

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
CANBERRA

**Air Services Agreement between the Government of Australia and the Government of the
Republic of Serbia**

(Belgrade, 14 May 2013)

Not yet in force
[2013] ATNIF 13

The Government of Australia and the Government of the Republic of Serbia (hereinafter referred to as the "Contracting Parties"),

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

Noting that the Republic of Serbia signed Multilateral Agreement between the European Community and its Member States, the Republic of Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the Former Yugoslav Republic of Macedonia, the Republic of Iceland, the Republic of Montenegro, the Kingdom of Norway, Romania, the Republic of Serbia and the United Nations Interim Administration in Kosovo¹ of 10 June 1999 on the establishment of a European Common Aviation Area (hereinafter referred to as: ECAA Agreement) on 29 June 2006,

Desiring to promote an international aviation system based on competition among airlines in the marketplace and wishing to encourage airlines to develop and implement innovative and competitive services;

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

Have agreed as follows:

DEFINITIONS

Article 1

For the purpose of this Agreement, unless otherwise agreed:

(a) The term "Aeronautical Authorities" means in the case of the Republic of Serbia, the Civil Aviation Directorate of the Republic of Serbia; and in the case of Australia, the Department of Infrastructure and Transport, or in either case any person or body authorised to perform any function to which this Agreement relates;

(b) The term "agreed services" means scheduled air services on the routes specified in this Agreement for the purpose of the carriage of passengers, cargo and mail, separately or in combination;

¹ Pursuant to UN Security Council Resolution 1244 of 10 June 1999

- (c) The term “Agreement” means this Agreement, the Annex attached thereto, and any amendment thereof;
- (d) The terms “airline”, “air services”, “international air services” , “stop for non-traffic purposes”, and “territory” shall have the meanings respectively assigned to them in Article 2 and Article 96 of the Convention;
- (e) The term “capacity” is the amount(s) of services provided under the Agreement, usually measured in the number of flights (frequencies), or seats or tonnes 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;
- (f) 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 or Convention under Articles 90 and 94 thereof if in force for or ratified by both Contracting Parties;
- (g) The term “designated airline” means the airline or airlines designated and authorised in accordance with Article 3 (Designation of Airlines and Operating Authorisation) of this Agreement;
- (h) The term “ground-handling” shall have the meaning assigned to it in Annex VI to the Convention, Part I and III;
- (i) The term “ICAO” means the International Civil Aviation Organization;
- (j) The term “intermodal services” 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;
- (k) The term “marketing airline” means an airline that sells air services under its code on flights operated by another airline through a code-share arrangement;
- (l) The term “operating airline” means an airline that operates air services using an aircraft, owned or leased, in order to provide such services;
- (m) The term “slot” means the right to schedule the specified times of departure and arrival for an aircraft which are awarded to an airline for the purpose of operating agreed services;
- (n) The term “tariff” means the prices to be paid for the carriage of passengers, baggage, and/or cargo, and the conditions under which these prices apply, including commission and other additional charges for agency services or sale of air services but excluding remuneration and conditions for the carriage of mail;
- (o) The term “user charges” means the charges levied from the airlines for the use of an airport, its facilities, technical and other installations and services, as well as the charges for the use of airport environmental facilities, air navigation facilities, aviation security and safety facilities, and communication facilities and services.

