

**DRAFT**  
**AIR SERVICES AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE REPUBLIC OF**  
**LITHUANIA**  
**AND**  
**THE GOVERNMENT OF THE KINGDOM OF**  
**SAUDI ARABIA**

## **PREAMBLE**

The Government of the Republic of Lithuania and the Government of the Kingdom of Saudi Arabia (hereinafter, “the Contracting Parties”);

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

Desiring to promote an international aviation system based on competition among airlines in the marketplace with minimum government interference and regulation;

Desiring to facilitate the expansion of international air services opportunities;

Recognising that efficient and competitive international air services enhance trade, the welfare of consumers, and economic growth;

Desiring to make it possible for airlines to offer the travelling and shipping public a variety of service options at the lowest prices that are not discriminatory and do not represent abuse of a dominant position, and wishing to encourage individual airlines to develop and implement innovative and competitive prices; and

Desiring to ensure the highest degree of safety and security in international air services 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 services, and undermine public confidence in the safety of civil aviation.

Have agreed as follows:

## **ARTICLE 1**

### **DEFINITIONS**

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

1. "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 and includes any Annexes and amendments adopted under Articles (90) and (94) of the Convention thereof so far as those Annexes and amendments have become effective for or been ratified by both Contracting Parties;
2. "Aeronautical Authorities" means in the case of the Government of the Republic of Lithuania, the Ministry of Transport and Communications and in the case of the Government of the Kingdom of Saudi Arabia, the General Authority of Civil Aviation, in both cases, any other person or body authorized to perform any functions to which this Agreement relates;
3. "designated airline" means an airline, designated and authorized in accordance with Article 3 (Designation and Authorization) of this Agreement;
4. "tariff" means the prices to be paid for the carriage of passengers, cargo and baggage and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail;
5. "territory" in relation to a State has the meaning assigned to it in Article (2) of the Convention;
6. "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meaning respectively assigned to them in Article (96) of the Convention;
7. "Agreement" means this Agreement, its Annex and any amendments thereto;
8. "Schedule" means the Schedule of the routes to operate air transportation services annexed to this Agreement and any amendments thereto as agreed in accordance with the provisions of Article 17 (Consultation) and Article 18 (Amendments) of this Agreement;
9. "capacity" in relation to "an aircraft" means the payload of that aircraft available on a route or section of a route;
10. "spare parts" means articles of a repair or replacement nature for incorporation in an aircraft, including engines;
11. "regular equipment" means articles, other than stores and spare parts of a removable nature, for use on board an aircraft during flight, including first aid and survival equipment;

12. "facilities and airport charges" means charges made to airlines for the provision of aircraft, their crews and passengers of airport and air navigation facilities, including related services and facilities;
13. "air transportation" means the public carriage by aircraft of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;
14. "domestic air transportation" is air transportation in which passengers, baggage, cargo and mail which are taken on board in a State territory are destined to another point in that same State's territory;
15. "international air transportation" is air transportation in which the passengers, baggage, cargo and mail which are taken on board in the territory of one State are destined to another State;
16. "intermodal transportation" 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;
17. "ICAO" means the International Civil Aviation Organization;
18. "code-share" means cooperative marketing arrangements between two or more designated airlines for conducting operations;
19. references in this Agreement to the "European Union Treaties" shall be understood as referring to the Treaty on European Union and the Treaty on the Functioning of the European Union; and
20. references in this Agreement to airlines of the Republic of Lithuania shall be understood as referring to airlines designated by the Republic of Lithuania.

## **ARTICLE 2**

### **GRANTING OF RIGHTS**

1. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing and operating scheduled international air services on the routes specified in the Schedule annexed to this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively.
2. An airline designated by each Contracting Party shall enjoy exercising, whilst operating an agreed service on a specified route, the following rights:
  - (a) to fly, without landing, across the territory of the other Contracting Party;
  - (b) to make stops in the said territory for non-traffic purposes; and
  - (c) to make stops in the said territory at the points specified for that route in the Schedule annexed to this Agreement, for the purpose of putting down and taking

on international traffic in passengers, cargo, baggage and mail separately or in any combination.

