AGREEMENT BETWEEN THE STATE OF ISRAEL AND THE ITALIAN REPUBLIC ON AIR SERVICES BETWEEN THEIR RESPECTIVE TERRITORIES

The Governement of the State of Israel and the Government of the Italian Republic being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944;

Desiring to conclude an Agreement for the purpose of regulating scheduled air services between their respective territories;

Have agreed as follows:

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ARTICLE 1

Definitions

For the purpose of this Agreement and relevant Annex unless the context otherwise requires:

a) the term "the 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 and any amendment of the Annexes to the Convention under Articles 90 and 94 thereof so far as those Annexes and Amendments have become effective for or have been ratified by both Contracting Parties;

b) the term "Aeronautical Authorities" means, in the case of the State of Israel, the Ministry of Transport and in the case of the Italian Republic, the Ministero dei Trasporti-Direzione Generale dell'Aviazione Civile or in both cases any person or body authorized to perform a particular function to which this Agreement relates;

c) the term "designated airline" means an airline which one Contracting Party shall have designated, by written notification to the other Contracting Party, in accordance with Article 4 of the present Agreement, for the operation of the agreed services on the routes specified in the Annex;

d) the term "territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention;

e) the term "air service", "international air service", "airline" and "stop for non-traffic purpose" have the meanings respectively assigned to them in Article 96 of the Convention.

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ARTICLE 2

Applicability of Chicago Convention

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

ARTICLE 3

Grant of Rights

1. Each Contracting Party grants the other Contracting Party the rights specified in the present Agreement for the purpose of establishing of its international scheduled air services on the routes specified in the Annex.

2. Subject to the provisions of the present Agreement, the airline designated by each Contracting Party shall enjoy the following rights:

(a) to fly without landing across the territory of the other Contracting Party;

(b) while operating on the specified routes, to make stops in the said territory for non-traffic purposes; and

(c) while operating an agreed service on a specified route, to make stops in the territory of the other Contracting Party at the points specified for that route in the Annex to the present Agreement for the purpose of putting down and taking on board international traffic in passengers, cargo and mail.

3. Nothing in paragraph (2) of this Article shall be deemed to confer on the airline of one Contracting Party the right of ta-

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king up, in the territory of the other Contracting Party, passengers, cargo and mail for remuneration or hire and destined for another point in the territory of that other Contracting Party.

ARTICLE 4

Designation of Airlines

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline for the purpose of operating the agreed services on the routes specified in the Annex.

2. On receipt of the designation the other Contracting Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay, grant the airline designated the appropriate operating authorization.

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

4. Each Contracting Party shall have the right to refuse to accept the designation of an airline and to withhold or revoke the permission to an airline of the authorization specified in paragraph (2) of this Article or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights in Article 3 of this Agreement, in any case where it is not satisfied that substantial ownership and effective control of that airline and of aircraft utilized in the operation of the specified route are vested in the Contracting Party designating the airline or in its nationals. Each Contracting Party undertakes to supply

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all documents relating to this matter which may be requested by the other Contracting Party.

5. When an airline has been so designated and authorized it may begin at any time to operate the agreed services provided that a tariff established in accordance with the provisions of Article 8 of this Agreement is in force in respect of these services.

ARTICLE 9

Revocation or suspension of Operating Authorizations

1. Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 3 of this Agreement by an airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights:

(a) in any case where it is not satisfied that substantial ownership and effective control of that airline and of the aircraft utilised in the operation of the specified services are vested in the Contracting Party designating the airline or in nationals of such Contracting Party; or

(b) in the case of failure by that airline to comply with the laws or regulations of the Contracting Party granting these rights; or

(c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1) of this Article is

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essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

ARTICLE 6

Exemption from Charges on Equipment, Fuel, Stores, etc.

1. Aircraft operated on international air services provided for in the present Agreement by the airline designated by one Contracting Party, as well as supplies of fuel and lubricants, aircraft stores, spare parts and the regular equipment on board such aircraft shall be exempt from customs duties, inspection fees and any other fiscal charges on arriving in the territory of the other Contracting Party.

2. There shall also be exempt from said customs and fiscal charges, with the exclusion of the charges relating to services rendered:

a) fuel, lubricants, aircraft stores, spare parts and normal airborne equipment introduced and stored in the territory of one Contracting Party by the designated airline of the other Contracting Party and intended solely for use by aircraft of said airline;

b) fuel, lubricants, aircraft stores, spare parts, regular equipment taken on board in the territory of one Contracting Party by the designated airline of the other Contracting Party, while operating the agreed services, within limits and conditions fixed by the Authorities of said other Contracting Party, and intended solely for use and consumption during the flight.

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3. The materials enjoying the exemptions provided for in the preceding paragraphs shall not be used for purposes other than international air services and must be re-exported if not used, unless their use on board of aircraft of another airline is granted or their permanent importation is permitted in accordance with the provisions in force in the territory of Contracting Party concerned.

4. The exemptions set out in this Article, applicable also to the part of the above mentioned materials used or consumed during the flight over the territory of the Contracting Party granting the exemptions, are granted on a reciprocal basis and may be subject to compliance with particular formalities normally applicable in said territory, including customs controls.

