

AIR SERVICES AGREEMENT
BETWEEN THE AUSTRIAN FEDERAL GOVERNMENT
AND
THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA

PREAMBLE

The Austrian Federal Government and the Government of Costa Rica hereinafter called in the present Agreement the "Contracting Parties";

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

Desiring to organize, in a safe and orderly manner, international air services and to promote in the greatest possible measure international cooperation in respect of such services; and

Desiring to conclude an Agreement for the purpose of establishing and operating air services between and beyond their respective territories;

Have agreed as follows:

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ARTICLE 1 – DEFINITIONS

1. For the purpose of this Agreement, unless the context otherwise requires, the terms:
 - a) “aeronautical authorities” means, in the case of Austria the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology and in the case of the Government of the Republic of Costa Rica the Ministry of Public Works and Transportation, the Technical Council of Civil Aviation, the General Directorate of Civil Aviation; or, in both cases, any person or body authorized to perform any functions at present exercisable by the above-mentioned authorities or similar functions;
 - b) “Agreed services” means international scheduled air services on the routes specified in Annex I to this Agreement for the transport of passengers, cargo and mail, separately or in combination in accordance with the agreed capacity entitlements;
 - c) “Agreement” means this Agreement, its Annexes, and any modifications thereto;
 - d) “Annex” means the Annexes I and II to this Agreement as amended. The Annexes form an integral part of the Agreement and all references to the Agreement shall include reference to the Annexes except where otherwise provided
 - e) “Air service”, “international air service”, “airline” and “stop for non-traffic purposes” have the meanings respectively assigned to them in Article 96 of the Convention;
 - f) “Air operator’s certificate” means a document issued to an airline by the aeronautical authorities of a Contracting Party which affirms that the airline in question has the professional ability and organisation to secure the safe operation of aircraft for the aviation activities specified in the certificate;
 - g) “Aircraft equipment” means article, other than stores and spare parts of a removable nature, for use on board an aircraft during flight, including first and survival equipment;
 - h) “Capacity” is the amount(s) of services provided under the Agreement, usually measured in the number of flights (frequencies) or seats or tons of cargo offered in a market (city pair, or country-to-country) or on a route during a specific period, such as daily, weekly, seasonally or annually;
 - i) “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 or Convention under Articles 90 and 94, insofar as such Annexes and amendments have become effective for both Contracting Parties;
 - j) “Change of gauge” means a change of aircraft at a point or points on the specified routes;
 - k) “Code sharing” is an agreement between two or more airlines that a flight operated by the so-called “operating carrier” may also be marketed by the other airlines, which are referred to as “marketing carriers”, with their own airline code and flight number.

- l) "Designated airline" means an airline which has been designated and authorised in accordance with Article 4 of this Agreement;
- m) "Spare parts" means article of a repair or replacement nature for incorporation in an aircraft during flight, including commissary supplies;
- n) "intermodal transport" means the public carriage by aircraft and by one or more surface modes of transport of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;
- o) "price" means:
 - (i) "air fares" to be paid to air carriers or their agents or other ticket sellers for the carriage of passengers and baggage on air services and any conditions under which those prices apply, including remuneration and conditions offered to agency and other auxiliary services; and
 - (ii) "air rates" to be paid for the carriage of mail and cargo and the conditions under which those prices apply, including remuneration and conditions offered to agency and other auxiliary services.

This definition covers, where applicable, the surface transport in connection with international air transport, and the conditions to which their application is subject;
- p) "self-handling" means a situation in which the airport user directly provides for himself one or more categories of ground handling services and concludes no contract of any description with a third party for the provision of such services; for the purpose of this definition, among themselves airport users shall not be deemed to be third parties where:
 - a) one holds the majority in the other, or
 - b) a single body has a majority holding in each;
- q) "Specified routes" means the routes specified in Annex I of this Agreement (Route Schedule);
- r) "state subsidy or support" means the provision of support on a discriminatory basis to a designated airline, directly or indirectly, by the state or by a public or private body designated or controlled by the state. Without limitation, it may include the setting-off of operational losses; the provision of capital, non-refundable grants or loans on privileged terms; the granting of financial advantages by forgoing profits or the recovery of sums due; the forgoing of a normal return on public funds used; tax exemptions; compensation for financial burdens imposed by the public authorities; or discriminatory access to airport facilities, fuels or other reasonable facilities necessary for the normal operation of air services;
- s) "Stores" means articles of a readily consumable nature for use or sale on board an aircraft during flight including commissary supplies;
- t) "Territory" has the meaning assigned to it in Article 2 of the Convention;
- u) "User charges" means a charge imposed on air carriers for the provision of airport infrastructure, airport environmental, air navigation, or aviation security facilities or services including related services and facilities;