3. The exercise of traffic rights in intermediate and beyond points specified in the routes schedule annexed to this Agreement is subject to the negotiation and approval of their Aeronautical Authorities.
4. Nothing in paragraphs (1) and (2) of this Article shall be deemed to confer on the airline(s) of one Contracting Party the privilege of taking on, in the territory of the other Contracting Party, passengers, cargo, baggage or mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

### **ARTICLE 3** **DESIGNATION AND AUTHORIZATION**

1. Each Contracting Party shall have the right to designate in writing and through the diplomatic channels to the other Contracting Party one or more airlines to operate the agreed services and to withdraw or alter such designation.
2. On receipt of such a designation, and of application from the designated airline, in the form and manner prescribed for operating authorization, each Contracting Party shall grant the appropriate operating authorization with minimum procedural delay, provided that:
  - a) in the case of an airline designated by the Republic of Lithuania:
    - i. the airline is established in the territory of the Republic of Lithuania under the European Union 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 operator's 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 European Union Member States or the European Free Trade Association States and/or by nationals of such States.
  - b) in the case of an airline designated by the Kingdom of Saudi Arabia:
    - i. the airline has a valid operating licence and an air operator's certificate issued by the Kingdom of Saudi Arabia and has its principal place of business in the territory of the Kingdom of Saudi Arabia; and
    - ii. the airline is and remains substantially owned by the Kingdom of Saudi Arabia and/or by its nationals; and
    - iii. effective regulatory control of the airline is exercised and maintained by the Kingdom of Saudi Arabia.

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

#### **ARTICLE 4**

#### **WITHHOLDING, REVOCATION AND LIMITATION OF AUTHORIZATION**

1. The Aeronautical Authorities of each Contracting Party shall have the right to withhold the authorizations referred to in Article 3 (Designation and Authorization) of this Agreement with respect to an airline designated by the other Contracting Party, and to revoke, suspend or impose conditions on such authorizations, temporarily or permanently:
  - a) in the case of an airline designated by the Republic of Lithuania:
    - i. the airline is not established in the territory of the Republic of Lithuania under the European Union 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 operator's 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 European Union Member States or the European Free Trade Association States and/or by nationals of such States.
  - b) in the case of an airline designated by the Kingdom of Saudi Arabia:
    - i. the airline does not have a valid operating licence or an air operator's certificate issued by the Kingdom of Saudi Arabia or does not have its principal place of business in the territory of the Kingdom of Saudi Arabia; or
    - ii. the airline is not substantially owned by the Kingdom of Saudi Arabia and/or by its nationals; or
    - iii. effective regulatory control of the airline is not exercised or not maintained by the Kingdom of Saudi Arabia.
  - c) in the event that the airline is not qualified to meet other conditions prescribed under the laws and regulations normally applied to the operation of international air transport services by the Contracting Party receiving the designation; or
  - d) in the case of failure by such an airline to comply with the laws and regulations granting these rights; or
  - e) in the case the airline fails to operate the agreed services in accordance with the conditions prescribed under this Agreement; or

- f) if it determines that wider security concerns justify such action.
2. Unless immediate action is essential to prevent infringement of the laws and regulations referred to above, the rights enumerated in paragraph 1 of this Article shall be exercised only after consultations between the Aeronautical Authorities. The consultations shall take place within a period of thirty (30) days of the consultations being proposed, unless otherwise agreed.

**ARTICLE 5**  
**FACILITIES AND AIRPORT CHARGES**

1. Each Contracting Party shall designate an airport or airports in its territory for the use of the designated airline(s) of the other Contracting Party on specified routes and provide designated airline of the other Contracting Party with communicative, aviation and meteorological facilities and other services necessary for the operation of the agreed services.
2. Neither Contracting Party shall impose or permit to be imposed on the designated airline(s) of the other Contracting Party user charges higher than those imposed on its own designated airline(s) operating similar international air services using similar aircraft and associated facilities and services.
3. Each Contracting Party may request consultations on user charges, and any changes imposed on such charges.

