*Draft*

AIR SERVICES AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF LATVIA AND THE GOVERNMENT OF THE UNITED MEXICAN STATES

 The Government of theRepublic of Latvia and the Government of the United Mexican States (hereinafter referred to as “the Contracting Parties”);

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on 7 of December, 1944;

Desiring to conclude an Agreement, supplementary to the said Convention, for the purpose of establishing air services between their respective territories.

 Have agreed as follows:

##### ARTICLE 1

## **Definitions**

1. For the purpose of this Agreement, unless the context otherwise requires:

1. the term "*Convention*" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 of December 1944, and includes any Annex adopted under Article 90 of the Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof, so far as those Annexes and amendments have become effective for or have been ratified by both Contracting Parties;
2. the term “*aeronautical authorities*” means in the case of the Republic of Latvia, the Ministry of Transport, and in the case of the United Mexican States, the Secretariat of Communications and Transports, through the Directorate General of Civil Aviation, or, in both cases, any other individual or institution authorized to perform the functions carried out by the authorities mentioned above;
3. the term “*designated airline*” means an airline which has been designated and authorized in accordance with Article 4 of this Agreement;
4. the term “*territory*” in relation to the Contracting Parties has the meaning assigned to it in Article 2 of the Convention;
5. the terms “*air service*”, “*international air service*”, “*airline*” and “*stop for non-traffic purposes*” have the meanings assigned to them in Article 96 of the Convention;

f) the term “*tariff*” means the prices to be paid for the carriage of passengers, baggage and cargo and the conditions under which those prices apply, including commissions paid to agencies, but excluding remuneration and conditions for the carriage of mail;

1. the term “*Annex*” means the Annex to this Agreement or as amended in accordance with the provisions of Article 20 of this Agreement. The Annex forms an integral part of this Agreement and all references to this Agreement shall include also references to the Annex except where explicitly agreed otherwise;
2. the term "EU Treaties" shall mean the Treaty on European Union and the Treaty on the functioning of the European Union.

2. Titles given to the Articles of this Agreement are for reference purposes only.

3. References in this Agreement to nationals of the Republic of Latvia shall be understood as referring to nationals of European Union Member States. References in this Agreement to airline or airlines of the Republic of Latvia shall be understood as referring to airline or airlines designated by the Republic of Latvia.

##### ARTICLE 2

##### Grant of Traffic Rights

1. Each Contracting Party grants to the other Contracting Party the following rights in respect of the international air services:
2. the right to fly across its territory without landing;
3. the right to make stops in its territory for non-traffic purposes.
4. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of operating international air services on the routes specified in the Annex to this Agreement. Such services and routes are hereinafter called *“the agreed services*” and “*the specified routes*” respectively. While operating an agreed service on a specified route the airline or airlines designated by each Contracting Party shall enjoy, in addition to the rights specified in paragraph 1 of this Article, the right to make stops in the territory of the other Contracting Party at the points specified for that route in the Annex for the purpose of taking on and/or discharging international traffic in passengers, baggage, cargo and mail, separately or in combination on a commercial basis.
5. Nothing in paragraph 2 of this Article shall be deemed to confer on a designated airline of one Contracting Party the right of taking on board, in territory of the other Contracting Party, passengers, cargo and mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party (cabotage).
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 3

##### Recognition of Certificates and Licenses

1. Certificate of airworthiness, certificates of competency and licenses issued or rendered valid by one of the Contracting Parties shall, during the period of the validity, be recognized as valid by the other Contracting Party, provided the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention.
2. Each Contracting Party reserves the right, however, to refuse to recognize as valid, for the purpose of flights over its own territory, certificate of competency, and licenses granted or rendered valid for its own nationals by the other Contracting Party or by any other State.

