

TRANSLATION
(Original in Arabic)

ARAB CIVIL AVIATION COMMISSION

**AGREEMENT FOR THE LIBERALIZATION
OF AIR TRANSPORT BETWEEN THE ARAB
STATES**

TABLE OF CONTENTS OF THE AGREEMENT

Articles	Page
Preamble	1
PART I: SCOPE OF APPLICATION AND GENERAL PROVISIONS	
1. Definitions	3
2. Scope of Application	4
3. Application of Laws	5
PART II: GRANT OF AIR TRANSPORT RIGHTS	
4. Grant of Air Transport Rights	6
PART III: CONDITIONS FOR THE EXERCISE OF AIR TRANSPORT RIGHTS	
5. Designation and Authorization	6
6. Flight Schedules	7
7. Capacity and Number of Flights	7
8. Air Transport Tariffs	7
9. Competition and non-Discrimination	7
PART IV: AUTHORIZATIONS AND CERTIFICATES	
10. Mutual Recognitions, Authorizations and Certificates	8
11. Revocation or Withdrawal of Authorization	8
PART V: COMMERCIAL REQUIREMENTS FOR AIR TRANSPORT COMPANIES	
12. Commercial Activities of airline Companies	9
13. Cooperation among airline Companies	10
14. Operational Flexibility and Replacement of Aircraft	10
15. Leasing of Aircraft	11
16. Multimedia Transport	11

17.	Computer Reservation Systems	11
18.	Statistics	11

PART VI: GOVERNMENTAL SUBSIDIES TO AIRLINE COMPANIES

19.	Government Subsidies to Airline Companies	12
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PART VII: TAXATION AND CHARGES

20.	Taxation	13
21.	Charges and Custom Duties	13

PART VIII: AIR SAFETY AND SECURITY OF CIVIL AVIATION

22.	Air Safety	14
23.	Aviation Security	15
24.	Security of Travel Documents	16

PART IX: PROTECTION OF THE ENVIRONMENT AND CONSUMER INTERESTS

25.	Transit Passage	17
26.	Banning of Smoking	18
27.	Environment Protection	18
28.	Protection of Consumer Interests	18

PART X: CONSULTATION OVER INTERPRETATION AND APPLICATION OF THE AGREEMENT AND SETTLEMENT OF DISPUTES

29.	Consultation	18
30.	Settlement of Disputes	19

PART XI: RELATIONS WITH REGIONAL ALLIANCES AND ORGANIZATIONS

31.	Relationship of States' Parties and other Regional Alliances	22
32.	Exchange of Air Transport Rights with Regional and Sub-regional Economic Integration Organizations	22

PART XII: CONCLUDING PROVISIONS

33.	Revision of the Agreement	23
34.	Arrangements in Conflict with the Agreement	23
35.	Signing the Agreement	24
36.	Ratification and Accession	24
37.	Depository	24
38.	Enforcement of the Agreement	24
39.	Registration of the Agreement	25
40.	Registration of Agreements and Existing Arrangements	25
41.	Exceptions	25
42.	Withdrawal and Reservations	25
43.	Annexes	25
44.	Follow-up of the Implementation of the Agreement	25

ANNEXES

Annex No. 1:	Criteria and Procedures for Determination of Tariffs	26
Annex No. 2:	Rules of Competition	28
Annex No. 3:	Guarantees	30
Annex No. 4:	Non-scheduled Transport	32
Annex No. 5:	Obligations and Responsibilities of Follow-up	33

the Agreement for the Liberalization of Air Transport among Arab States

The Governments of:

The Hashemite Kingdom of Jordan
The State of the United Arab Emirates
The Kingdom of Bahrain
The Tunisian Republic
The Peoples Democratic Republic of Algeria
The Republic of Djibouti
The Kingdom of Saudi Arabia
The Republic of Sudan
The Syrian Arab Republic
The Republic of Somalia
The Republic of Iraq
The Sultanate of Oman
The State of Palestine
The State of Qatar
The Islamic Federation Republic
The State of Kuwait
The Republic of Lebanon
The Great Peoples Socialist Libyan Arab Jamahiriya
The Arab Republic of Egypt
The Kingdom of Morocco
The Islamic Republic of Mauritania
The Yemen Republic

Recognizing the importance and paramount role of air transport in establishing a greater Arab free trade area to reinforce the economic gains of the Arab States and to take advantage of the changes in global trade;

Recognizing the importance of Arab economic integration as a principal means of bolstering overall Arab development in keeping up with economic developments at the international and regional levels;

Based on the principles of the agreement for facilitating and promoting inter-Arab trade adopted by Arab Economic and Social Council on 27 February, 1981, particularly Article 18 which provides for cooperation of the parties in facilitating multimodal transport and communications on preferential terms among them;

Pursuant to the provisions of Article 5 of the ACAC Agreement which states that among the objectives and aims of ACAC is to endeavour to increase and develop Arab air transport in such a manner that meets the needs of the Arab nation for a safe, regular, efficient and sound Arab transport;

Considering the importance and necessity of coordinating air transport policies with the purpose of eliminating all impediments to Arab air transport;

In keeping up with the principles and orientations of ICAO which aim at developing international air transport on the basis of equality and non-discrimination, and in order to promote the progressive liberalization of air transport in regional and multilateral framework;

As a contribution to facilitating the movement of persons and cargo in realization of more liberalization of air transport and services among Arab States, and facilitating the movement of capital among them and the consequent of growth inter Arab tourism; and

Desirous to ensure the effective participation of Arab air carriers in offering services inside the Arab air transport market on the basis of fair competition would avoid economic waste resulting from adverse competition,

Have agreed as follows:

PART I: SCOPE OF APPLICATION AND GENERAL PROVISIONS

ARTICLE 1: DEFINITIONS

For the purpose of this agreement, the following terms and phrases shall have the meanings assigned to them below, unless otherwise stated:

- a) "The Agreement" means this agreement, its annexes and any amendments thereto.
- b) "The Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1945, and includes any annexes adopted under Article 90 of the Convention, and any amendments of the annexes or convention under Articles 90 and 94.
- c) "The Organization" means The International Civil Aviation Organization.
- d) "The Commission" means the Arab Civil Aviation Commission.
- e) "Civil Aviation Authority" means the body officially authorized to oversee civil aviation affairs in any state party.
- f) "Territory" in relation to a state means land areas and territorial waters adjacent thereto and air space above them under the sovereignty of that state.
- g) "State Party" means the Arab State which has ratified or acceded to this Agreement.
- h) "Air Transport" means the public carriage by aircraft or by one or more modes of passenger, cargo and mail, separately or in combination for remuneration or hire.
- i) "International Air Transport" means air transport in which the passengers, cargo and mail which are taken on an airline whose originating point or end point is in the territory of a state other than the territory of another state party.
- j) "Regional Air Transport" means air carriage of passenger, cargo and mail on airline whose originating point and end point is in the territories of the state parties.
- k) "Scheduled Air Transport" means a chain of regular and repetitive commercial flights offered to the public, for air transport between two or more points according to a posted time schedule, forming a repetitive and distinct chain.
- l) "Non-scheduled Air Transport" means any flights other than scheduled air transport that has been defined in paragraph k).
- m) "Domestic Air Transport" means air carriage of passengers, cargo and mail on an airline serving points inside the same state.

- n) "Intermodal Air Transport" means the carriage independently or in combination of persons and cargo by different modes, one mode of which at least in by aircraft.
- o) "Airline and International Airline" means the meanings assigned thereto under Article 96 of the Convention.
- p) "A specific airline company" means an air transport company or companies that have been designated under the provisions of Article 6 of this Agreement.
- p) "Capacity" means the amount of the available load measured usually by the number of flights, seats or the volume of cargo and mail in the market between two points, or from one country to another or on a specific route in the course of a specific period that could be daily, weekly, seasonally or annually.
- r) "Tariffs" means any price, remuneration or charge for the carriage of passengers baggage or cargo or in combination by air or any other related mode, that are collected by air carriers or their agents, and also the conditions governing the provision of these remunerations or charges, save the specified fares and conditions for the carriage of mail.
- s) "Air Charges" means a charge made to airlines by the competent authorities, or permitted by them to be made, for the provisions of airport property or facilities or air navigation facilities, or aviation security facilities or services provided for aircraft, their crews, passengers and cargo.
- t) "Operation Authorization" means a general approval issued by civil aviation authorities containing detailed provisions allowing an airline/airlines to undertake air operation in the territories of the authorizing state during a specific time period.
- u) "Air Operator's Certificate" means a certificate issued by the civil aviation authority to a carrier/carriers under its authority to perform specific air transport activity.

ARTICLE 2: SCOPE OF APPLICABILITY

1. The provisions of this Agreement are applicable to scheduled air transport services performed by a specific carrier/carriers from a state/states party to this Agreement related to the carriage of passengers, cargo and mail in the territories of these states parties.
2. Excepting the contents of paragraph 1 of this Article, the performance of non-scheduled air transport services would be in keeping with the provisions of Annex 4.

3. The provisions of this Agreement replace bilateral and multilateral agreements that were concluded to regulate air transport among the states' parties in case their provision were in conflict with those of the Agreement. Provisions not stated in this Agreement remain applicable.

ARTICLE 3: APPLICATION OF LAWS

1. The laws and regulations of one state party governing entry into and departure from and flying over its territory to the air carriers of other state party in relation to the operation and flying of aircraft.
2. Upon entry, departure from and stay in one state party, its laws and regulations relating to the entry or departure of passengers, crew or cargo carried in aircraft shall be complied with, including such regulations regarding entry, permits, aviation security, immigration, passports, customs and quarantine, and in the case of mail, mail regulations shall apply.

PART II: GRANTING OF AIR TRANSPORT RIGHTS

ARTICLE 4: GRANTING OF AIR TRANSPORT RIGHTS

1. Each state party shall grant a carrier/carriers of another state party the rights specified under this Agreement with the purpose of operating regional air services among states parties.
2. The designated air carrier/carriers, under the provisions of the Agreement, have the right to exercise the following air transport rights when operating scheduled airlines from any territory of states parties' territories to the territories of other state parties.
 - a) The right to over fly any territories of the territories of states parties.
 - b) The right to land in any of the territories of the state parties for non-commercial purposes.
 - c) The right to embark and disembark passengers, cargo and mail, whether separately or in combination, from and to any of the territories of the states parties.
3. This Agreement does not impose on states parties the rights of internal transport.

ARTICLE 5: DESIGNATION AND AUTHORIZATION

1. Each state party has the right to designate one or more airline to operate air transport services among states parties in accordance with the provisions of this Agreement, and has to inform the other parties in writing of this designation.
2. On the receipt of such a designation, each state party shall grant the operating authorization without delay to the designated airline provided that:
 - a) Substantial ownership and effective control are vested in a state or several states parties or their nationals, and that the main headquarters of this airline be in one of the states parties.
 - b) That the airline is qualified to meet the conditions prescribed under international and regional laws and regulations that are usually applicable to air transport operations.

ARTICLE 6: FLIGHT SCHEDULES

Each designated airline/airlines shall notify the states parties concerned with operating schedules and plans at least twenty-one days (21) prior to operation, without waiting for the approval of this state/states in order to begin operation.

Nevertheless, each state party concerned may state its observations on the schedules or operation during the said period if they are in conflict with the provisions of the Agreement; or on operational or environmental considerations so that the airline/airlines could take them into account without discrimination.

ARTICLE 7: CAPACITY AND THE NUMBER OF FLIGHTS

1. Without violating the provisions of Articles 4 (Rights of Transportation) and 5 (Competition and non-discrimination) each designated airline/airlines is entitled to operate the capacity and number of flights it deems appropriate, employing any type of aircraft to operate air services among the states parties.
2. No state party has the right to unilaterally limit the capacity, the number of flights, the type of aircraft or the air transport rights, save for environmental or technical considerations, or for safety and security related considerations, on non-discriminatory basis.