**ARTICLE 6**  
**EXEMPTION FROM CUSTOMS AND OTHER DUTIES**

1. Aircraft of the designated airline(s) of one Contracting Party operating international services as well as supplies of fuel, lubricating oils, other consumable technical supplies, spare parts, regular equipment and stores retained on board shall, upon arriving in or leaving the territory of the other Contracting Party, be exempted to the extent possible under applicable laws and regulations and on the basis of reciprocity, from customs duties, and taxes, inspection fees and other similar duties or charges, provided such equipment and supplies remain on board the aircraft up to such time as they re-exported or are used or consumed by such aircraft on flights over that territory.
2. There shall also be exemption to the extent possible under applicable laws and regulations and on the basis of reciprocity, from the same duties, fees and charges, with the exception of charges corresponding to the service performed:
  - (a) aircraft stores taken on board in the territory of a Contracting Party, within airport boundaries and, within limits fixed by the authorities of the said Contracting Party, and for use on a board outbound aircraft engaged in an international air service of the other Contracting Party;
  - (b) spare parts entered into the territory of either Contracting Party, within airport boundaries and for the maintenance or repair of aircraft used on international air services by the designated airlines of the other Contracting Party;

- (c) fuel and lubricants to supply outbound aircraft operated on international services by the airlines designated by the other Contracting Party, even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.
3. Materials referred to in paragraph (2) above may be placed under the supervision or control of the Customs Authorities up to such time as they may be re-exported or otherwise disposed of in accordance with customs regulations.
  4. There shall also be exemption from all customs duties and taxes on a reciprocal basis for official documents bearing the badge of the airline such as luggage tags, air tickets, airway bills, boarding cards, and timetables imported into the territory of either Contracting Party for the exclusive use by the designated airline of the other Contracting Party.
  5. Nothing in this Agreement shall prevent a Contracting Party from imposing taxes, levies, duties, fees or charges on fuel supplied in its territory, on a non-discriminatory basis, for use in an aircraft of an airline that operates between two points in its territory.

#### **ARTICLE 7**

##### **PRINCIPLES GOVERNING OPERATION OF THE AGREED SERVICES**

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 each designated airline(s) to determine the frequency and capacity of the international air transport it offers. 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 designated airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

#### **ARTICLE 8**

##### **APPROVAL OF TIMETABLES**

The designated airline(s) of either Contracting Party shall, not later than thirty (30) days prior to the date of operation of any agreed service(s), submit its proposed time-tables to the Aeronautical Authorities of the other Contracting Party for approval. Such timetables shall include the type of service and aircraft to be used, the flight schedule, capacity, frequency, flight number and any other relevant information. This shall, likewise, apply to any subsequent changes. In special cases, this time limit may be reduced subject to the approval of the said Authorities.



**ARTICLE 9**  
**SUPPLY OF STATISTICS**

The Aeronautical Authorities of either Contracting Party shall supply the Aeronautical Authorities of the other Contracting Party, at their request, with such information and statistics relating to the traffic carried on the agreed services by their designated airlines to and from the territory of the other Contracting Party as may normally be prepared and submitted by the designated airline(s) to its Aeronautical Authorities. Such data shall include details on volume, distribution, origin and destination of the traffic. Any additional statistical traffic data which the Aeronautical Authorities of the Contracting Party may desire from the Aeronautical Authorities of the other Contracting Party shall, upon request, be a subject of mutual discussion and agreement between the two Contracting Parties.

**ARTICLE 10**  
**APPLICABILITY OF LAWS AND REGULATIONS**

1. The laws and regulations of one Contracting Party shall apply to the navigation and operation of the aircraft of the airline(s) designated by the other Contracting Party during entry into, stay in and departure from the territory of the other Contracting Party.
2. The laws and regulations of one Contracting Party governing entry into, stay in and departure from its territory of passengers, baggage, crew, cargo or mail such as formalities regarding entry, exit, emigration, immigration, customs, currency, health and quarantine shall apply to passengers, crew, cargo and mail carried by the aircraft of the designated airline of the other Contracting Party while they are within the said territory.
3. The Aeronautical Authorities of each Contracting Party shall, upon request, supply the Aeronautical Authorities of the other Contracting Party with copies of the relevant laws and regulations referred to in this Article.
4. Neither Contracting Party may grant any preference to its own airline with regard to the designated airline of the other Contracting Party in the application of the laws and regulations provided for in this Article.

**ARTICLE 11**  
**TRANSFER OF EARNINGS**

1. Each Contracting Party grants to the designated airline(s) of the other Contracting Party the right of flexible transfer, in accordance with the national laws and regulations of the Contracting Party in the territory of which the revenue accrued, in connection with the carriage of passengers, mail and cargo. No charges other than normal bank charges shall be applicable to such transfers.
2. If a Contracting Party imposes restrictions on the transfer of revenue accrued by the designated airline(s) of the other Contracting Party, the latter have the right to impose reciprocal restrictions on the designated airline of that Contracting Party.