GRANT OF RIGHTS

Article 2

1. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing scheduled international air services on the routes specified in the Route Schedule in the Annex to this Agreement (hereinafter referred to as “specified routes”).
2. Subject to the provisions of this Agreement, the designated airlines of either Contracting Party shall enjoy, while operating the agreed services on the specified routes, the following rights:
 - (a) the right to fly, without landing, across the territory of the other Contracting Party;
 - (b) the right to make stops in the territory of the other Contracting Party for non-traffic purposes;
 - (c) the right to make stops in the territory of the other Contracting Party at the points specified in the Annex to this Agreement for the purpose of taking on board and/or discharging passengers, cargo and mail in international traffic, separately or in combination; and
 - d) the rights otherwise specified in this Agreement.
3. Nothing in paragraph 2 of this Article shall be deemed to confer on the designated airlines of one Contracting Party the right to take on board in the territory of the other Contracting Party, passengers, cargo, or mail carried for hire or reward for discharge at other points in the territory of that other Contracting Party.
4. The provisions of this Agreement shall also be applicable to non-scheduled international air services operated by the airlines of both Contracting Parties, including airlines not designated under Article 3 (Designation of Airlines and Operating Authorisation), except with respect to the provisions of Article 2 (Grant of Rights) paragraph 1(c), Article 3 (Designation of Airlines and Operating Authorisation), Article 4 (Revocation or Suspension of Operating Authorisation), Article 12 (Tariffs), Article 13 (Principles Governing the Operation of Agreed Services) and the Annex to this Agreement.

DESIGNATION OF AIRLINES AND OPERATING AUTHORISATION

Article 3

1. Each Contracting Party shall have the right to designate as many airlines as it wishes to operate the agreed services in accordance with this Agreement, and to withdraw or alter such designations.

2. Contracting Parties shall inform each other of these designations by means of a written notification through diplomatic channels.
3. On receipt of such a notification of designation, the Aeronautical Authorities of the other Contracting Party shall, subject to the provisions of paragraphs 4 and 5 of this Article, grant to that designated airline the appropriate operating authorisations without delay.
4. The Aeronautical Authorities of one Contracting Party shall have the right to refuse to grant the operating authorisations referred to in paragraph 3 of this Article, or to impose such conditions as it may deem necessary on the exercise of the rights specified in Article 2 (Grant of Rights) of this Agreement by the designated airline if it is not satisfied that:
 - a) (i) in the case of airlines designated by the Republic of Serbia:
 - the airline is established in the Republic of Serbia; and
 - the airline has its principal place of business in the Republic of Serbia; and
 - substantial ownership and effective control of that airline are vested in the Republic of Serbia or its nationals, or in any other State signatory to the ECAA Agreement or in its nationals; or
 - (ii) in the case of airlines designated by Australia:
 - the airline is incorporated and has its principal place of business in Australia; and
 - b) in the case of airlines designated by either Contracting Party:
 - the airline fulfils the conditions prescribed under laws and regulations applied to the operation of international air services by such authorities, in accordance with the Convention; and
 - the Contracting Party designating the airline has and maintains effective regulatory control of the designated airline.
5. An airline thus designated and authorised may operate the agreed services provided that it complies with the provisions of this Agreement.

REVOCATION OR SUSPENSION OF OPERATING AUTHORISATION

Article 4

1. The Aeronautical Authorities of one Contracting Party shall have the right to revoke an operating authorisation, to suspend the exercise of the rights specified in Article 2 (Grant of Rights) 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 if it is not satisfied that:
 - a) (i) in the case of airlines designated by the Republic of Serbia:
 - the airline is established in the Republic of Serbia; and
 - the airline has its principal place of business in the Republic of Serbia; and

- substantial ownership and effective control of that airline are vested in the Republic of Serbia of its nationals, or in any other State signatory to the ECAA Agreement or in its nationals; or
 - (ii) in the case of airlines designated by Australia:
 - the airline is incorporated in or has its principal place of business in Australia; and
 - b) in the case of airlines designated by either Contracting Party:
 - the designated airline complies with the laws and regulations applied to the operation of international air services by such Authorities of the Contracting Party granting these rights; and
 - the Contracting Party designating the airline has and maintains effective regulatory control of the designated airline; and
 - c) the designated airline complies with the conditions prescribed under this Agreement.
2. The Aeronautical Authorities of Australia shall additionally have the right to revoke an operating authorisation, to suspend the exercise of the rights specified in Article 2 (Grant of Rights) 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 if the airline is already authorised to operate under a bilateral agreement between Australia and another State party to the ECAA, and Australia can demonstrate that, by exercising traffic rights under this Agreement on a route that includes a point in that other State, it would be circumventing restrictions on the third or fourth or fifth freedom traffic rights imposed by that other agreement.
 3. Unless immediate revocation of the operating authorisation, suspension of rights, or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of paragraph 1 of this Article, or any other laws and regulations referred to in this Agreement, such a measure shall be exercised only after consultations with the Aeronautical Authorities of the other Contracting Party.