ARTICLE 8: AIR TRANSPORT TARIFFS

1. Tariffs for air carriage of passengers, cargo and mail shall be determined in conformity with Annex 1 of this Agreement.
2. The approval of the civil aviation authorities by the states parties of air tariffs referred to in the first paragraph is not binding to the designated airline/airlines belonging to a state party. Nevertheless, the designated airline/airlines must notify the civil authorities concerned of these tariffs thirty days prior to their application.
3. Each state party has the right to suspend the application of tariffs in force, if it is proven that they are in conflict with the provisions of this Agreement, particularly provisions relating to competition, but has to notify the civil aviation authority of this action.

ARTICLE 9: COMPETITION AND NON-DISCRIMINATION

The designated airline/airlines of any states party shall have equal and fair opportunity to exercise the rights stated in this Agreement with a view to enable it to participate effectively in providing air transport service among them in accordance with the rules of competition provided for in Annex 2, of this Agreement.

PART IV: OPERATING AUTHORIZATION AND CERTIFICATES

ARTICLE 10: RECIPROCAL RECOGNITION OF AUTHORIZATION AND CERTIFICATES

Each state party shall recognize the validity of air operators' certificates, the airworthiness certificates and the efficiencies certificates and the authorization issued by or authorizations whose validity is approved by another state party, provided that these certificates or authorizations are in conformity with local laws and the minimum, at least, of ICAO's requirements and criteria.

ARTICLE 11: REVOCATION OR WITHDRAWAL OF OPERATING AUTHORIZATION

1. Each state party has the right to revoke, withdraw or restrict temporarily or permanently operating authorizations granted to the designated airline/airlines in the following cases:
 - a) When substantial ownership and effective control of the airline is not vested in the other state/states parties or their nationals.
 - b) The non-application by the designated airline/airlines of the provisions of this Agreement.
 - c) The designated airline/airlines are not in compliance with the provisions relating to safety and security prescribed by this Agreement, or with the provisions of other relevant international agreements.
2. When taking immediate action is not necessary to prevent more violations of paragraphs a) and c) of this Article, the rights stated in this Article shall not be exercised without consulting with the other state/states parties to which the airline, airlines belongs in line with consultation provisions in Article 29.

PART V: COMMERCIAL REQUIREMENTS OF AIRLINES AND COOPERATION AMONG THEM

ARTICLE 12: COMMERCIAL ACTIVITIES OF AIRLINES

States parties shall take measures related to the commercial matter below, and which seek to facilitate the work of the designated airline/airlines, and rendering easier the exercise of its activities.

1. Each state party shall grant the designated airline/airlines from any of the states parties the right to convert and transfer to the state party chosen by it and upon its request the local revenue it has collected from the sale of air transport services and from activities directly related to air transport in excess of the amounts expended locally. This should be done expeditiously without restrictions, discrimination or taxation at the exchange rate effective on the date of transfer.
2. Each state party shall allow the designated airline/airlines of any of the states parties to defray its expenses in the territory of that state party, including fuel purchases in local currency or any other accepted and authorized negotiable currency.
3. Each state party shall allow the designated airline/airlines of any states parties to do the following:
 - a) Bringing and employing personnel to its territory to perform the administrative, commercial, technical, operational and other specialized tasks required to provide air services in accordance with the laws and regulations governing entry and residence in the host country.
 - b) To take advantage of the staff of any other airline/airlines of one of the states parties, authorized to provide these services in its territory.
4. Each state party allows, directly or through agents or other intermediaries, chosen by the designated airline/airlines itself the designated airlines of any of the states parties to sell and market regional air transport services, including the right to establish its own offices whether in the regions served by her or not, in accordance with the applicable laws and regulations in the recipient countries.
5. Each state party has the right to authorize the designated airline/airlines of any other states parties to effect the following on the basis of the choice of each airline:
 - a) Perform all of its own ground handling services.
 - b) Provide services to another airline/airlines.
 - c) Combine with an airline/airlines to establish a body for the provision of services.

- d) Select the provider of services to her from among competitors for the provision of services.

ARTICLE 13: COOPERATION AMONG OTHER AIRLINES

1. The designated airline/airlines which operates its services among the states parties takes all appropriate means and measures for the creation of close cooperation among them in all fields.
2. Each airline, upon the operation or creation of air services may enter into cooperative market arrangements such as joint enterprises, booking of areas or code-sharing with the airline/airlines of any of the states parties.
3. States parties shall agree to take the necessary action to ensure that passengers are fully informed and fully protected as far as the code-sharing flights bound to or coming from their territories are concerned, and that passengers are provided, at least, with necessary information.

ARTICLE 14: OPERATIONAL FLEXIBILITY AND REPLACEMENT OF AIRCRAFT

Any designated airline by any of the states parties, with regard to any or all flights and upon its discretion shall:

- a) Operate flights in one direction or both directions.
- b) Operate flights to points in the territories of the states parties, and also to intermediate points as well as to points beyond the states parties and vice versa.
- c) Integrate different flight numbers in one flight.
- d) Eliminate stop points on any point or points
- e) Move the traffic from any aeroplane to another aeroplane at any point or points on air route.
- f) Operate flights to any points lying beyond any point within the territory of the state party, whether through using the same aeroplane or flight number or replacing them. Also, the designated airline may post these flights to the public.

ARTICLE 15: LEASING OF AIRCRAFT

1. The designated airline/airlines of any state party may use leased aircraft from another airline/airlines of a state party or non-party, or any specialized aircraft leasing body.
2. Any state party may prevent the use of leased aircraft for services under this Agreement not complying with Article 22 (Safety) or Article 23 (Security) or with related international agreements.

ARTICLE 16: INTERMODAL TRANSPORTATION

Any designated airline/airlines may use other modes of transportation between the territories of the states parties providing that air transport constitutes one part of the transportation process.

ARTICLE 17: COMPUTER RESERVATION SYSTEMS

Each state party applies the Arab Code of Conduct for regulating and operating computer reservation systems within its territory in line with other applicable rules and obligations related to computer reservation systems.