**ARTICLE 12**  
**RECOGNITION OF CERTIFICATES AND LICENSES**

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

Contracting Party for the purpose of operating the agreed services provided that the requirements under which such certificates and licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention. However, each Contracting Party reserves the right to refuse to recognize for the purpose of flights above or landing within its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

2. If the privileges or conditions of the licenses or certificates referred to in paragraph (1) above, issued by the Aeronautical Authorities of one Contracting Party to any person or designated airline or in respect of an aircraft used in the operation of the agreed services, should permit a difference from the minimum standards established under the Convention, and which difference has been filed with the ICAO, the other Contracting Party may request consultations between the Aeronautical Authorities with a view to clarifying the practice in question.

### **ARTICLE 13** **AIR SAFETY**

1. Each Contracting Party may request consultations at any time concerning the 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 the request.
2. If, following such consultations, the Aeronautical Authority of one Contracting Party finds that the Aeronautical Authority of 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 Aeronautical Authority of the first Contracting Party shall notify the Aeronautical Authority of the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and the Aeronautical Authority of that other Contracting Party shall take appropriate corrective action. Failure by that 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 4 (Withholding, Revocation and Limitation of Authorization) of this Agreement.
3. Pursuant to Article 16 of the Convention, it is agreed that any aircraft operated by or, under a lease arrangement, on behalf of the airline or airlines of one Contracting Party on services 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. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search is 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:
  - 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 Authority of 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 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 are not equal to or above the minimum standards established pursuant to the Convention.

5. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by the designated airline of one Contracting Party in accordance with paragraph (3) of this Article is denied by a representative of that airline, the Aeronautical Authority of 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.
6. The Aeronautical Authority of each Contracting Party reserves the right to suspend or vary the operating authorization of the designated airline of the other Contracting Party immediately in the event the Aeronautical Authority of 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 an airline operation.
7. Any action by the Aeronautical Authority of a Contracting Party in accordance with paragraphs (2) or (6) of this Article shall be discontinued once the basis for the taking of that action ceases to exist.
8. When the Republic of Lithuania has designated airline whose regulatory control is exercised and maintained by another European Union Member State, the rights of the Kingdom of Saudi Arabia 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 authorization of that airline.

#### **ARTICLE 14** **AVIATION SECURITY**

1. 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 to the provisions of the Convention of 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 and the Supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988 and the Convention on the Marking of Plastic Explosives for the Purpose of Detection, done at Montreal on 1 March 1991,

as well as any other convention or protocol relating to civil aviation security which both Contracting Parties adhere to.

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 to the aviation security provisions established by the ICAO and designated 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 who have their principal place of business or permanent residence in their territory, or in the case of the Republic of Lithuania, operators of aircraft who are established in its territory under the European Union Treaties and have valid operating licenses in accordance with European Union law, and the operators of airports in their territory act in conformity to such aviation security provisions.
4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph (3) above 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 sympathetic consideration to any lawful request from the other Contracting Party for reasonable special security measures in line with respective laws and regulations 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, occurs to their passengers and crew, airport or air navigation facilities, 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.

## **ARTICLE 15**

### **AIRLINE COMMERCIAL REPRESENTATION**

1. The designated airline(s) of one Contracting Party shall be entitled, in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, to bring in and maintain in the territory of the other Contracting Party those of its own managerial, technical, operational and other specialist staff who are required for the provisions of the present air services.
2. These staff requirements may, at the option of the designated airline or airlines of one Contracting Party, be satisfied by its own personnel or by using the services of any other organization, company or airline operating in the territory of the other Contracting Party and authorized to perform such services for other airlines.

3. The representatives and staff shall be subject to the laws and regulations in force of the other Contracting Party, and consistent with such laws and regulations:
  - a) each Contracting Party shall, on the basis of reciprocity and with the minimum of delay, grant the necessary employment authorizations, visitor visas or other similar documents to the representatives and staff referred to in paragraph (1) of this Article; and
  - b) both Contracting Parties shall facilitate and expedite the requirement of employment authorizations for personnel performing certain temporary duties.