APPLICATION OF LAWS AND REGULATIONS

Article 5

1. The laws and regulations of one Contracting Party governing the admission to, and departure from its territory of aircraft engaged in international air services, or the operations of such aircraft above its territory, shall apply to the aircraft of the designated airlines of the other Contracting Party.
2. The laws and regulations of one Contracting Party, governing the admission to, sojourn in, and departure from its territory of passengers, crew, baggage, cargo and mail such as formalities regarding entry, clearance, emigration and immigration, passports, aviation security, advance passenger information, as well as customs and sanitary measures shall apply to passengers, crew, baggage, cargo and mail carried by the aircraft of the designated airlines of the other Contracting Party while within the said territory.
3. Neither Contracting Party may grant any preference to its own airlines nor any other airline over the designated airlines of the other Contracting Party engaged in similar

international air services in the application of the laws and regulations provided for in this Article.

4. Passengers, baggage and cargo in direct transit through the territory of either Contracting Party and not leaving the area of the airport reserved for such purpose may be subject to examination in respect of aviation security, narcotics control and immigration requirements, or in other special cases where such examination is required having regard to the laws and regulations of the relevant Contracting Party and to the particular circumstances. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

RECOGNITION OF CERTIFICATES AND LICENCES

Article 6

1. Certificates of airworthiness, certificates of competency and licences issued or rendered valid by the Aeronautical Authorities of one Contracting Party and still in force shall be recognised as valid by the other Contracting Party for the purpose of operating the agreed services provided that requirements on the basis of which such certificates and licences are issued, or rendered valid, are equal to or higher than the minimum standards established under the Convention.
2. If the privileges or conditions contained in the licences or certificates mentioned in paragraph 1 of this Article issued by the Aeronautical Authorities of one Contracting Party to a person or designated airline, or in respect of an aircraft engaged in the operation of the agreed services on specified routes, permit a difference from the standards established under the Convention, and such a difference has been filed with ICAO, the Aeronautical Authorities of the other Contracting Party may request consultations with the Aeronautical Authorities of the firstly mentioned Contracting Party, in order to clarify the practice in question. Failure to reach satisfactory agreement shall constitute grounds for the application of the Article 4 (Revocation or Suspension of Operating Authorisation) of this Agreement.
3. Each Contracting Party reserves the right to refuse to recognise for flights above its own territory, or landing within its own territory, certificates of competency and licences granted to its own nationals or in relation to its registered aircraft by the other Contracting Party.

AVIATION SAFETY

Article 7

1. Each Contracting Party may request consultations at any time concerning safety standards in any areas relating to aeronautical facilities, aircrew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within thirty (30) days of that request.
2. If, following such consultations, one Contracting Party concludes that the other Contracting Party does not effectively maintain and administer safety standards in any of the areas mentioned in paragraph 4 to 7 of this Article that are at least equal to the

minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the second Contracting Party of those findings and the steps considered necessary to conform with those minimum standards and that Contracting Party shall take appropriate actions to ensure compliance. Failure by the second Contracting Party to take appropriate actions within fifteen (15) days or such longer period as may be agreed, shall constitute grounds for the application of Article 4 (Revocation or Suspension of Operating Authorisation) of this Agreement.