ARTICLE 18: STATISTICS

Civil aviation authorities provide each other with periodic statistics or other similar information related to the carried traffic.

PART VI: GOVERNMENTAL SUBSIDIES TO AIRLINES

ARTICLE 19: GOVERNMENTAL SUBSIDIES TO AIRLINES

1. States parties shall desist from giving all forms of governmental support to the airline/airlines designated by them, which may harm the airlines trade of the states parties and constitute unfair competition.
2. The states parties may, in the case of special or exceptional circumstances, provide the airline designated by her temporary support in order to face these circumstances by taking into account the element of transparency.
3. Any state party may deem that its designated airline/airlines has been adversely affected by dint of the subsidies provided by another state party to its designated airline/airlines, can call for consultations with this state. The latter should take into sympathetic and careful consideration this request.

PART VII: TAXATIONS AND CHARGES

ARTICLE 20: TAXATION

1. Profits from the operation of the aircraft of the designated airline/airlines shall be taxable only in the territory of the party in which the place of effective management of that airline is situated.
2. Capital represented by the aircraft operated in traffic by the designated airline/airlines and by movable property pertaining to the operation and aircraft shall be taxable only in the territory of the party in which the place of effective management of the designated airline/airlines is situated.

ARTICLE 21: CHARGES AND CUSTOMS

1. Without infringing on the Tunis Agreement for exemption of taxation and charges on the basis of reciprocity which went into effect on 10/3/1984, the states parties shall exempt the designated airline/airlines from custom duties, excise taxes and other charges on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores and other items (such as printed ticket stock, air waybills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed free of charge by that designated airline) indented for use or used solely in connection with the operation and servicing of aircraft of the airline designated by one of the parties.
2. The exemptions granted by this Article shall apply to the items referred to in paragraph 1.
 - a) Introduced into the territory of the party by or on behalf of the designated airline of the other party.
 - b) Retained on board of the aircraft of the designated airline upon arrival in or leaving the territory of the other state party.
 - c) Taken on board of the designated airline and intended for use in operating the services whether or not such items are used or consumed wholly within the territory of the state party granting the exemption, provided the ownership of such items is not transferred in the territory of the said state party.
3. The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline may be unloaded in the territory of the other state 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 upto such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

PART VIII: AIR SAFETY AND CIVIL AVIATION SECURITY

ARTICLE 22: AIR SAFETY

1. Each state party may request consultation at any time concerning the safety standards maintained by the one of the states parties in areas relating to air transport facilities, flight crews, aircraft and the operation of aircraft. Such consultation shall take place within thirty (30) days of that request.
2. If, following such consultations, one state party does not effectively maintain the areas referred to in paragraph 1 of the Article that meet the standards established at that time pursuant to the Convention, the other state party shall be informed of such findings, and if the steps considered necessary to conform to ICAO standards, the other state party shall then take appropriate corrective actions within an agreed time period.
3. Pursuant to Article 16 of the Convention, any aircraft operated by, or on behalf of an airline of one state party, on service to or from the territory of another state party, be the subject of a search by the authorized representatives of the other state party, provided that this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligation mentioned in Article 33 of the Chicago Convention, the purpose of the search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the standards established at the time pursuant to the Convention.
4. If it becomes clear in the course of the search that:
 - a) The aircraft or the operation thereto do not conform to a minimum level of safety set forth in the Convention, or
 - b) The effective implementation of the maintenance levels of safety prescribed by the Convention is not being observed,

The state party performing the search shall inform the state/other state parties that the requirements regarding the certificates and authorization related to the aircraft or aircraft crew, which have been issued, or the requirements under which the operation of the aircraft have been made do not conform to the minimum standards prescribed by the Convention.

5. In case the representatives of the designated airline/airlines of one of the states parties refuse to conduct the search on its aircraft pursuant to paragraph 2 of this Article, or failing to satisfy the requirements for certificates and authorizations relating to the aircraft in keeping with relevant minimum standards of the Annexes of the Convention pursuant to paragraph 4 of this Article, that state party has the right to withdraw the operating authorization issued to this airline/airlines in accordance with paragraph 7 of this Article.

6. When it is necessary to take urgent action to ensure the safety of operation, each party has the right to withhold or immediately withdraw the operating authorization of the airline/airlines of the other state party.
7. Any action taken by one party in accordance with paragraphs 5 and 6 above shall be discontinued, once the basis for taking of that action ceases to exist.

ARTICLE 23: CIVIL AVIATION SECURITY

1. Consistent with their rights and obligations under international law, the states 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 states 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 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, its Supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988, as well as with any other convention and protocol relating to the security of civil aviation which both parties adhere to.
2. Each state party 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 navigation facilities, and any other threat to the security of civil aviation.
3. Taking into account the contents of the previous two paragraphs of this Article, each state party shall, in dealing with acts of unlawful interference, act in conformity with the aviation security provisions established by ICAO and designated as Annexes to the Convention in as much as these provisions are applicable in each state party. All states parties shall require that operators of aircraft of their registry or operators of aircraft who have the principal place of residence or permanent residence in their territory, and the operators of airports in their territory act in conformity with such security provisions. Each state party shall advise ACAC General Administration of any differences between its national regulations and practices and the aviation security standards of the Annexes. Each state party may request immediate consultations with any other state party at any time to discuss any such differences.
4. Each state party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 3) above required to by the other state party to for entry into, departure from or while within its territory, to protect the aircraft and inspect the passengers, crew, carry-on items, baggage,

cargo and aircraft stores prior to and during boarding or loading. Each state party shall give sympathetic consideration to any request from the other state 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, each state party shall assist the other state party by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.
6. Each state party shall have the right, within sixty (60) days following notice, or such shorter periods as may be agreed between the aeronautical authorities for its aeronautical authorities to conduct an assessment in the territory of the other state party of the security measures being carried out, or planned to be carried out, by aircraft operators in respect of flights arriving from, or departing to the territory of the first state party. The administrative arrangements for the conduct of such assessment shall be agreed upon between the aeronautical authorities and implemented without delay so as to ensure evaluations will be conducted expeditiously.
7. When a state party has reasonable grounds to believe that the other state party has departed from the provisions of this Article, the first state party may request consultations. Such consultations shall start within fifteen (15) days of receipt of such request from wither state party. Failure to reach satisfactory agreement within fifteen (15) 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 state party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the first state party may take interim action at any time.