## **ARTICLE 16**

### **TARIFFS**

1. Each Contracting Party shall allow tariffs for air services to be established by designated airline(s) based upon commercial considerations in the market place. Neither Contracting Party shall require its designated airline(s) to consult other airlines about the tariffs they charge or propose to charge for services covered by this Agreement.
2. Each Contracting Party may require notification or filing of any tariff to be charged by its own designated airline(s). Neither Contracting Party shall require notification or filing of any tariffs to be charged by the designated airline(s) of the other Contracting Party. Tariffs may remain in effect unless subsequently disapproved under paragraphs (4) or (5) of this Article.
3. Intervention by the Contracting Parties shall be limited to:
  - a. the protection of consumers from tariffs that are excessive due to the abuse of market power;
  - b. the prevention of tariffs whose application constitutes anti-competitive behaviour which has or is likely to have or is explicitly intended to have the effect of preventing, restricting or distorting competition or excluding a competitor from the route.
4. Each Contracting Party may unilaterally disallow any tariff filed or charged by its own designated airline(s). However, such intervention shall be made only if it appears to the Aeronautical Authority of that Contracting Party that a tariff charged or proposed to be charged meets either of the criteria set out in paragraph (3) of this Article.
5. Neither Contracting Party shall take unilateral action to prevent the coming into effect or continuation of a tariff charged or proposed to be charged by the designated airline(s) of the other Contracting Party. If one Contracting Party believes that any such tariff is inconsistent with the considerations set out in paragraph 3 of this Article, it may request consultations and notify the other Contracting Party of the reasons for its dissatisfaction. These consultations shall be held not later than fourteen (14) days after receipt of the request. Without a mutual agreement the tariff shall take effect or continue in effect.

6. Notwithstanding the paragraphs of this Article, the tariffs to be charged by the designated airline(s) of the Kingdom of Saudi Arabian for carriage wholly within the European Union shall be subject to European Union law.

### **ARTICLE 17** **CONSULTATION**

In a spirit of close co-operation, the two Contracting Parties or their Aeronautical Authorities 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 Annex thereto. Such consultations, which may be through discussion or correspondence, shall begin within a period of sixty (60) days of the date of receipt of such a request, unless otherwise agreed by both Contracting Parties.

### **ARTICLE 18** **AMENDMENTS**

1. If either Contracting Party considers it desirable to amend any of the provisions of this Agreement, it may request consultation with the other Contracting Party. Such consultation shall be held in accordance with the provisions of Article 17 (Consultation) of this Agreement. Any amendments so agreed 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 38 (Entry into Force) of this Agreement.
2. Amendments relating only to the provisions of the annexed Schedule may be agreed upon between the Aeronautical Authorities of both Contracting Parties. Such amendments shall enter into force from the agreed date.

### **ARTICLE 19** **SECURITY OF TRAVEL DOCUMENTS**

1. Each Contracting Party agrees to adopt measures to ensure the security of their passports and other travel documents.
2. In this regard, each Contracting Party agrees to establish controls on the lawful creation, issuance, verification and use of passports and other travel documents and identity documents issued by, or on behalf of, that Contracting Party.
3. Each Contracting Party also agrees to establish or improve procedures to ensure that travel and identity documents issued by it are of such quality that they cannot easily be misused and cannot readily be unlawfully altered, replicated or issued.
4. Pursuant to the objectives above, each Contracting Party shall issue their passports and other travel documents in accordance with ICAO related Documents and Regulations.
5. Each Contracting Party further agrees to exchange operational information regarding forged or counterfeit travel documents, and to cooperate with the other to strengthen resistance to travel document fraud, including the forgery or counterfeiting of travel

documents, the use of forged or counterfeit travel documents, the use of valid travel documents by imposters, the misuse of authentic travel documents by rightful holders in furtherance of the commission of an offence, the use of expired or revoked travel documents, and the use of fraudulently obtained travel documents.

## **ARTICLE 20**

### **INADMISSIBLE AND UNDOCUMENTED PASSENGERS AND DEPORTEES**

1. Each Contracting Party agrees to establish effective border controls.
2. In this regard, each Contracting Party agrees to implement the Standards and Recommended Practices of Annex 9 (Facilitation) to the Convention concerning inadmissible and undocumented passengers and deportees in order to enhance cooperation to combat illegal migration.
3. Pursuant to the objectives above, each Contracting Party agrees to issue, or to accept, as the case may be, the letter relating to “fraudulent, falsified or counterfeit travel documents or genuine documents presented by imposters” set out in Annex 9 (Facilitation) of the Convention, when taking action under relevant paragraphs of Chapter 3 of the Annex regarding the seizure of fraudulent, falsified or counterfeit travel documents.