- v) "amendments to the annexes", means any act agreed between Aeronautical Authorities that implies giving content to the annexes of this Agreement. References in this Agreement to nationals of the Republic of Austria shall be understood as referring to nationals of European Union Member States;
- w) References in this Agreement to airlines of the Republic of Austria shall be understood as referring to airlines designated by the Republic of Austria;
- x) References in this Agreement to the "EU Treaties" shall be understood as referring to the Treaty on European Union and the Treaty on the Functioning of the European Union;
- y) References in this Agreement to the "European Free Trade Association" shall be understood as referring to its Member States Iceland, Liechtenstein, Norway and Switzerland.

ARTICLE 2 - APPLICABILITY OF THE CHICAGO CONVENTION

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

ARTICLE 3 - GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the following rights in respect of its international air services:
 - (a) the right to fly across its territory without landing;
 - (b) the right to make stops in its territory for non-traffic purposes.
2. Each Contracting Party grants to the other Contracting Party the right specified in the present Agreement for the purpose of establishing and operating air services on the routes specified in the Route schedule hereto (hereinafter called also "the agreed services" and the "specified routes").
3. The airlines designated by each Contracting Party, while operating on the specified routes, shall enjoy the privilege to make stops in the territory of the other Contracting Party at the points specified in the Route Schedule for the purpose of taking on board and discharging passengers, baggage, cargo and mail, separately or in combination destined for or coming from point(s) in the territory of the first Contracting Party ("third and fourth freedom" rights)
4. The grant of traffic rights pursuant to paragraphs 2 and 3 above does not include the grant of the right to carry passengers, baggage, cargo and mail between points in the territory of the Contracting Party granting the rights and points in the territory of a third country or vice versa ("fifth freedom" rights). Fifth freedom traffic rights shall be granted only on the basis of the approval of the aeronautical authorities of both Contracting Parties as per the Annex.
5. Nothing in paragraphs 2 and 3 of this Article shall be deemed to confer on the designated airlines of one Contracting Party the privilege of taking on board, in the territory of the other Contracting Party, passengers, baggage, cargo and mail for remuneration or hire and destined for another point in the territory of the other Contracting Party.
6. 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.

ARTICLE 4 - DESIGNATION AND OPERATING AUTHORISATIONS

1. Each Contracting Party shall have the right to designate one or more airlines for the purpose of operating the agreed services on each of the routes specified in Annex I and to withdraw or alter such designations. Designations shall be made in writing.

2. Such designation shall be effected by virtue of written notification between the aeronautical authorities of both Contracting Parties via diplomatic channels.

3.. On receipt of a designation, and of an application from the designated airline in the form and manner prescribed for operating authorisation and permission, each Contracting Party shall grant the appropriate operating authorisation with minimum procedural delay, provided that:

a) in the case of an airline designated by the Republic of Costa Rica:

- (i) it is established in the territory of the Republic of Costa Rica and has a valid operating licence in accordance with applicable laws of the Republic of Costa Rica; and
- (ii) effective regulatory control of the airline is exercised and maintained by the Republic of Costa Rica, responsible for issuing its air operators' certificate and the relevant aeronautical authority is clearly identified in the designation; and
- (iii) The airline is effectively controlled by the Republic of Costa Rica and/or by its nationals.

b) in the case of an airline designated by the Republic of Austria:

- (i) it is established in the territory of the Republic of Austria under the EU Treaties and has a valid operating licence in accordance with European Union law; and
- (ii) effective regulatory control of the airline is exercised and maintained by the European Union Member State responsible for issuing its air operators' certificate and the relevant aeronautical authority is clearly identified in the designation; and
- (iii) The airline is owned directly or through majority ownership and it is effectively controlled by Member States of the European Union or States of the European Free Trade Association and/or by nationals of such states.

c) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied – in conformity with the provisions of the Convention - to the operation of international air services by the Contracting Party receiving the designation.