ARICLE 24: SECURITY OF TRAVEL DOCUMENTS

1. All states parties agree to adopt measures to ensure their passports and travel documents.
2. In this regard, each state party agrees to establish controls on the lawful creation, issuance, verification and use of passports and other travel documents and identity documents issued by or on behalf of that state party.
3. Each state party agrees to establish or improve procedures issued by it are of such quality that they cannot easily be misused and cannot readily be unlawfully altered, replaced or issued.
4. Pursuant to the objectives above, states parties shall work toward issuing their passports and other travel documents in accordance with ICAO regulations on machine-readable travel documents.

5. States parties agree to exchange operational information regarding forged travel documents, and to cooperate among them to strengthen resistance to travel fraud.

ARTICLE 25: TRANSIT PASSAGE

Transit and transfer passage to other points, baggage, freight and mail across any of the states parties still in the aircraft area, shall go through simplified procedures. Their baggage and freight shall be exempted from customs and taxation during the stop-over period.

PART IX: PROTECTION OF THE ENVIRONMENT AND CONSUMER INTERESTS

ARTICLE 26: BAN ON SMOKING

1. States parties shall prohibit smoking on all flights carrying passengers operated by designated airlines. This prohibition shall apply to all locations within the aircraft and shall be in effect from the time an aircraft commences emplanement of passengers to the time deplanement is completed.
2. Each state party shall take all measures that it considers reasonable to secure compliance by its airlines and by their passengers and crew members with the provisions of this Article, including the imposition of appropriate penalties for non-compliance.

ARTICLE 27: PROTECTION OF THE ENVIRONMENT

States parties agree with regard to operations between their respective territories to comply with the ICAO Standards and Recommended Practices.

ARTICLE 28: CONSUMER PROTECTION

The states parties shall undertake to work for the protection of the consumer rights, information and data on air transport services provided to them, as well as seeking to strengthen their efforts in the regulatory, legislative areas to defend and protect the interest of the consumer.

ARTICLE 29: CONSULTATION

1. States parties, in a spirit of close cooperation, shall from time to time consult among themselves as needed to ensure that provisions of this Agreement and its Annexes are applied and adhered to.
2. Each state party may, from time to time, shall request from one state party or more to hold consultations regarding the interpretation of this Agreement.
3. Such consultations that are made following the convening of a meeting or through correspondence commence at the earliest time possible or within forty-five (45) days at the most from the receipt of a request, unless agreed otherwise.
4. Each state party shall, in the course of these consultations, submit such data and information as are related to the strengthening of its position so as to facilitate taking the appropriate decisions.

5. Each state party may request from ACAC General Administration to hold consultations between the states parties regarding this Agreement or any of its provisions. The General Administration shall circulate this request among the states parties within fifteen (15) days from the receipt of the request.
6. When a simple majority agrees on this request, the General Administration shall call for convening such a meeting between all states parties with a view to considering the proposed subject or subjects of consultation. Such a meeting shall take place not later than sixty (60) days from the completion of quorum for a simple majority.

ARTICLE 30: DISPUTES

1. Any dispute arising between two states parties or more relating to the interpretation or application of this Agreement or its Annexes, the states parties shall be obliged to settle the dispute through negotiation.
2. If the states parties fail to settle the dispute through negotiation, the dispute, upon the request of a state party to the dispute, shall be submitted to ACAC Director General with a view to using his good offices as an intermediary to settle the dispute. To this end, he shall seek the assistance of qualified civil aviation experts as he deems fit.
3. If no settlement is reached pursuant to paragraphs 1 and 2 above, any party to the dispute may refer the disputed issue to arbitration in conformity with the following procedures.
 - a) Arbitration shall be by a tribunal of three arbitrators to be formed in the following manner:
 - a-1) Each state party shall designate one arbitrator within a period of thirty (30) days upon receipt of the arbitration requested, and in the course of sixty (60) days after designation of these two arbitrators, the parties to the conflict shall agree to appoint a third arbitrator to act as the President of the tribunal.
 - a-2) If either party fails to designate an arbitrator, or if the third arbitrator was not designated according to paragraph a-1 above, wither of the parties may request the President of the ACAC Executive Council to appoint the necessary arbitrator or arbitrators within a period of thirty (30) days. If the nationality of the President of the Executive Council is the same as that of one of the parties, the Vice-president of the Council who is not disqualified on this ground, shall make the appointment.

- a-3) If the President and Vice-president are disqualified on the basis of their nationality, ACAC Director General shall make the appointment.
- b) The tribunal observing the provisions of this Article or what has been agreed upon between the parties to the dispute, the tribunal shall make its own procedure. The tribunal, having been formed may recommend interim measures pending its final decision. The tribunal shall determine the issues to be arbitrated and the procedures to be followed not later than fifteen (15) days from the date the tribunal is constituted.
- c) Except as otherwise agreed or directed by the tribunal, each party shall submit a memorandum within forty-five (45) days of the time the tribunal is fully constituted. Each party may submit its answer within sixty (60) days from the date the other party submits its memorandum. The tribunal shall hold a hearing or hearings upon the request of either party to the conflict, or at its discretion within fifteen (15) days after replies are due.
- d) The tribunal shall render a written decision within thirty (30) days after the completion of the hearing or hearings, or if no hearing is held, after the day both replies are submitted
- e) The parties may submit requests for clarification of the decision within fifteen (15) days after it is rendered and any clarification shall be issued within fifteen (15) days of such request.
- f) Any other party that has been affected directly by the dispute has the right to interfere in the procedures of the case, provided that:
 - f-1) The party wishing to interfere shall deposit a declaration to this effect with the tribunal within a period of time not later than ten (10) days after the third arbitrator has been designated.
 - f-2) The tribunal shall notify the parties of any such declaration and give each party a period of grace of thirty (30) days from forwarding such notification in order to submit his objection to the tribunal against intervention pursuant to this paragraph. The tribunal shall decide whether to permit any intervention within fifteen (15) days from the submission of these interventions.
 - f-3) If the tribunal allows the intervention to take place, the intervening party shall notify all the other parties of the intervention. The tribunal shall take all necessary measures to make available the documents of the case to the intervening party, who has the right to deposit petitions whose type and deadline shall be determined by the tribunal, within the time-frame set forth in paragraph 3 of this Article as far as practicable. The intervening party also has the right to participate in any subsequent procedures.