##### ARTICLE 4

##### Designation and Authorization of Airlines

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes.
2. Each Contracting Party shall have the right to withdraw or alter such designation by written notification to other Contracting Party.
3. On receipt of such a designation the other Contracting Party shall grant the appropriate authorisations and permission with minimum procedural delay, provided:
4. in the case of an airline designated by the Republic of Latvia:
5. it is established in the territory of the Republic of Latvia under the EU Treaties and has a valid Operating Licence in accordance with European Union law; and
6. effective regulatory control of the airline is exercised and maintained by the European Union Member State responsible for issuing its Air Operator’s Certificate and the relevant aeronautical authority is clearly identified in the designation;
7. in the case of an airline designated by the United Mexican States:
	1. it is established in the territory of the United Mexican States and is licensed in accordance with the applicable law of the United Mexican States; and
	2. effective regulatory control of the airline is exercised and maintained by the United Mexican States responsible for issuing its Air Operator´s Certificate and the relevant aeronautical authority is clearly identified in the designation;
8. the aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfil the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Convention.
9. When an airline has been so designated and authorized it may begin at any time to operate the agreed services, provided that the airline complies with all applicable provisions of this Agreement, including those relating to tariffs.

##### ARTICLE 5

##### Refusal, Revocation or Suspension of Operating Authorization

1. Either Contracting Party may revoke, suspend or limit the operating authorization or technical permissions of an airline designated by the other Contracting Party where:

1. in the case of an airline designated by the Republic of Latvia:
	1. it is not established in the territory of the Republic of Latvia under the EU Treaties or does not have a valid Operating Licence in accordance with European Union law; or
	2. effective regulatory control of the airline is not exercised or not maintained by the European Union Member State responsible for issuing its Air Operator’s Certificate, or the relevant aeronautical authority is not clearly identified in the designation.
2. in the case of an airline designated by the United Mexican States:
	1. it is not established in the territory of the United Mexican States or is not licensed in accordance with the applicable law of the United Mexican States; or
	2. effective regulatory control of the airline is not exercised and maintained by the United Mexican State responsible for issuing its Air Operator´s Certificate, or the relevant aeronautical authority is not clearly identified in the designation.
3. in the case of failure by that airline to comply with the laws and regulations of the Contracting Party granting these rights,
4. in any case in which that airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under this Agreement,
5. in the case of failure by the other Contracting Party to comply with or apply the security and safety standards in accordance with Articles 15 and 16 of this Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, such right shall be exercised only after consultations with the aeronautical authorities of the other Contracting Party. Such consultations shall begin within a period of thirty (30) days from the date of a request for consultations.

##### ARTICLE 6

##### Non-Discrimination in Respect of Charges

1. The charges levied in the territory of either Contracting Party for the use of airports and other aviation facilities by the aircraft of any designated airline of the other Contracting Party shall not be higher than those levied on aircraft of national airline engaged in similar international air services.
2. The charges for the use of airports, or any other aviation services and facilities, or any similar charges or fees levied in connection with the operation of international air services shall be assessed on a cost-related basis; presentation of the relevant proof may be requested. The same applies to charges for handling passengers, baggage and cargo and for handling aircraft at airports with only one provider.
3. The charges and fees shall be expressed and payable in national currency.

##### ARTICLE 7

##### Exemption from Customs and Other Duties

1. Aircraft operated on international air services by a designated airline of one Contracting Party, as well as their regular equipment, spare parts, supplies of fuel and lubricants, aircraft stores (including food, beverages and tobacco) which are on board such aircraft shall be exempted from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Party, provided such equipment, spare parts, supplies and stores remain on board the aircraft up to such time as they are re-exported or are used or consumed by such aircraft on flights over that territory.
2. The following equipment and items shall be exempted by the other Contracting Party on the basis of reciprocity from all customs duties, inspection fees and other similar charges not based on the cost of services provided on arrival, including:
3. regular equipment, fuel, lubricants, consumable technical supplies, aircraft stores (including but not limited to such items as food, beverages and tobacco), introduced into the territory of the other Contracting Party by or on behalf of a designated airline or taken on board the aircraft operated by that designated airline and intended for use on aircraft operated in international air services, even when such regular equipment and such other items are to be used on any part of a journey performed over the territory of the other Contracting Party;
4. spare parts, including engines, introduced into the territory of the other Contracting Party by or on behalf of a designated airline or taken on board and aircraft operated by that designated airline for the maintenance or repair of aircraft operated in an international air services by that designated airline;
5. printed ticket stock, air waybills, any printed material which bears insignia of a designated airline of one Contracting Party and usual publicity material distributed without charge by that designated airline.
6. Materials referred to in paragraph 2 of this Article may be required to be kept under customs supervision or control.
7. The regular airborne equipment, as well as the materials, supplies and spare parts normally retained on board aircraft operated by a designated airline of one Contracting Party, may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that Contracting Party. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.
8. Necessary documents, such as timetables, air tickets and air waybills, intended for the use of a designated airline of one Contracting Party and introduced into the territory of the other Contracting Party, shall be exempted from customs duties and taxes in the latter territory.
9. Baggage and cargo in direct transit across the territory of a Contracting Party shall be exempted from customs duties, fees and other similar charges not based on the cost of services on arrival or departure.
10. Nothing in this Agreement shall prevent the Republic of Latvia from imposing, on a non-discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in a aircraft of a designated air carrier of the United Mexican States that operates between a point in the territory of the Republic of Latvia or in the territory of another European Union Member State.