3. On receipt of the operating authorisation or permission of paragraph 2 of this Article, a designated airline may at any time begin to operate the agreed services, in part or in whole, for which it is so designated, provided that the airline complies with the applicable provisions of this Agreement.

ARTICLE 5 - WITHDRAWAL, REVOCATION OR SUSPENSION OF OPERATING AUTHORISATION

1. Each Contracting Party shall have the right to withhold, the operating authorisations or technical permissions with respect to an airline designated by the other Contracting Party, or to revoke, suspend or impose conditions on such authorisations, temporarily or permanently where:

- a) in the case of an airline designated by the Republic of Costa Rica:
 - (i) the airline is not established in the territory of the Republic of Costa Rica and does not have a valid operating licence in accordance with applicable laws of the Republic of Costa Rica ; or
 - (ii) effective regulatory control of the airline is not exercised or not maintained by the Republic of Costa Rica responsible for issuing its air operators' certificate or the relevant aeronautical authority is not clearly identified in the designation; or
 - (iii) The airline is not effectively controlled by the Republic of Costa Rica and/or by its nationals.

- b) in the case of an airline designated by the Republic of Austria:
 - (i) it is not established in the territory of the Republic of Austria under the EU Treaties or does not have a valid operating licence in accordance with European Union law; or
 - (ii) effective regulatory control of the airline is not exercised or not maintained by the European Union Member State responsible for issuing its air operators' 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 of the European Union or States of the European Free Trade Association and/or by nationals of such states.

- c) such airline is unable to prove that it is qualified to fulfil the conditions prescribed under the laws and regulations normally and reasonably applied in conformity with the Convention to the operation of international air services by the Contracting Party receiving the designation; or

- d) the airline fails to comply with the laws and/or regulations of the Contracting Party granting these rights; or

- e) the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

2. Unless immediate revocation or suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, or unless fair competition, safety or security requires action in accordance with the provisions of

Article 12 (Fair Competition), 9 (Safety) or 10 (Security), such right shall be exercised only after consultation with the aeronautical authorities in conformity with Article 25 of this Agreement.

ARTICLE 6 - APPLICABILITY OF LAWS AND REGULATIONS

1. The laws and regulations of one Contracting Party relating to the admission to, the stay in or departure from its territory of aircraft engaged in international air services, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airlines designated by the other Contracting Party and shall be complied with by such aircraft upon entrance into or departure from, or while within, the territory of the first Contracting Party.

2. The laws and regulations of one Contracting Party relating to the admission to, the stay in or departure from its territory of passengers, crew, cargo or mail of aircraft, including regulations relating to entry, exit, clearance, emigration, immigration, passports, customs, health and quarantine, shall be complied with by or on behalf of such passengers, crew, cargo or mail of the airlines of the other Contracting Party upon entrance into or departure from, or while within, the territory of the first Contracting Party.

3. Each Contracting Party shall permit, on its territory, the designated airlines of the other Contracting Party to take measures (e.g. the deployment of document specialists) to ensure that only persons are carried, who fulfil the necessary conditions for entry into or transit through the territory of the other Contracting Party and are in possession of the required travel documents.

4. Each Contracting Party shall, upon request, supply to the other Contracting Party copies of the relevant laws and regulations referred to in this Article.

5. Passengers, baggage and cargo including mail, in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose shall only be subject to a simplified control, except for reasons of aviation security, narcotics control, prevention of illegal entry or in special circumstances.

6. Each Contracting Party shall readmit to its territory for the purposes of examination a person who had been present in its territory before embarkation and who has been found inadmissible and thus denied entry at the destination airport. Where a person who has been found to be inadmissible is not or is no longer in possession of his or her travel documents or if their travel documents have been destroyed, a Contracting Party shall accept instead a document attesting to the circumstances of embarkation and arrival issued by the authorities of the other Contracting Party.

