracting Party, upon notification to the other Contracting Party, may approach responsible government entities in the territory of the other Contracting Party including entities at the state, provincial or local level to discuss matters relating to this Article.
7. The provisions of this Article shall apply without prejudice to the Contracting Parties' laws and regulations regarding public service obligations in the territories of the Contracting Parties.