3. Paragraphs 4 to 7 of this Article supplement paragraphs 1 to 2 of this Article and the obligations of the parties under Article 33 of the Convention.
4. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by or, under a lease arrangement, on behalf of a designated airline of one Contracting Party, on services to or from the territory of another Contracting Party may, while within the territory of the other Contracting Party, be made the subject of a search by the authorised representatives of the other Contracting Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called “ramp inspection”), provided this does not lead to unreasonable delay.
5. If any 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 Aeronautical Authorities of the Contracting Party carrying out the inspection may conclude, for the purposes of Article 33 of the Convention, that the requirements under which the certificates 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.

6. In the event that access for the purpose of undertaking a ramp inspection in accordance with paragraph 3 of this Article of an aircraft operated by or on behalf of a designated airline of one Contracting Party is denied by the representative of that airline, the Aeronautical Authorities of the other Contracting Party may infer that serious concerns of the type referred to in the paragraph 4 of this Article arise and draw the conclusions referred to therein.
7. The Aeronautical Authorities of each Contracting Party reserves the right to suspend or vary the operating authorisation of a designated airline of the other Contracting Party immediately in the event the first Contracting Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of that airline’s operations.

8. Any action taken by each Contracting Party or its Aeronautical Authorities in accordance with paragraphs 2 or 7 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

AVIATION SECURITY

Article 8

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 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 multilateral convention and protocol relating to the security of civil aviation which both Contracting Parties adhere to.
2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent the 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. 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, in joint consultation, assist each other by facilitating communications and other appropriate measures intended to terminate rapidly such incident or threat thereof.
4. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and designated as Annexes to the Convention; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions. Each Party shall advise the other Party of any difference between its national regulations and practices and the aviation security standards of the Annexes. Either Party may request consultations with the other Party at any time to discuss any such differences.
5. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 4 of this Article required by the other Contracting Party for entry into, departure from, or while within the territory of that other Contracting Party. 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 positive consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

6. Each Contracting Party shall have the right, within sixty (60) days following notice (or such shorter period as may be agreed between the Aeronautical Authorities), for its Aeronautical Authorities to conduct an assessment in the territory of the other Contracting 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 Contracting Party. The administrative arrangements for the conduct of such assessments shall be mutually determined by the Aeronautical Authorities and implemented without delay so as to ensure that assessments will be conducted expeditiously.
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 the first Contracting Party may request immediate consultations with the Aeronautical Authorities of the second 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 from the date of such request shall constitute grounds to withhold, revoke, limit or impose conditions on the operating authorisation and technical permissions of the designated airlines of that Contracting Party. When required by an emergency, or to prevent further non-compliance with the provisions of this Article, the first Contracting Party may take interim action at any time. Any action taken in accordance with this paragraph shall be discontinued once the basis for the taking of that action ceases to exist.

USER CHARGES

Article 9

1. Each Contracting Party shall use its best efforts to ensure that the user charges imposed or permitted to be imposed by its competent authorities on the designated airlines of the other Contracting Party are just and reasonable.
2. Neither Contracting Party shall introduce or approve of the introduction of user charges for the designated airlines of the other Contracting Party which are higher than those imposed on a Party's own designated airlines operating similar international services.
3. Each Contracting Party shall encourage consultations between the competent charging bodies or authorities in its territory and the designated airlines using the services and facilities, and shall encourage the competent charging bodies or authorities and the designated airlines to exchange such information as may be necessary to permit an accurate review of the justification of the charges in accordance with the principles of paragraphs 1 and 2 of this Article. Each Contracting Party shall encourage the competent charging authorities and bodies to provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views before charges are made.

PROVISION OF STATISTICS

Article 10

1. The Aeronautical Authorities of one Contracting Party may require a designated airline of the other Contracting Party to provide statistics related to the traffic carried in the agreed services on the specified routes.
2. The Aeronautical Authorities of each Contracting Party may determine the content of statistics required to be provided by the designated airlines under paragraph 1 of this Article, and shall apply these requirements on a non-discriminatory basis.