- f-4) The decision of the tribunal shall be binding to the intervening party.
- g) The decisions of the tribunal are final and could not be appealed and should be binding during prescribed time periods. If one of the parties fails to carry out the decisions of the tribunal, the other state party or states parties may take measures to restrict the investment processes by the airlines of that party or any other measures designed to make the said decision binding.
- h) The tribunal shall refer replicates of its decision to the parties to the dispute, including intervening parties, and a copy to the place of depository.
- i) The costs of the tribunal shall be shared equally by the two parties or parties to the disputes, unless the tribunal decides otherwise.

**PART XI: RELATIONSHIP WITH REGIONAL
ALLIANCES AND ORGANIZATIONS**

**ARTICLE 31: STATES PARTIES' RELATIONSHIP WITH STATES AND
REGIONAL ORGANIZATION**

1. States parties may not grant rights or undertake obligations toward non-party state/states if doing so would affect the rights granted to states parties under the provisions of this Agreement.
2. The rights granted by this Agreement shall not be unilaterally negotiated or disposed of with non-party state/states if doing so would affect the rest of the rights of the state party/states parties.
3. The arrangements and mechanism relating to collective or multilateral negotiation referred to in paragraph 2 of this Article shall be subject to a framework agreement that goes into force according to the constitutional procedures of each state.

**ARTICLE 32: EXCHANGE OF TRANSPORT RIGHT WITH
REGIONAL OR SUB-REGIONAL ECONOMIC
INTEGRATION ORGANIZATION**

Each state party/states parties may exchange the transport rights set forth in this Agreement with any group of non-party states gathered in an economic integration organization, on the basis of reciprocity. States parties may, in realization of this, seek the assistance of ACAC or any negotiating body entrusted with this task.

PART XII: CONCLUDING PROVISIONS

ARTICLE 33: AMENDMENT OF THE AGREEMENT

1. Each state party may request the amendment of any provision of this Agreement or its Annexes.
2. The proposed amendment and the reasons for it shall be forwarded to the General Administration of ACAC which shall, in turn, circulate it to the States Parties.
3. The states parties, upon receipt of the proposed amendment, shall notify the General Administration within a period of time not more than sixty (60) days from receipt, with its acceptance or refusal or make amendments thereto.
4. The Agreement shall be amended in conformity with the following procedures.
 - a) If a simple majority of the states parties agrees to the amendment request, or if it is deemed that it needs an amendment, the amendment shall be submitted to the earliest ordinary session of ACAC General Assembly for consideration.
 - b) An extraordinary session of the General Assembly may, upon the request of the state making the proposal, be convened to consider it.
 - c) If a simple majority of the states parties attending the General Assembly agrees to the amendment, the amendment will go into force among the parties ratifying it after thirty (30) days from the date the fifth ratification document has been deposited.
 - d) After the amendment becomes effective, it remains into force for any party after the lapse of thirty (30) days from the date the ratification document has been deposited.
 - e) The General Administration of ACAC shall prepare a copy of the amendment and refer it to the states ratifying it so as to take the necessary legal action.
5. The amendment of the Annexes of this Agreement shall be subject to the approval by a simple majority of the civil aviation of the states parties. This Agreement goes into force after thirty (30) days from the receipt by the General Administration of the last approval by which legal quorum is met.

ARTICLE 34: ARRANGEMENT IN CONFLICT WITH THE AGREEMENT

1. Each state party that is bound by obligations to a state party or non-party in conflict with the previously this Agreement in the field of air transport, shall, without delay take the necessary action to unbind itself from the obligation.

2. Each state party that its airline/airlines is bound by obligations to a state party or non-party in conflict with the provisions of this Agreement, shall at the earliest possible time take the necessary actions to unbind itself of these obligations.
3. The State party shall inform the General Administration of ACAC of the actions taken regarding the two cases above.

ARTICLE 35: SIGNATURE OF THE AGREEMENT

Signature of this Agreement will be opened on (date) for member states in the League of Arab States at the Meeting. Signature will take place after this date for states that did not sign at the Headquarters of ACAC.

ARTICLE 36: RATIFICATION AND ACCESSION

1. Ratification of and accession to the Agreement and any amendments thereto shall be in accordance with the constitutional procedures in each state party.
2. Any state that did not sign or ratify this Agreement may accede to it after it goes into force.

ARTICLE 37: DEPOSITORY

1. The original copy of this Agreement and its Annexes shall be adopted at the General Administration of ACAC as the place depository for the Agreement.
2. The depository shall refer the authenticated copies of the Agreement to all the States parties and to any state that may accede to it.
3. After entry into force, the depository shall refer an authenticated copy of the Agreement to the Secretary General of the Arab League for registration and another copy to ICAO Secretary General. The depository shall also refer authenticated copies of any amendments thereto.

ARTICLE 38: ENTRY INTO FORCE

1. This Agreement goes into force after thirty (30) days from depositing the fifth ratification document.
2. After the Agreement enters into force pursuant to paragraph 1 of this Agreement, the Agreement shall be effective with regard to any party, after the lapse of thirty (30) days from the date of its ratification or signature.

ARTICLE 39: REGISTRATION

1. This Agreement and its Annexes shall be registered with the League of Arab States and ICAO. The ACAC General Administration shall carry out the registration procedures.