ARTICLE 7 - TAXATION

1. On reciprocal basis, Profits from the operation of aircraft in international traffic shall be taxable only in the territory of the Contracting Party in which the place of effective management of the enterprise is situated, if the legislation related to taxes of the other Contracting Party permits it.

2. Capital represented by aircraft operated in international traffic and by movable property pertaining to the operation of such aircraft shall be taxable only in the territory of the Contracting Party in which the place of effective management of the enterprise is situated; if the legislation related to taxes of the other Contracting Party permits it.
3. Where a special Agreement for the avoidance of double taxation with respect to taxes on income and on capital exists between the Contracting Parties, the provisions of the latter shall prevail.

ARTICLE 8 - RECOGNITION OF CERTIFICATES AND LICENCES

1. Certificates of airworthiness, certificates of competency and licences issued or validated in accordance with the laws and regulations of one Contracting Party, including, in the case of the Republic of Austria, European Union laws and regulations, and unexpired shall be recognised as valid by the other Contracting Party for the purpose of operating the agreed services, provided always that such certificates or licences were issued or validated, equal or above the minimum standards established under the Chicago Convention.

2. Paragraph 1) also applies with respect to an airline designated by the Republic of Austria whose regulatory control is exercised and maintained by another European Union Member State. Each Contracting Party, however, reserves the right to refuse to recognise as valid, for the purpose of flight over its own territory, certificates of airworthiness, certificates of competency or licences granted to or rendered valid to its own nationals by the other Contracting Party or by any other State.

ARTICLE 9 - AVIATION SAFETY

Each Contracting Party may request consultations at any time concerning safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty (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 the areas referred to in paragraph 1 of this Article that meet the minimum standards established at that time pursuant to the Convention (Doc 7300), the other Party shall be informed of such findings and of the steps considered necessary to conform with the International Civil Aviation Organization (ICAO) standards. The other Contracting Party shall then take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within fifteen (15) days or such longer period as may be agreed, shall be grounds for the application of Article 5 (Revocation) of this Agreement.

3. Notwithstanding the obligations mentioned in Article 33 of the Convention it is agreed that any aircraft operated by the designated airlines of one Contracting Party on service to or from the territory of the other Contracting Party may, while within the

territory of the other Contracting Party, be made the subject of an examination by the authorized representatives of the other Contracting Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called “ramp inspection”), provided this does not cause unreasonable delay. 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 licences 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.

4. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by or on behalf of the airline or airlines of one Contracting Party in accordance with paragraph (3) of this Article is denied by a 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) of this Article arise and draw the conclusions referred in that paragraph.

5. Each Contracting Party reserves the right to immediately suspend or vary the operating authorisation of an airline or airlines of the other Contracting Party 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 the airline operation.

6. 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.

7. Where the Republic of Austria has designated an airline whose regulatory control is exercised and maintained by a European Union Member State, 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 European Union Member State and in respect of the operating authorisation of that airline.

ARTICLE 10 - AVIATION 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 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971, the Montreal Supplementary Protocol for the Suppression Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988, the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1 March 1991 and any other aviation security agreement that becomes binding on both Contracting Parties.

2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO 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 which have their principal place of business or permanent residence in the territory of the Contracting Parties or, in the case of the Republic of Austria, operators of aircraft which are established in its territory under the EU Treaties and have valid Operating Licences in accordance with European Union law, and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees that its operators of aircraft shall be required to observe, for departure from or while within the territory of the other Contracting Party, aviation security provisions in conformity with the law in force in that country, including, in the case of the Republic of Austria, European Union law.

5. 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.

6. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

7. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Such consultations shall start within fifteen (15) days of receipt of such a request from either Contracting Party. Failure to reach a satisfactory agreement within fifteen (15) days of the date of such request shall constitute grounds for application of Article 5 of

this Agreement (Revocation). If required by a serious emergency, either Contracting Party may take interim action prior to the expiry of a month period.