##### ARTICLE 8

##### Capacity Provisions

##### The designated airlines of the Contracting Parties shall have fair and equal opportunity to operate the agreed services on any route specified in the Annex to this Agreement.

1. In operating the agreed services the designated airline or airlines of each Contracting Party shall take into account the interests of a designated airline or airlines of the other Contracting Party so as not to affect unduly the services which the latter provide on the whole or any part of the same routes.
2. The agreed services provided by the designated airlines of the Contracting Parties shall retain as their primary objective the provision, at a reasonable load factor, of capacity adequate to the current and reasonably anticipated requirements for the carriage of passengers and cargo, including mail, coming from or destined for the territory of the Contracting Party which has designated the airline or airlines.
3. The right to take up or discharge on the agreed services international traffic destined for and coming from third countries at a point or points on the routes specified in the Annex to this Agreement shall be exercised in accordance with the general principles of orderly development of international air transport and shall be subject to the general principle that capacity should be related to:
4. the traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
5. the requirements of through airline operations; and
6. the traffic requirements of the area through which the airline passes, after taking account of local and regional air services.

##### ARTICLE 9

##### Approval of Traffic Programmes

1. The airline or airlines designated by one Contracting Party shall submit its or their traffic programmes (for the Summer and Winter Traffic periods) for approval to the aeronautical authorities of the other Contracting Party at least thirty (30) days prior to the beginning of the operation. The programme shall include in particular the timetables, the frequency of the services and the types of aircraft to be used. The aeronautical authorities shall give their decision on such traffic programme submissions within twenty (20) days from the date the airline concerned submits its programme for approval.
2. Each alteration in the traffic programme as well as requests for permission to operate additional flights shall be submitted by the airline or airlines designated by one Contracting Party for approval to the aeronautical authorities of the other Contracting Party. Such requests for alteration or for additional flights shall be dealt with promptly by the aeronautical authorities.

##### ARTICLE 10

##### Information and Statistics

 The aeronautical authorities of either Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, at their request, such information and statistics relating to traffic carried on the agreed services by the designated airline or airlines of the first Contracting Party to and from the territory of the other Contracting Party to and from the territory of the other Contracting Party as may normally be prepared and submitted to its national aeronautical authorities. Any additional statistical traffic data which the aeronautical authorities of one Contracting Party may desire shall, upon request, be a subject of mutual discussion and agreement between the aeronautical authorities of the two Contracting Parties.

##### ARTICLE 11

##### Tariffs

1. The tariffs to be charged by the designated airlines of one Contracting Party for carriage to or from the territory of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors, including cost of operation, reasonable profit, the interests of users in order to encourage a healthy competitive market and the tariffs of other airlines.
2. The tariffs shall be submitted for the approval of aeronautical authorities of both Contracting Parties at least forty five (45) days before the proposed date of their introduction. In special cases, this period may be reduced, subject to the agreement of the said authorities.