EXEMPTION FROM CUSTOMS DUTIES AND TAXES

Article 11

1. Aircraft operated in international air transportation by the airlines of each Party shall be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities. Component parts, normal aircraft equipment and other items intended for or used solely in connection with the operation or for the repair, maintenance and servicing of such aircraft shall be similarly exempt, provided such equipment and items are for use on board an aircraft and are re-exported.
2. (a) Provided in each case that they are for use on board an aircraft in connection with the establishment or maintenance of international air transportation by the airline concerned, the following items shall be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities, whether they are introduced by an airline of one Party into the territory of the other Party or supplied to an airline of one Party in the territory of the other Party:
 - (i) aircraft stores (including but not limited to such items as food, beverages and products destined for sale to, or use by, passengers during flight);
 - (ii) fuel, lubricants (including hydraulic fluids) and consumable technical supplies; and
 - (iii) spare parts including engines.
- (b) These exemptions shall apply even when these items are to be used on any part of a journey performed over the territory of the other Party in which they have been taken on board.
3. The exemptions provided by this Article shall not extend to charges based on the cost of services provided to the airlines of a Party in the territory of the other Party.
4. The normal aircraft equipment, as well as spare parts (including engines), supplies of fuel, lubricating oils (including hydraulic fluids) and lubricants and other items mentioned in paragraphs 1 and 2 of this Article retained on board the aircraft operated by the airlines of one Party may be unloaded in the territory of the other Party only with the approval of the Customs authorities of that territory. Aircraft stores intended for use on the airlines' services may, in any case be unloaded. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the

appropriate authorities until they are re-exported or otherwise disposed of in accordance with the Customs laws and procedures of that Party.

5. The exemptions provided for by this Article shall also be available in situations where the airline or airlines of one Party have entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airline or airlines similarly enjoy such reliefs from such other Party.

TARIFFS

Article 12

1. Each Contracting Party may require notification to or filing with its Aeronautical Authorities of tariffs for international air services operated pursuant to this Agreement, or the submitting of the said tariffs for its consideration.
2. Without limiting the application of general competition and consumer law in each Contracting Party, interventions by the Aeronautical Authorities of the Contracting Parties as prescribed in paragraph 3 of this Article shall be limited to:
 - a) the prevention of unreasonably discriminatory tariffs or practices
 - b) the protection of consumers against tariffs that are unreasonably high or unreasonably restrictive due to either the abuse of a dominant position or to concerted practices among air carriers; and
 - c) the protection of airlines against tariffs which are artificially low because of direct or indirect governmental subsidy or support.
3. Neither Contracting Party shall take unilateral actions to prevent the inauguration or continuation of a tariff proposed to be charged or charged by the designated airlines of either Contracting Party for international air services between the territories of the Contracting Parties. If either Contracting Party believes that any such tariff is inconsistent with the principles set forth in paragraph 2 of this Article, it shall request consultations and notify the other Contracting Party of the reasons for its dissatisfaction within fourteen (14) days from receiving the tariffs filed. These consultations shall be held not later than fourteen (14) days after receipt of the request. Only in this case, without a mutual agreement, shall a tariff not go into effect or continue in effect.

PRINCIPLES GOVERNING THE OPERATION OF THE AGREED SERVICES

Article 13

1. There shall be fair and equal opportunity for the designated airlines of both Contracting Parties to operate the agreed services on the routes specified in this Agreement.
2. The Aeronautical Authorities of both Contracting Parties shall determine the capacity which may be provided by the designated airlines operating the agreed services prior to

the commencement of the operation of the agreed services and from time to time thereafter.