ARTICLE 7

Principles Governing Operation of Agreed Services

1. There shall be fair and equal opportunity for the airlines of both Contracting Parties to operate the agreed services on the specified routes between their respective territories.

2. In operating the agreed services, the designated airline of each Contracting Party shall take into account the interest of the designated airline of the other Contracting Party so as not to affect unduly the services which the latter provides.

3. The agreed services provided by the designated airlines of the Contracting Parties shall bear close relationship to the requirements of the public for transportation on the specified routes and shall have as their objective the provision of capacity adequate to meet the current and reasonably anticipated re-

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quirement for the carriage of passengers, cargo and mail between their respective territories.

4. The schedules of the services shall be submitted for approval to the aeronautical authorities of the two Contracting Parties, at least 60 days before the date of their entry into force.

ARTICLE 8

Tariffs

For the purpose of the following paragraphs, the term "tariff" means the prices to be paid for the carriage of passengers and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail.

1. The tariffs on any agreed services shall be established at reasonable levels, due regard being paid to all relevant factors including costs of operation, reasonable profit, characteristics of service (such as standards of speed and accomodation) and the tariffs of other airlines for any part of the specified routes. These tariffs shall be fixed in accordance with the following provisions of this Article.

2. The tariffs referred to in paragraph 1) of this Article, together with the rates of agency commission used in conjunction with them, shall be agreed in respect of each of the specified routes between the designated airlines concerned in consultation, if possible, with other airlines operating over the whole or part of that route, and such agreement, where possible, will be reached through the rate fixing machinery of the International Air Transport Association.

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3. The tariffs so agreed shall be submitted for the approval of the Aeronautical Authorities of both Contracting Parties at least ninety (90) days before the proposed date of their introduction. In special cases this period may be reduced, subject to the agreement of the said Authorities.

4. This approval may be given expressly. If neither of the Aeronautical Authorities has expressed disapproval within thirty (30) days from the date of submission, in accordance with paragraph 3) of this Article, these tariffs shall be considered as approved. In the event of the period for submission being reduced, as provided for in paragraph 3), the Aeronautical Authorities may agree that the period within which any disapproval must be notified shall be less than thirty (30) days.

5. If the designated airlines cannot agree on any of these tariffs, or if for some reason a tariff cannot be agreed in accordance with the provisions of paragraph 2) of this Article, the Aeronautical Authorities of the Contracting Parties shall try to determine the tariff by Agreement between themselves.

6. If the Aeronautical Authorities cannot agree on the approval of any tariff submitted to them under paragraph 2) of this Article or on the determination of any tariff under paragraph 5), the dispute shall be settled in accordance with the provisions of Article 14 of the present Agreement.

7. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established.

ARTICLE 9

Transfer of Earnings

Each Contracting Party shall grant on the basis of reciprocity, the right of free transfer in currencies convertible

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ble in both countries at the official rate of exchange of the excess of receipts over expenditures earned by the designated airline of the other Contracting Party in connection with sales related to carriage of passengers, mail and cargo on its own territory.

The procedure for such remittances, however, shall be in accordance with the foreign exchange regulations of the Contracting Party in the territory of which the revenue accrued.

Such transfer shall not be subject to any charge, except for those levied on normal bank operations, limitation or delay.

ARTICLE 10

Application of National Laws and Regulations

1. The laws, regulations and administrative requirements of one Contracting Party relating on its territory to the admission, stay or departure of aircraft engaged in international air navigation or to the operation, navigation and conduct of such aircraft while within its territory, shall be applicable to the aircraft of the designated airline of the other Contracting Party.

2. The laws, regulations and administrative requirements of each Contracting Party relating on its territory to the admission, stay and departure of passengers, crews, cargo and mail, such as regulations relating to entry, departure, emigration, immigration, customs and health shall be applicable to passengers, crews, cargo and mail carried by the aircraft of the airline designated by the other Contracting Party while within its territory.

ARTICLE 11

Airlines Establishments

1. Each Contracting Party shall grant to the designated airline of the other Contracting Party, on a basis of reciprocity, the

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right to maintain on its territory such offices and administrative commercial and technical personnel chosen among nationals from either or both Contracting Parties as may be necessary for the requirements of the designated airline.

2. The employement of third Country nationals in the territory of either Contracting Party shall be possible only subject to the approval of the competent Authorities.

3. The personnel of the designated airline of one Contracting Party or nationals of a third Country shall be subject to the laws relating to the admission and stay in the territory of the other Contracting Party such as the laws, regulations and administrative requirements applicable in that territory.

4. The number and the names of such personnel mentioned in paragraph 2 and 3 of this Article shall be submitted for approval to the competent Authorities of the two Contracting Parties.

5. Each Contracting Party shall extend to said offices and staff - nationals of the other Contracting Party - also any necessary assistance for the stay of such staff in the territory concerned.

ARTICLE 12

Licences and Certificates

Certificates of airworthiness, certificates of competency and licences issued by one Contracting Party or rendered valid and still in force, shall be recognized as valid by the other Contracting Party.

Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flight over its own

territory, the certificates of competency or licences granted to its own nationals by the other Contracting Party or by a third Country.

ARTICLE 13

Consultation and Amendments

1. In a spirit of close cooperation the Contracting Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement and its Annex.

2. If either of the Contracting Parties considers it desirable to modify the terms of this Agreement, it may at any time propose in writing such modification to the other Contracting Party. Consultations between the two Contracting Parties concerning such proposed modification may be either oral or in writing and shall, unless otherwise agreed, begin within a period of sixty days from the date of the request made by one of the Contracting Parties.

3. If either of the Contracting Parties considers it desirable to modify any provision of this Agreement other than the Annex it may request consultations with the other Contracting Party. Modifications agreed between the Contracting Parties shall be confirmed by an exchange of Notes through diplomatic channels, and shall enter into force on the day after the date on which the Contracting Parties have received notification from each other of the completion of their respective constitutional requirements.

4. If either of the Contracting Parties considers it desirable to modify the Annex, such modification, if agreed between the Contracting Parties, shall be confirmed by an exchange of Notes through diplomatic channels and shall enter into force on the date of that exchange of Notes.

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ARTICLE 14

Settlement of Disputes

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement the Aeronautical Authorities of the Contracting Parties shall endeavour to settle it by negotiations between themselves.

2. If the Aeronautical Authorities fail to settle the dispute, the Contracting Parties will endeavour to settle it.

3. If the Contracting Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to some person or body; if they do not so agree, the dispute shall, at the request of either Contracting Party, be submitted for decision to a tribunal of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated.

Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by the other Contracting Party of a notice through diplomatic channels requesting arbitration of the dispute by such a tribunal and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Contracting Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting Party to appoint an arbitrator or arbitrators as the case requires. In such case, the third arbitrator shall be a national of a State other than any of the Parties to this Agreement and shall act as President of the arbitral tribunal.

4. Any decision given by an arbitration tribunal under paragraph 3) of this Article shall, unless the Contracting Parties decide otherwise at the time of setting up the tribunal,

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be binding on both Contracting Parties.

ARTICLE 15

Multilateral Conventions

In the event of the conclusion of any general multilateral Convention concerning air transport to which both Contracting Parties adhere, the present Agreement shall be amended so as to conform with the provisions of such Convention.

ARTICLE 16

Registration

The present Agreement and any modifications or amendments thereof in accordance with Article 13 shall be registered with the International Civil Aviation Organization.

ARTICLE 16^a

Aviation Security

The Contracting Parties reaffirm their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air services and undermine public confidence in the safety of civil aviation.

They reaffirm their commitments under and shall have regard to 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. The Contracting Parties shall also have regard to applicable aviation security provisions established by the International Civil Aviation Organization.

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ARTICLE 17

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

ARTICLE 18

Entry into Force

This Agreement shall come into force as soon as the Contracting Parties exchange diplomatic notes confirming that the Agreement has been ratified according to the formalities required by the laws of the Contracting Parties.

In witness thereof the undersigned, being appointed and duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Rome in the English language, this eighteenth day of May 1979.

For the Government of the State of Israel

For the Government of the Italian Republic

A N N E X

SCHEDULE OF ROUTES

SECTION I

1. Specified Routes

Routes to be operated by the designated airline of Israel

	Point of Departure	Intermediate Points	Points in Italy	Points beyond
a.	Points in Israel	None	Rome	-
b.	Points in Israel	None	Rome	Two points in Europe without fifth freedom rights and without stopover rights.
c.	Points in Israel	None	Rome	Point in Europe -one point in U.S.,Mexico, with full fifth freedom rights between Rome and these points.

Agreed Services

In the operation of an agreed service on a specified route, the airline designated by the Government of Israel shall have the following rights:

(a) To put down or take on at the point specified in the territory of Italy international traffic in passengers, mail and cargo coming from or destined for Israel.

(b) To carry into and out of the territory of Italy, on the same flight, in transit, traffic coming from or destined for any points beyond.

(c) One or more points may be omitted by the designated airline on one, more or all flights provided that the agreed services begin at a point in its territory.

SECTION II

Specified Routes

Routes to be operated by the designated airline of Italy.

	Point of Departure	Intermediate Points	Points in Israel	Points beyond
a.	Points in Italy	None	Tel Aviv	-
b.	Points in Italy	None	Tel Aviv	Two points in Middle East without fifth freedom rights and without stopover rights.
c.	Points in Italy	None	Tel Aviv	Bombay; one point in Asia; Singapore; Sidney; Melbourne, with full fifth freedom rights.

Agreed Services

In the operation of an agreed service on a specified route, the air line designated by the Government of Italy shall have the following rights:

(a) To put down or take on at the point specified in the territory of Israel International traffic in passengers, mail and cargo comingfrom or destined for Italy.

(b) To carry into and out of the territory of Israel, on the same flight, in transit, traffic coming from or destined for any points beyond.

(c) One or more points may be omitted by the designated airline on one, more or all flights provided that the agreed services begin at a point in its territory.