ARTICLE 11 - EXEMPTION FROM CUSTOMS AND OTHER DUTIES

1. Aircraft operated on international air services by the designated airline(s) of one Contracting Party, as well as their regular equipment, spare parts including engines, supplies of fuel and lubricants and aircraft stores (including food, beverage and tobacco) which are on board such aircraft, shall be exempted by the other Contracting Party from all kinds of customs duties, inspection fees and any other fiscal charges on arriving in the territory of the other Contracting Party, provided that such regular equipment and such other items remain on board the aircraft.
2. There shall also be exempt from the same duties, fees and charges, with the exclusion of charges relating to the service performed, for:
 - a) fuel, lubricants, aircraft stores, spare parts for the maintenance or repair of aircraft used on a specified route including engines and regular airborne equipment introduced in the territory of one Contracting Party by the aircraft of the designated airlines of the other Contracting Party and exclusively intended for use by aircraft of the said airline;
 - b) fuel, lubricants, aircraft stores, spare parts for the maintenance or repair of aircraft used on a specified route including engines and regular airborne equipment, taken on board in the territory of each Contracting Party by the aircraft of the designated airlines of one Contracting Party, while operating the agreed services, within the limits and conditions fixed by the competent authorities of the said other Contracting Party, and intended solely for use and consumption during the flight.
3. Exemptions from customs duties and other charges shall be provided on a reciprocal basis for staff uniforms, computers and ticket printers, temporarily imported into the territory of either Contracting Party for the exclusive use by the designated airline of the other Contracting Party.
4. The materials enjoying the exemptions from customs duties and other fiscal charges, provided for in the preceding paragraphs will not be used for purposes other than international air services and must be re-exported if not used, unless their transfer to other international airline is granted, or their permanent importation is permitted, in accordance with the provisions in force in the territory of the interested Contracting Party.
5. 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 the specific formalities generally applied in the said territory, including customs controls.

ARTICLE 12 – CAPACITY AND FAIR COMPETITION

1. The Contracting Parties acknowledge that it is their joint objective to have a fair and competitive environment and fair and equal opportunity for the airlines of both Contracting Parties to compete in operating the agreed services on the specified routes. Therefore, the Contracting Parties shall take all appropriate measures to ensure the full enforcement of this objective.

2. Each Contracting Party shall allow fair and equal opportunity for the designated airlines of both Contracting Parties to compete in providing the international air transport governed by this Agreement. Each Contracting Party shall, where necessary, take all appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair competitive practices adversely affecting the competitive position of the airlines of the other Contracting Party.

3. Each Contracting Party shall allow each designated airline to determine the frequency and capacity of the international air transport it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Contracting Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the airlines designated by the other Contracting Party, except as may be required for customs, technical, operational, air traffic management safety, environmental or health protection reasons or unless otherwise provided for in this Agreement.

4. Airlines designated by a Contracting Party may be required to submit their flight schedules for approval or notification to the aeronautical authorities of the other Contracting Party at least thirty (30) days before the proposed date of their introduction. The same procedure shall apply to any modification thereof. In special cases this time limit may be reduced subject to the consent of the said authorities.

5. Neither Contracting Party shall allow its designated airline or airlines, either in conjunction with any other airline or airlines or separately, to abuse market power in a way which has or is likely or intended to have the effect of severely weakening a competitor or excluding a competitor from a route.

6. Neither Contracting Party shall provide or permit state subsidy or support for or to its designated airline or airlines in such way that would adversely affect the fair and equal opportunity of the airlines of the other Contracting Party to compete in providing international air transportation.

7. Where a Contracting Party provides state subsidy or support to a designated airline in respect of services operated under this Agreement, it shall require that airline to identify the subsidy or support clearly and separately in its accounts.

8. If one Contracting Party has substantiated concerns that its designated airlines are being subjected to discrimination or unfair practices, or that a subsidy or support being considered or provided by the other Contracting Party would adversely affect or is adversely affecting the fair and equal opportunity of the airlines of the first Contracting Party to compete in providing international air transportation, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Such consultations shall start within thirty (30) days of receipt of such a request from either Contracting Party. Failure to reach a satisfactory agreement within thirty (30) days from the start of such consultations shall constitute grounds to suspend the exercise of the rights specified in Article 2 (Grant of Rights) of the present agreement by the airline designated by the other Contracting Party, or to revoke the operating authorization, or to impose such conditions as it may deem necessary on the exercise of these rights.