COMMERCIAL ACTIVITIES

Article 14

1. Contracting Parties shall, in their respective territories, give to the designated airlines of the other Contracting Party the following rights:
 - a) the right to establish offices, including offline offices, for the promotion of air services, sale and management of air services;
 - b) the right to engage in the sale and marketing of their own air services directly or, at their discretion, through the agents or intermediaries so that every person can buy the air services in local or any other freely convertible currency, in accordance with the currency regulations of the Contracting Parties;
 - c) the right to use the services and personnel of any organisation, company or airline operating in the territory of the other Contracting Party.
2. In accordance with the laws and regulations relating to the entry, residence and the employment of the other Contracting Party, the airlines of each Contracting Party shall be entitled to bring in and maintain in the territory of the other Contracting Party those of their own managerial, sales, technical, operational and other staff which the airline reasonably considers necessary for the provision of the air transportation. Consistent with such laws and regulations, each Contracting Party shall reciprocally and with the minimum of delay, grant the necessary employment authorisations, visas or other similar documents to the representatives and staff referred to in this paragraph.
3. Each designated airline shall have the right to transfer from the territory of the other Contracting Party to its territory, the funds obtained in the ordinary course of the activities related to the operation of the agreed services, in accordance with the foreign exchange regulations of that Contracting Party. Conversion and transfer shall be permitted at the foreign exchange market rates for payments prevailing on the day of submission of the requests for conversion or transfer and shall not be subject to any charges except normal service charges levied for such transactions.
4. The designated airlines of both Contracting Parties shall have the right at their discretion to pay for local expenses, including purchases of fuel, in the territory of the other Contracting Party in local currency or, in accordance with local currency regulations, in freely convertible currencies.
5. (a) In providing the agreed services, the designated airlines of both Contracting Parties shall have the right, on all or any part of their routes in the Annex, to enter into code share, blocked space or other cooperative marketing arrangements, as the marketing or operating airline, with any other airline, including airlines of the same Contracting Party or of third parties. Subject to paragraph 5 (c) of this Article, the airlines participating in such arrangements must hold the appropriate authority or authorities to conduct international air transportation on the routes or segments concerned.

- (b) Unless otherwise mutually determined by the Aeronautical Authorities of the Contracting Parties, the volume, capacity or service frequency which may be held out and sold by the airlines of each Contracting Party, when code sharing as the marketing airline, shall not be subject to limitations under this Agreement.
 - (c) The Aeronautical Authorities of one Contracting Party shall not withhold permission of designated airlines of the other Contracting Party to market, subject to a code-share arrangement, the services arising from such a code share arrangement on flights operated by the airlines of third parties on the basis that the third party airlines concerned do not have the right from the first Contracting Party to carry traffic under the code of the marketing airline.
 - (d) The designated airlines of the Contracting Parties may market code share services on domestic flights operated within the territory of the other Contracting Party provided that such services form part of a through international journey.
 - (e) The designated airlines of each Contracting Party shall, when holding out international air transportation for sale, make it clear to the purchaser at the point of sale which airline will be the operating airline on each sector of the journey and with which airline or airlines the purchaser is entering into a contractual relationship on each segment of the journey.
6. The designated airlines of each Contracting Party shall have the right to perform ground-handling in the territory of the other Contracting Party, or to conclude a contract with a competing agent of their choice, including any other airlines which perform ground-handling, for such services in whole or in part. Each designated airline shall also have the right, in the territory of the other Contracting Party, to offer its services as a ground-handling agent, in whole or part, to any other airline. These rights shall be subject only to restrictions resulting from considerations of airport safety and security. Where such considerations preclude an airline from performing its own ground-handling or contracting with an agent of its choice for ground-handling services, these services shall be made available to that airline on a basis of equality with all other airlines.
7. The designated airlines of the Contracting Parties shall be permitted to conduct international air transportation using aircraft (or aircraft and crew) leased from any company, including other airlines, provided only that the operating aircraft and crew meet the applicable operating and safety standards and requirements.
8. In respect of the allocation and grant of slots to airlines at the airports in their respective territories, the Contracting Parties will:
- (a) in accordance with local slot allocation rules, procedures or practices which are in effect or otherwise permitted, ensure that the airlines of the other Contracting Party:
 - (i) are permitted fair and equal opportunity to secure slots; and
 - (ii) are afforded no less favourable treatment than any other airline in securing slots; and