3. Without prejudice to the application of the users’ competency and protection-related laws and regulations in force within the territory of each Contracting Party, the respective aeronautical authority may reject a fare submitted for approval by any designated airline of any Contracting Party, if such tariff:

1. is deemed to be excessively high or highly restrictive in prejudice of the consumers; or
2. if applied, could have an anti-competitive behaviour and cause severe damages to other designated airline, or
3. is artificially low for the benefit of a designated airline and in prejudice of another one.
4. In any of the above events, if the designated airline whose tariff is rejected, presents its disagreements in such respect, then, the aeronautical authority of the Contracting Party that had rejected such tariff may consult with the aeronautical authority of the other Contracting Party in order to try to reach an arrangement as to the appropriate tariff; meanwhile, such tariff shall not be marketed or applied. If no agreement is reached as to the appropriate tariff, the controversy shall be solved under the provisions contained in Article 19 of this Agreement.

5. If the aeronautical authority of a Contracting Party considers that an effective tariff applied by the designated airline of the other Contracting Party has anti-competitive effects and causes severe damage to the other designated airline of the first Contracting Party, or if the application of such tariff is prejudicial to the consumers, then, the aeronautical authority may ask such airline to withdraw the concerned tariff from the market; otherwise, it may ask for consultations with the aeronautical authority of the other Contracting Party in order to reach an arrangement as to the appropriate fare. If no agreement is reached, the controversy shall be solved under the provisions contained in Article 19 of this Agreement.

6. Without prejudice to the above, each Contacting Party shall allow any designated airline by any Contracting Party to establish a lower or a more competitive tariff proposed or approved by any other airline between the territories of the Contracting Parties, upon previous approval by aeronautical authorities of both Contracting Parties.

7. A tariff approved according to the provisions of this Article shall remain effective until it is cancelled or until a new replacing tariff is established, except as provided for in paragraph 5 of this Article. The aeronautical authorities of each Contracting Party shall carry out their best efforts to guarantee that the designated airlines of each Contracting Party apply only the tariffs approved by both Contracting Parties.

##### ARTICLE 12

##### Fair Competition

1. There shall be fair and equal opportunity for the designated airlines of both Contracting Parties to participate in international air transportation covered by this Agreement.
2. 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.

##### ARTICLE 13

##### Commercial Activities

1. The designated airline or airlines of each Contracting Party shall have the right to maintain in the territory of the other Contracting Party, within the scope of the laws and regulations in force therein, such offices and administrative, commercial and technical personnel as may be necessary for the requirements of the designated airline concerned.
2. The establishment of the offices and the employment of the personnel referred to in paragraph 1 of this Article shall be subject to the laws and regulations of the Contracting Party concerned, such as the laws and regulations relating to the admission of foreigners and their stay in the territory of the Contracting Party concerned. The personnel employed in the offices according to paragraph 1 of this Article shall be granted work permits upon application, regardless of the situation and the development of the labour market.
3. The designated airlines of the Contracting Parties shall be free to sell air transport services on their own transportation documents in the territories of both Contracting Parties, either directly or through an agent, in the national currency, in accordance with the respective applicable domestic laws and regulations. The designated airline or airlines of each Contracting Party shall have the right to sell, and any person shall have the right to purchase such transportation.

**ARTICLE 14**

**Taxation and Transfer of Funds**

1. Profits of the designated airlines of the Contracting Party from the international traffic shall be taxable only on the territory of that Contracting Party.
2. The designated airlines of the Contracting Parties shall be free to transfer the excess of the receipts over expenditure in the territory of the sale.
3. Such transfers shall be effected in a freely usable currency at the rate of exchange in effect at the time such revenues are presented for conversion and remittance and shall not, with the exception of normal banking charges and procedures and in accordance with the domestic laws and regulations of the Contracting Party, be subject to any charge, limitation, imposition or delay.
4. Where an special Agreement for avoidance of double taxation with respect to taxes on income and capital exists between the Contracting Parties, the provisions of this Agreement shall prevail.