ARTICLE 40: REGISTRATION OF AGREEMENT AND EXISTING AND NEW ARRANGEMENTS

All existing and new air transport agreements and arrangements between the states parties as well as any amendments thereto shall be registered with ACAC General Administration.

ARTICLE 41: EXCEPTIONS

Each state party has, by means of an official written declaration to be issued to states parties, the option not to grant the rights and obligations provided for in Article 4 (granting of transport rights) and Article 8 (Capacity and the number of Flights) for a period not exceeding twelve (12) months, pending the taking of appropriate procedures and arrangements for the better implementation of provisions of these articles.

ARTICLE 42: WITHDRAWAL AND RESERVATIONS

1. Each state party to this Agreement may notify ACAC General Administration in writing of its withdrawal from this Agreement. The withdrawal shall be effective after the lapse of twelve (12) days from the date the General Administration receives the notice of withdrawal, unless the notice was withdrawn prior to the expiry of the period.
2. No reservations should be made on this Agreement.

ARTICLE 43: THE ANNEXES

The Annexes of this Agreement are an integral part thereof.

ARTICLE 44: IMPLEMENTATION AND FOLLOW-UP

ACAC General Administration shall monitor the implementation of the provisions of this Agreement

Done at on the date of in one original copy in Arabic.

ANNEX 1

CRITERIA AND PROCEDURES FOR TARIFF DETERMINATION

- 1) The airline/airlines designated by one of the states parties shall determine its own air transport tariffs on commercial basis. The intervention of civil aviation authorities shall be limited to preventing discriminatory practices in conformity with the provisions of the Agreement, particularly provisions relating to guarantees and competition.
- 2) This Annex shall determine criteria and procedures which should be applied with regard to scheduled air transport tariffs between the states parties.

CRITERIA

- 3) The determination of air transport tariffs shall be at reasonable levels, observing relevant factors, particularly the costs of operation, various services, reasonable profits and the status of competition, including air transport tariffs of other airlines operating on the same line.

PROCEDURES

- 4) Air transport tariffs between states parties shall not need the approval of civil aviation authorities.
- 5) The designated airline shall deposit its tariffs with civil aviation authorities in the states parties concerned at least thirty (30) days prior to their entering into force. Tariffs shall be determined either unilaterally or through consultation with the other airlines.
- 6) The air charges for air cargo and mail between the states parties shall be exempted from the depositing conditions contained in paragraph 5) above.

SETTLEMENT OF DISPUTES

- 7) If the civil aviation authority of a state party deems that the effective tariff pursuant to provisions mentioned above will prejudice their airline/airlines, the authority concerned may protest this tariff.
- 8) When a state party/states parties objects, pursuant to the provisions of the previous paragraph, to the tariff of a scheduled air transport, it will notify the other state/states in writing of this objection twenty-one (21) days from the deposition of the air transport tariffs, stating reasons thereof.

- 9) If the state party/states parties does not agree on the said objection, it will have to inform the objecting state within seven (7) days from the date of notification presenting the information on the basis of which the objection was made. Each state party shall, as required, provide all the relevant information requested by other state party.
- 10) If the objecting state party does have enough information to enable her reach a decision regarding the disputed tariff, it may request from the state/states concerned to enter into consultations prior to the expiry of the twenty-one (21) day period contained in paragraph 8) above.
- 11) Consultations shall be completed during a period of twenty-one (21) days from the date of its request. Failure to reach a resolution, the dispute shall be referred to arbitration in conformity with Article 30 (Settlement and Disputes), upon the request of any state party concerned. That state may also request extension of the consultation period, or resort directly to arbitration.
- 12) The disputed air transport tariff shall remain in force in the course of the consultation and arbitration period, pending the entering into force of a new tariff.

ANNEX 2

RULES OF COMPETITION

- 1) States parties shall agree to ban any practices in conflict with fair competition in the field of air transport between them. They shall, to this end, ban the conclusion of any agreement or agreements that can negatively affect competition between them, or between their airlines, as well as any common practices that negatively affect air transport between regions of the states parties which lead to preventing, restricting or misusing free competition.
- 2) The states parties shall ensure that their laws, policies and practices related to competition conform to their obligations under relevant international agreements that their application of any of these laws, policies and practices to air transport under this Agreement is in line with these obligations. The states parties in as far as the approval of these laws, policies and practices, or any amendments thereon is concerned, should give opportunities for receipt of views from any interested external party, and to take the lead, upon the request of a state party/states parties, in clarifying the potential impact of these laws, policies and practices or amendments on the activities of the airline/airlines of this state/states.
- 3) Each state party shall provide ACAC General Administration with all the laws and policies relating to competition and new amendments thereto relating to air transport if the General Administration sees that after referring to ACAC Executive Council, there is a conflict between the laws and regulations of any of the parties relating to competition and the provisions of the Agreement, it shall notify the party of the extent of the discrepancy and the means of eliminating it.
- 4) Each state party shall notify the state party/states parties of its intention to take legal action against the airline/airlines of the other state party/states parties, and of any legal claims, known to have been raised under laws related to competition.
- 5) If the laws, policies and practices applied by the states parties with regard to competition give rise to disputes in their relationship with the air transport field, or have the potential to raise such disputes, the states parties concerned should hold consultations between them with the purpose of coming to an understanding over these laws, policies and practices relating to competition that apply to these relations, in such a manner as to provide the airline/airlines with as much legal clarity as possible, and to avoid disputes as much as possible.
- 6) Without infringement of the right of any state party, to take legal action, the consultations procedures prescribed in the Agreement shall, upon the request of any state party, be followed. The objective of these consultations should be to determine the interests of the parties concerned and the potential impact of the action taken under laws of competition.