- (b) ensure that in the event of any arrangement, procedure or practice which is either established with any third party in relation to the grant of slots to the airlines of that party or is otherwise permitted for a particular foreign international airline or airlines, such opportunities are extended to the airlines of the other Contracting Party.
9. The provisions of paragraph 8 of this Article will be subject to any laws or regulations introduced by the Contracting Parties for the allocation of slots at the airports in their respective territories.

INTERMODAL SERVICES

Article 15

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

COMPETITION

Article 16

1. The competition laws of each Contracting Party, as amended from time to time, shall apply to the operation of the airlines within the jurisdiction of the respective Contracting Party. Where permitted under those laws, a Contracting Party or its competition authority may, however, unilaterally exempt commercial agreements between airlines from the application of its domestic competition law. This does not obligate a Contracting Party or its competition authority to provide a reciprocal exemption.
2. Without limiting the application of competition and consumer law by either Contracting Party, if the Aeronautical Authorities of either Contracting Party consider that the airlines of either Contracting Party are being subjected to discrimination or unfair practices in the territory of either Contracting Party, they may give notice to this effect to the Aeronautical Authorities of the other Contracting Party. Consultations between the Aeronautical Authorities shall be entered into as soon as possible after notice is given unless the first Contracting Party is satisfied that the matter has been resolved in the meantime.
3. In undertaking the consultations outlined in this Article, the Aeronautical Authorities of the Contracting Parties shall:
 - (a) coordinate their actions with the relevant authorities;
 - (b) consider alternative means which might also achieve the objectives of action consistent with general competition and consumer law; and

- (c) take into account the views of the other Contracting Party and the other Contracting Party's obligations under other international agreements.
- 4. Notwithstanding anything in paragraphs 1 to 3 above, this Article does not preclude unilateral action by the airlines or the competition authorities of either Contracting Party.

CONSULTATIONS

Article 17

1. Either Contracting Party, or its Aeronautical Authorities, may request at any time consultations with the other Contracting Party, or its Aeronautical Authorities with reference to the implementation, interpretation, application or amendment of this Agreement.
2. Except where otherwise provided for in this Agreement, the consultations requested by one of the Contracting Parties, or its Aeronautical Authorities, shall begin within a period of sixty (60) days from the date of receipt of a written request, unless otherwise agreed between the Contracting Parties or their Aeronautical Authorities.

AMENDMENTS

Article 18

1. If either Contracting Party considers it appropriate to amend any provision of this Agreement, it may request consultations between the Aeronautical Authorities of the Contracting Parties, in accordance with the Article 17 (Consultations) of this Agreement, relating to the proposed amendments.
2. Any modifications to this Agreement shall come into force when the Contracting Parties have notified each other by an exchange of diplomatic notes that they have approved them in accordance with their internal requirements.
3. Any amendments to the Annex may be agreed directly between the Aeronautical Authorities of the Contracting Parties and shall enter into force when confirmed by an exchange of diplomatic notes.

COMPATIBILITY WITH MULTILATERAL CONVENTIONS

Article 19

If a multilateral convention concerning air transportation comes into force in respect of both Parties, this Agreement shall be deemed to be amended so far as is necessary to conform with the provisions of that convention.