##### ARTICLE 15

## **Aviation Security**

1. Consistent with the 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 the right**s** 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 14September 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 Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal of 24 February 1988 and the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1 March 1991 or any other aviation security convention to which the two Contracting Parties may adhere.
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 Parts shall act in conformity with the aviation security provisions and technical requirements established by the International Civil Aviation Organization and designated as Annexes to the Convention to the extent that such security provisions and requirements are applicable to the Contracting Parties; 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 act in conformity with such aviation security provisions.
4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions and requirements referred to in paragraph 3 of this Article required by the other Contracting Party for entry into, departure from, or while within the territory of that other Contracting Party. Under the law applicable 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.
5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports and 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.
6. Should a Contracting Party depart from the aviation security provisions of this Article, the aeronautical authorities of the other Contracting Party may request immediate consultations with the aeronautical authorities of the former Contracting Party. Failure to reach a satisfactory agreement within one month of the date of such request shall constitute grounds for withholding, revoking, limiting or imposing conditions on the operating authorization of an airline or airlines of the former Contracting Party. If required by a serious emergency, either Contracting Party may take interim action prior to the expiry of the month.

##### ARTICLE 16

## **Aviation Safety**

1. Each Contracting Party may request consultations at any time concerning safety standards in any area relating to 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 finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate action within fifteen (15) days or such longer period as may be agreed, shall be grounds for the application of Article 5 of this Agreement.
3. Notwithstanding the obligations mentioned in Article 33 of the Convention it is agreed that any aircraft operated by or, under the lease agreement, on behalf of the airline or the airlines 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 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 lead to unreasonable delay.
4. If any such ramp inspection or series of ramp inspections gives rise to:
	1. serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at the time pursuant to the Convention, or
	2. 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 requirements under which the certificate or licenses 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, or not equal to or above the minimum standards established pursuant to the Convention.

* + 1. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by, or, on behalf of the airline of one Contracting Party in accordance with paragraph 3 of this Article is denied by the 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 to in that paragraph.
		2. Each Contracting Party reserves the right to suspend or vary the operating authorizations of an airline or airlines 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, consultations or otherwise, that immediate action is essential to the safety of an airline operation.
		3. Any action by one Contracting Party in accordance with paragraph 2 or 6 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

##### ARTICLE 17

## **Application of Laws and Regulations**

* 1. The laws and regulations of one Contracting Party relating to the entry into, or departure from its territory of aircraft engaged in international air services or to the operation and navigation of such aircraft while in the said territory shall apply to the designated airline or airlines of the other Contracting Party.
	2. The laws and regulations of one Contracting Party governing entry into, stay in or departure from its territory of passengers, crew, cargo or mail, such as formalities regarding entry, exit, immigration, customs, currency, health and quarantine shall apply to passengers, crew, cargo and mail carried by the aircraft of the designated airline or airlines of the other Contracting Party, while they are within the said territory.
	3. Passengers, baggage and cargo in direct transit across the territory of either Contracting Party and not leaving the area of the airport reserved for such purposes shall, except in respect of security measures against acts of violence, air piracy, as well as smuggling of narcotics drugs, be subject to no more than a simplified control.
	4. In case a carried passenger fails to comply with laws and regulations for enter into the country of other Contracting Party an airline is obliged to transport him back on costs of this airline.

##### ARTICLE 18

## **Consultations**

* + 1. In spirit of close co-operation the aeronautical authorities of the Contracting Parties shall consult each other from time to time with a view to ensure the implementation of and satisfactory compliance with the provisions of this Agreement and the Annex thereto.
		2. Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement. Such consultation, which may be between aeronautical authorities of both Contracting Parties, shall begin within a period of sixty (60) days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

##### ARTICLE 19

## **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 some person or body; if they do not so agree, the dispute shall, at the request of either Contracting Party, be submitted for decision to a tribunal of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other Contracting Party of a notice through diplomatic channels requesting arbitration of the dispute by such a tribunal, and the third arbitrator shall be appointed within a further period of sixty (60) days.

If either of the Contracting Parties fails to nominate an arbitrator within the period specified, the President of the Council of the International Civil Aviation Organization may at the request of either Contracting Party appoint an arbitrator or arbitrators as the case requires. In all cases, the third arbitrator shall be a national of a third State and the tribunal shall reach its decision by majority of votes. In all other respects the arbitral tribunal shall determine its own procedure.