- 7) The two parties/the parties concerned shall seek to reach agreement through these consultations, taking into account the interest of each of them and the alternative means that could lead to the realization of the desired purposes of the action taken under laws of competition.
- 8) If it is difficult to reach an agreement, each party, when applying its laws, policies and practices relating to competition, shall take into consideration the views expressed by the other party/parties, observing curtsies and the moderation desired in international relations.
- 9) The party taking legal action under its applicable competition laws, shall facilitate the communication of the other party with the competent legal body, or provide this body with information or both as appropriate. Such data could include the interests contingent on its foreign relations, stating the interests of the other party/parties in the manner reported to it, and if possible the findings of the consultations that could have been held with the other party/parties concerning the legal action.
- 10) The two parties, without infringing on their national laws, policies and practices and in conformity with any applicable international obligations, shall cooperate in order to allow their airline/airlines or their nationals submit information relevant to the legal action taken under the laws of competition to the authorities concerned, provided that this cooperation or this disclosure does not conflict with the fundamental national interests.
- 11) When the action taken by the responsible authorities with regard the law of competition in one of the states parties is subject to consultation with another state party, the states in which the action is taken in is territory should desist from claiming disclosure of information existing in the territory of the other state. The other state should desist from resorting to applying any of the legislation that might conceal this information.

ANNEX 3

GUARANTEES

Since necessity demands the approval of measures to eliminate practices that reduce the participation of the designated airline/airlines of a state party to the market concerned; and since the establishment of a mechanism to guarantee a minimum of participation of the designated airline/airlines of a state party to the market or to prevent unfair practices is a desired objective so as to realize sound competition;

The following measures should be observed:

1. The designated airline/airlines shall not inter into the following practices.
 - a) Imposing an excessively low tariff in such a manner that is more likely to entail negative effects on the competing designated airline (dumping).
 - b) Imposing excessively low tariff in such a way that it is more likely to be constructed as deliberate, designed or intended to prevent or oust a new or existing airline/airlines (centrifugal prices).
 - c) The designated airline/airlines resorting to raising the tariff unreasonably on account of the absence of competition over tariffs, abusing certain dominant position, or resorting to circumlocution (unreasonably high prices).
 - d) The designated airline/airlines imposing a discriminatory tariff (discriminatory prices).
 - e) Imposing a market capacity in excess of demand that is more likely to have great negative effects on the competition designated airline (dumping capacity).
 - f) Imposing a capacity on the market that is more likely to be considered as deliberate, planned and intended to force out a weak airline/airlines (exclusion capacity).
 - g) A deliberate reduction of appropriate market capacity that is inconsistent with the agreed objectives of fair competition (inadequate capacity).
 - h) Distributing capacity among elements and parts of the markets in a discriminatory manner for no reason (discriminatory capacity).
 - i) Engaging in practices that have a serious economic effect or palpable danger on another airline/airlines.
 - j) Engaging in practices that reflect a palpable intent to cripple or exclude another airline/airlines from the market.

- k) Engaging in behaviour indicating misuse of dominant en route position.
2. Each state party/states parties has the right to impose a temporary freeze on capacity as an exceptional measure in the case of a severe and rapid reduction in the participation of the party concerned in the market, provided that the states parties concerned closely monitor the situation so as to be able to jointly confront changes relevant to the situation, and to exert reciprocal efforts for solving the problem and ending the freeze as soon as possible.
 3. If a civil aviation authority of a state party deems that a certain operation or operations is being undertaken or is intended to be undertaken by the designated airline/airlines of another state party may constitute unfair competition pursuant to indicators in paragraph 1) of this Annex, the parties concerned shall promptly hold consultations within a period of fifteen (15) days. And if they agree that such an action is contrary to the contents of the Annex, the parties concerned shall take action to promptly put an end to this situation. Failure to reach agreement on this, any of the states parties concerned may refer the dispute to the dispute settlement mechanism set forth in Article 30 (Dispute Settlement). In the course of the arbitration process it is possible that:
 - a) The complaining state party has the option of imposing a temporary freeze on the situation or maintaining the formerly existing situation temporarily, as appropriate.
 - b) The tribunal, upon the request of one of the states parties concerned, issues a decision on the necessity of maintaining any freeze or reinstatement of the formerly existing situation. The complaining state party may be held responsible for the resulting damages if the freeze on or the reinstatement of the situation are unwarranted.

ANNEX 4

NON-SCHEDULED AIR TRANSPORT

1. Without violating safety and security provisions set forth in Articles 22 and 23 of this Agreement, the airline/airlines of any party has the right to operate non-scheduled flights for carriage of passengers, cargo and mail, in combination or separately between the territories of the states parties.

When carrying out services set forth in this Annex the airline/airlines of each party shall have the right to:

- a) Practice air transport rights between the states parties.
 - b) Carry out air transport operation between the states parties without any restriction on aircraft type or the number of flights.
3. The airline/airlines performing non-scheduled air transport shall apply the rules and regulations of non-scheduled air transport applicable in the state in which traffic originates. Nevertheless, the contents of paragraph 2) of this Annex do not mean any limitation of the right of any state party to demand from the airline/airlines of any states parties to abide by the requirements relating to the rights of passengers, cancellation of their reservations and recovering their dues.
 4. The authorization for operating non-scheduled air transport services shall be granted, without undue delay, upon a request by the airline concerned to the responsible authority stating the issue of carriage accompanied by the air operator certificate issued by the state of the nationality of the airline concerned.
 5. For ensuring the operation of non-scheduled air transport on a specified segment on which scheduled air transport operates by operating flights during seasonal reduction or increase in air transport traffic, the scheduled airlines shall have preference over non-scheduled airlines.

ANNEX 5

DUTIES AND RESPONSIBILITIES RELATED TO FOLLOW UP

For the purpose of monitoring the implementation of the Agreement ACAC General Administration has the following responsibilities:

- a) Receipt of complaints and expression of its views regarding any problem or dispute arising from the application or interpretation of this Agreement and recommending resolution.
- b) Expressing its views regarding unfair competition upon the request of a state party.
- c) Evaluation, analysis and planning the degree of the Agreement's applicability and submitting a report thereof to ACAC Executive Council and the General Assembly.
- d) Call upon international and competent regional organizations to provide appropriate support to conduct studies, courses and work programmes as well as other measures aimed at strengthening and developing air transport services in accordance with this Agreement.