SETTLEMENT OF DISPUTES

Article 20

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement, with the exception of any dispute concerning the application of national competition laws referred to in paragraph 1 of Article 16 of this Agreement, which can not be settled by consultations or negotiations, shall be submitted to an Arbitral Tribunal upon the request of either Contracting Party.
2. Within a period of thirty (30) days from the date of receipt by either Contracting Party from the other Contracting Party of a note through the diplomatic channels requesting the arbitration of the dispute by a tribunal, each Contracting Party shall nominate an arbitrator. Within a period of thirty (30) days from the appointment of the arbitrator last appointed, the two arbitrators shall appoint a President who shall be a national of a third State. If within thirty (30) days after one of the Contracting Parties has nominated its arbitrator, the other Contracting Party has not nominated its own or, if within thirty (30) days following the nomination of the second arbitrator, both arbitrators have not agreed on the appointment of the President, either Contracting Party may request the President of the Council of ICAO to appoint an arbitrator or arbitrators as the case requires. If the President of the Council is of the same nationality as the arbiter of the one of the Contracting Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.
3. The Arbitral Tribunal shall determine its own procedure.
4. Any decision delivered by the Arbitral Tribunal shall be final and binding on both Contracting Parties.
5. The expenses of the arbitration shall be shared equally by the both Contracting Parties.
6. If and for so long as either Contracting Party fails to comply with an award under paragraph 4 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 or its designated airline in default.

TERMINATION OF THE AGREEMENT

Article 21

1. Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall simultaneously be communicated to ICAO. In such case, the Agreement shall terminate 12 months after the date of receipt of the notice by the other Contracting Party, unless the notice of termination is withdrawn by agreement of both the Contracting Parties before the expiry of this period.
2. In default of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the date on which ICAO acknowledged receipt thereof.

REGISTRATION OF THE AGREEMENT

Article 22

This Agreement and all amendments thereto shall be registered with ICAO.

ENTRY INTO FORCE

Article 23

1. This Agreement shall enter into force on the date of the last diplomatic note by which Contracting Parties will have notified each other that they have fulfilled the conditions prescribed by their internal requirements for entry into force.
2. This Agreement shall succeed as between the Parties *the Agreement between the Government of Australia and the Government of the Socialist Federal Republic of Yugoslavia relating to Air Services* done at Belgrade on 3 April 1975.

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

DONE at Belgrade, on this 14th day of May, 2013 in Serbian and English languages, both texts being equally authentic. In case of any discrepancy in regard to the interpretation, the English text shall prevail.

Dr Helena Studdert
Ambassador

Mr Milutin Mrkonjic
Minister of Infrastructure

FOR THE GOVERNMENT OF
AUSTRALIA

FOR THE GOVERNMENT OF
THE REPUBLIC OF SERBIA

ANNEX

ROUTE SCHEDULE Section I

The designated airlines of each Contracting Party shall be entitled to perform international air transportation on the following routes:

The route for the designated airlines of the Republic of Serbia:

Points in the Republic of Serbia	Intermediate Points	Points in Australia	Beyond Points
Any points	Any points	Any points	Any points

The route for the designated airlines of Australia:

Points in Australia	Intermediate Points	Points in the Republic of Serbia	Beyond Points
Any points	Any points	Any points	Any points

Notes:

1. The designated airlines of each Contracting Party may at their option omit points on any of the above routes provided that, (with the exception of all-cargo services) the services commence or terminate in the territory of the Contracting Party which designated those airlines.
2. The traffic rights which may be exercised by the designated airlines at intermediate and points beyond on the above routes shall be jointly determined from time to time between the Aeronautical Authorities of both Contracting Parties.

OPERATIONAL FLEXIBILITY
Section II

Subject to Section I of this Annex, the designated airlines of the Contracting Parties may, on any or all services and at their discretion:

- (a) perform services in either or both directions;
- (b) combine different flight numbers within one aircraft operation;
- (c) transfer traffic from any aircraft to any other aircraft at any point on the route,

without directional or geographic limitation and without the loss of any right to carry traffic otherwise permissible under this Agreement.

CHANGE OF GAUGE
Section III

On any sector or sectors of the routes in Section I of this Annex, the designated airlines will be entitled to perform one aircraft operation in international air transportation, under the same flight number, including under code sharing arrangements with other airlines, without any limitation as to the change at any point or points on the route, in the type, size or number of aircraft operated.

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