1. The Contracting Parties undertake to comply with any decisions given under paragraph 2 of this Article.
2. If and for so long as either Contracting Party fails to comply with a 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 defaults.
3. Each Contracting Party shall bear the expenses and remuneration necessary for its arbitrator; the fee for the third arbitrator and the expenses necessary for this one as well as those due to the activity of the arbitration shall be equally shared by the Contracting Parties.

##### ARTICLE 20

## **Amendments**

1. If either of the Contracting Party desires to modify any provisions of this Agreement including an Annex, it should be after consultation in accordance with Article 18 of this Agreement.
2. This Agreement may be modified and supplemented by mutual consent of both Contracting Parties. Such amendment and supplements shall be made in a form of separate Protocols being an integral part of this Agreement and shall enter into force in accordance with the provisions of Article 23 of this Agreement.
3. If the amendment relates only to the provisions of the Annex to this Agreement, it may be agreed upon directly between the aeronautical authorities of both Contracting Parties and would be effective from the date agreed upon by the aeronautical authorities.

##### ARTICLE 21

## **Registration**

 This Agreement and any amendments thereto shall be registered with the International Civil Aviation Organization.

##### ARTICLE 22

**Termination**

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 be simultaneously communicated to the International Civil Aviation Organization. This Agreement shall terminate at midnight (at local time of the Contracting Party, which has received the notice) upon expiration of twelve (12) months from the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement before the end of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after receipt of the notice by the International Civil Aviation Organization.

##### ARTICLE 23

##### Entry into Force

 This Agreement shall enter into force thirty (30) days after the date of receipt of the last written notification, through diplomatic channels, by which the Contracting Parties have notified each other that all necessary internal procedures for entry into force of this Agreement have been completed.

 DONE at this day of in duplicate**,** in two originals each, in the Latvian**,** Spanish and English languages, each text being equally authentic. In case of divergence of interpretation, the English text shall prevail.

|  |  |
| --- | --- |
| **FOR THE GOVERNMENT** **OF THE** **REPUBLIC OF LATVIA**  | **FOR THE GOVERNMENT** **OF THE** **UNITED MEXICAN STATES** |

**Annex**

## **to the Air Services Agreement between**

## **the Government of the Republic of Latvia**

## **and the Government of the United Mexican States**

**ROUTE SCHEDULE**

1. SCHEDULE I

Routes to be operated by the designated airline or airlines of the Republic of Latvia:

|  |  |  |  |
| --- | --- | --- | --- |
| FromPoints in LatviaAny points  | Intermediate points Any points  | To Points in the United Mexican States Any points | Points beyondAny points |

1. SCHEDULE 2

Routes to be operated by the designated airline or airlines of the United Mexican States:

|  |  |  |  |
| --- | --- | --- | --- |
| FromPoints in the United Mexican States Any points  | Intermediate points Any points  | To Points in LatviaAny points | Points beyondAny points  |

1. Intermediate points or points beyond may be omitted on any flight provided that the service begins or ends in the territory where the airline has been designated.
2. No fifth freedom traffic rights shall be exercised between intermediate points or points beyond and the territory of the other Contracting Party unless an agreement to that effect is made between the two aeronautical authorities of the Contracting Parties.
3. Notwithstanding Article 4 of the Agreement, no more than two designated airlines of each Party shall be allowed to operate on any given city pair between both countries.
4. The designated airlines may operate any frequencies per week, with any type of aircraft.
5. The itineraries for the agreed airline services, will be presented to the aeronautical authorities for its approval, at least twenty (20) days previous to the starting date of operations, except minor changes of temporary character that may arise once they are presented forty eight (48) hours before.
6. Any airline holding an Air Operator’s Certificate from one Contracting party may, subject to applicable laws and regulations governing competition, enter into code sharing arrangements with any other airline or airlines, provided that:

 a) each flight forming part of a service to which the arrangements apply is operated by an airline entitled to operate that flight;

 b) no service is held out by an airline of one Contracting Party for the carriage of local passengers between a point in the territory of the other Contracting Party and a point in a third state unless that airline has the necessary traffic rights to operate and carry traffic between those two points; and

c) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each flight forming part of the service.

Satiksmes ministrs A.Ronis

Vīza: Valsts sekretārs A.Matīss

17.01.2013; 10:05

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