ARTICLE 13 USER CHARGES

1. Neither Contracting Party shall impose or permit to be imposed on the designated airline of the other Contracting Party user charges higher than those imposed on its own airlines operating similar international air services.

2. Each Contracting Party shall encourage consultation on user charges between its competent charging authorities and airlines using the services and facilities provided by those charging authorities, where practicable through those airlines representative organisations. 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 Contracting Party shall further encourage its competent charging authorities and such users to exchange appropriate information concerning user charges.

ARTICLE 14 - SOCIAL ASPECTS

1. The Parties recognise the importance of considering the effects of this Agreement on labour, employment and working conditions. The Parties agree to cooperate on labour matters within the scope of this Agreement, inter alia in relation to impacts on employment, fundamental rights at work, working conditions, social protection and social dialogue.

2. The Parties shall through their laws, regulations and practices promote high levels of protection in the labour and social domain of the civil aviation sector.

3. The Parties recognise the importance of the benefits that arise when the significant economic gains from open and competitive markets are combined with high labour standards for workers. The Parties shall implement this Agreement in a manner that contributes to high labour standards and to ensure that the rights and principles contained in their respective laws and regulations are not undermined but effectively enforced.

4. The Parties reaffirm their commitment, in accordance with their obligations deriving from the membership of the International Labour Organization (ILO) and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted by the International Labour Conference at its 86th Session in 1998, to respect, promote and effectively implement and apply the Fundamental Rights and Principles at Work.

5. Each Party will make continued and sustained efforts towards ratifying, to the extent it has not yet done so, the fundamental ILO conventions.

ARTICLE 15 - ENVIRONMENTAL PROTECTION

1. The Contracting Parties support the need to protect the environment by promoting the sustainable development of aviation.

2. When environmental measures are established, the aviation environmental standards adopted by the International Civil Aviation Organisation in Annexes to the Chicago Convention shall be followed except where differences have been filed.

3. Nothing in this Agreement shall be construed to limit the authority of the competent authorities of a Contracting Party to take all appropriate measures to prevent or otherwise address the environmental impacts of air transport, provided that such measures are fully consistent with their rights and obligations under international law and are applied without distinction as to nationality.

ARTICLE 16 – TARIFFS

1. Each Contracting Party shall allow prices for scheduled air services to be established by each airline based upon commercial considerations in the marketplace.

Intervention by the Parties shall be limited to:

- a) prevention of unreasonably discriminatory prices or practices;
- b) protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position or to concerted practices among air carriers; and
- c) protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support.

2. Prices for scheduled international air services between the territories of the Contracting Parties shall not be required to be filed. Notwithstanding the foregoing, the airlines of the Contracting Parties shall continue to provide immediate access, on request, to information on historical, existing, and proposed prices to the aeronautical authorities of the Contracting Parties in a manner and format acceptable to those aeronautical authorities.

ARTICLE 17 – SALES, CONVERSION AND TRANSFER OF REVENUES

Any air carrier of each Party may engage in the sale of air transportation and related services in the territory of the other Party directly and/or, at the air carrier's discretion, through its sales agents, other intermediaries appointed by the air carrier, through another air carrier or through the internet. Each air carrier shall have the right to sell such transportation and related services, and any person shall be free to purchase such transportation and services, in the currency of that territory or in freely convertible currencies in accordance with the local currency legislation. No charges other than normal bank charges shall be applicable to such transfers.

1. Each air carrier shall have the right to convert into freely convertible currencies and remit local revenues from the territory of the other Party to its home territory or to the country or countries of its choice according to the applicable legislation. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the official rate of exchange applicable to current transactions and remittance on the date the carrier makes the initial application for remittance.
2. The air carriers of each Party shall be permitted to pay for local expenses, including airport charges and purchases of fuel, in the territory of the other Party in national currency. At their discretion, the air carriers of each Party may pay for such expenses in the territory of the other Party in freely convertible currencies in accordance with local currency legislation.

ARTICLE 18 - REPRESENTATION OF AIRLINES

1. The designated airlines of each Contracting Party shall be allowed to establish in the territory of the other Contracting Party offices for the promotion of air transportation and sale of air tickets as well as, in accordance with the legislation of such other Contracting Party, other facilities required for the provision of air transportation.

2. The designated airlines of each Contracting Party shall, on a reciprocity basis and according to paragraph 4 of this Article, maintain in the territory of the other Contracting Party managerial,

commercial and technical operational and other specialist staff required for the provision of the authorized services.

3. The representation staff specified in paragraph 1 of this Article shall, on a reciprocity basis comply with laws and regulations relating to the admission and stay in the territory of the other of each Contracting Party which shall grant, within a reasonable time limit, the authorisations required for the issuing of work permit, visa and other documents to the said staff.

4. It is up to the designated airline to meet their needs through their own staff or by hiring services of another organization, company or enterprise operating in the territory of the other Contracting Party and which is authorized to operate such services in the territory of such Contracting Party.

5. The employment of third Country nationals in the territory of other Contracting Party shall be permitted subject to the authorisation of the competent authorities.

ARTICLE 19 - GROUND HANDLING

Subject to the laws and regulations of each Contracting Party including, in the case of Austria, European Union law, each designated airline shall have in the territory of the other Contracting Party the right to perform its own ground handling ("self-handling") or, at its option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, 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 20 - LEASING

The designated airlines of each Contracting Party shall have the right to perform the agreed services on the specified routes using aircraft (or aircraft and crew) leased from any company, including other airlines, subject to being authorized to use the aircraft (or aircraft and crew) on such basis by the Aeronautical Authorities of both Contracting Parties.

ARTICLE 21 - CODE SHARE

In operating or holding out services under this Agreement, any air carrier of a Party may enter into cooperative marketing arrangements, such as code-sharing arrangements with:

- (a) any air carrier or carriers of the Parties; and
- (b) any air carrier or carriers of a third country; and
- (c) any surface (land or maritime) transport provider;

provided that (i) all carriers involved hold the appropriate authority and (ii) the arrangements meet the requirements relating to safety and competition normally applied to such arrangements. In respect of passenger transport sold involving codeshares, the

purchaser shall be informed at the point of sale, or in any case before boarding, which transport providers will operate each sector of the service.

ARTICLE 22 - INTERMODAL TRANSPORT

Subject to the laws and regulations of each Contracting Party, the designated 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 modes of transport. 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 23 - SERVICING, MAINTENANCE, OR REPAIR OF AIRCRAFT

Each designated air carrier shall have the right to provide its own servicing, maintenance, or repair of aircraft 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 and licensed at the given airports. Servicing and defect rectification can also be performed between airlines where a) one holds the majority in the other, or b) a single body has a majority holding in each.

ARTICLE 24 - PROVISION OF STATISTICS

The aeronautical authorities of one Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, on request, such information and statistics relating to the traffic carried on the agreed services by the designated airlines of the first Contracting Party to and from the territory of the other Contracting Party as may normally be prepared and submitted by the designated airlines to their national aeronautical authorities. The aeronautical authorities of one Contracting Party shall supply the aeronautical authorities of the other Contracting Party, at their request, with such statistics as may be reasonably required for information purposes subject to the laws and regulations of each Contracting Party.

ARTICLE 25 - CONSULTATIONS AND MODIFICATIONS

1. In a spirit of close co-operation, the aeronautical authorities of 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 the Annexes attached thereto.
2. If either of the Contracting Parties considers it desirable to modify any provisions 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 in writing and shall, unless otherwise agreed, begin within a period of sixty (60) days of the date of the written request received by one of the Contracting Parties.

3. Modifications so agreed upon shall be approved by each Contracting Party and shall enter into force on the first day of the second month, following the month on which the two Contracting Parties have notified each other by an exchange of diplomatic notes that the requirements for its entry into force under their respective legal procedures have been fulfilled.

4. The application of what is established in the Annexes of this Agreement will be agreed directly in writing between the Aeronautical Authorities in accordance with the principles and provisions of this Agreement.

5. Notwithstanding paragraphs 2 and 3 of this Article, modifications relating only to the Annexes of this Agreement may be agreed upon directly between the aeronautical authorities of the Contracting Parties and shall become effective through exchange of diplomatic notes.

ARTICLE 26 SETTLEMENT OF DISPUTES

1. If any dispute arises 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 negotiation.

2. If the Contracting Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to an arbitrator, or the dispute may at the request of either Contracting Party be submitted for decision to a tribunal of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated.

3. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other of a notice through diplomatic channels requesting arbitration of the dispute, and the third arbitrator shall be appointed within a further period of sixty (60) days.

4. If either of the Contracting Parties fails to nominate an arbitrator within the period specified or the third arbitrator is not appointed within in 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 third State and shall act as president of the tribunal and shall determine the place where the arbitration will be held. If the President considers that he is a national of a state, which cannot be regarded as neutral in relation to the dispute, the most senior Vice President who is not disqualified on that ground shall make the appointments. The arbitral tribunal shall reach its decision by a majority of votes.

5. The Contracting Parties undertake to comply with any decision given under paragraph (2) of this Article.

6. If and as long as either Contracting Party fails to comply with any decision given under paragraph (2) of this Article, the other Contracting Party may limit, suspend or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party in default or to a designated airline in default.

7. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties. Any expenses incurred by the President of the Council of the International Civil Aviation Organization in connection with the procedures of paragraph (4) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

ARTICLE 27 - CONFORMITY WITH MULTILATERAL CONVENTIONS

If a general multilateral air transport convention or agreement, comes into force in respect of both Contracting Parties, this Agreement and its Annexes shall be deemed to be modified accordingly.

ARTICLE 28 –TERMINATION

1. Either Contracting Party may, at any time, give notice in writing through diplomatic channels to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the ICAO.

2. In such 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 mutual 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 ICAO.

ARTICLE 29 - REGISTRATION

This Agreement, its Annexes and all modifications be registered with the ICAO.

ARTICLE 30 - ENTRY INTO FORCE

This agreement shall enter into force on the first day of the second month that follows the month during which the two Contracting Parties have completed to notify each other by an exchange of diplomatic notes that the requirements for its entry into force under their respective legal procedures have been fulfilled.

IN WITNESS THEREOF, the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate at this.....day of.....in the German, English and Spanish languages, all texts being equally authentic. In the event of any divergence of interpretation of provisions of this Agreement the English text shall prevail.

FOR THE AUSTRIAN FEDERAL GOVERNMENT

FOR THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA

Annex I

ROUTE SCHEDULE

Section I:

- A. The airline(s) designated by the Republic of Austria shall be entitled to operate scheduled air services in both directions on routes specified hereafter:

Points of Origin:	Intermediate points:	Points of Destination:	Points beyond:
Points in Austria	Any points	Points in Costa Rica	Any points

- B. The airline(s) designated by the Republic of Costa Rica shall be entitled to operate scheduled air services in both directions on routes specified hereafter:

Points of Origin:	Intermediate points:	Points of Destination:	Points beyond:
Points in Costa Rica	Any points	Points in Austria	Any points

Notes

1. Intermediate points and points beyond on any of the specified routes may, at the option of the designated airline(s), be omitted on any or all flights, provided that any service either begins or terminates in the territory of the Contracting Party designating the airline(s).

2. Any intermediate points and points beyond may be served by the designated airline(s) of each Contracting Party without exercising Fifth Freedom traffic rights. The exercise of Fifth Freedom traffic rights may be agreed upon by the aeronautical authorities of the two Contracting Parties
3. Each designated airline may perform international air services on any international segment or segments of the agreed routes without any limitation as to change, at any point on the route, in type or number of aircraft operated; provided that, in the outbound direction, the transportation beyond such point is a continuation of the transportation from the territory of the Contracting Party that has designated the airline and, in the inbound direction, the transportation to the territory of the Contracting Party that has designated the airline is a continuation of the transportation from beyond such point.

Annex II

EXCLUSIVE CARGO SERVICES

1. Any designated airline engaged in the international transportation of air cargo:
 - a. Will receive non-discriminatory treatment with respect to access to facilities and services for cargo clearance, handling, storage and facilitation;
 - b. Subject to local laws and regulations, may directly use or exploit other modes of transportation;
 - c. May enter into cooperative arrangements with other air carriers including, but not limited to, code sharing, capacity reservations and inter-airline services; and
 - d. May determine its own cargo rates and may be required to submit these to the aeronautical authorities of either Party.