## **ARTICLE 21**

### **DIRECT TRANSIT**

Passengers, baggage and cargo in direct transit through the territory of any Contracting Party and not leaving the area of the airport reserved for such purpose shall not undergo any examination except for reasons of aviation security, narcotics control, prevention of illegal entry or in special circumstances. In this regard, baggage and cargo in direct transit shall be exempt from any customs duties.

## **ARTICLE 22**

### **FAIR COMPETITION**

Each Contracting Party agrees:

- a) that each designated airline shall have a fair and equal opportunity to compete in providing the international air transportation governed by the Agreement; and
- b) to take action to eliminate all forms of discrimination or unfair competitive practices adversely affecting the competitive position of a designated airline of the other Contracting Party.

## **ARTICLE 23**

### **SAFEGUARDS**

1. The Contracting Parties agree that the following airline practices may be regarded as possible unfair competitive practices that may merit closer examination:
  - a) charging fares and rates on routes at levels which are, in the aggregate, insufficient to cover the costs of providing the services to which they relate;

- b) the addition of excessive capacity or frequency of service;
  - c) the practices in question are sustained rather than temporary;
  - d) the practices in question have a serious negative economic effect on, or cause significant damage to, another airline;
  - e) the practices in question reflect an apparent intent or have the probable effect, of crippling, excluding or driving another airline from the market.
2. If the Aeronautical Authorities of one Contracting Party consider that an operation or operations intended or conducted by the designated airline of the other Contracting Party may constitute unfair competitive behaviour in accordance with the indicators listed in paragraph (1) of this Article, they may request consultation in accordance with Article 17 (Consultation) with a view to resolving the problem. Any such request shall be accompanied by notice of the reasons for the request, and the consultation shall begin within fifteen (15) days of the request.
  3. If the Contracting Parties fail to reach a resolution of the problem through consultations, either Contracting Party may invoke the dispute resolution mechanism under Article 34 (Settlement of disputes) to resolve the dispute.

#### **ARTICLE 24** **COMPETITION LAWS**

1. The Contracting Parties shall inform each other about their competition laws, policies and practices or changes thereto, and any particular objectives thereof, which could affect the operation of air transport services under this Agreement and shall identify the authorities responsible for their implementation.
2. The Contracting Parties shall, to the extent permitted under their own laws and regulations, assist each other's airlines by providing guidance as to the compatibility of any proposed airline practice with their competition laws, policies and practices.
3. The Contracting Parties shall notify each other whenever they consider that there may be incompatibility between the application of their competition laws, policies and practices and the matters related to the operation of this Agreement; the consultation process contained in Article 17 (Consultation) of this Agreement shall, if so requested by either Contracting Party, be used to determine whether such a conflict exists and to seek ways of resolving or minimizing it.
4. In the event that agreement is not reached, in implementing competition laws, policies and practices, each Contracting Party shall give full and sympathetic consideration to the views expressed by the other Contracting Party and shall have regard to international comity, moderation and restraint.

#### **ARTICLE 25** **SALE AND MARKETING OF AIR SERVICE PRODUCTS**

1. Each Contracting Party shall accord the designated airlines of the other Contracting Party the right to sell and market international air services and related products in its territory (directly or through agents or other intermediaries of the designated airline's choice), including the right to establish offices, both on-line and off-line.



2. Each airline shall have the right to sell transportation in the currency of that territory or, at its discretion, in freely convertible currencies of other countries, and any person shall be free to purchase such transportation in currencies accepted by that airline.

**ARTICLE 26**  
**CHANGE OF GAUGE**

1. Each designated airline may on any or all flights on the agreed services and at its option, change aircraft in the territory of the other Contracting Party or at any point along the specified routes, provided that:
  - a) aircraft used beyond the point of change of aircraft shall be scheduled in coincidence with the inbound or outbound aircraft, as the case may be; and
  - b) in the case of a change of aircraft in the territory of the other Contracting Party and where more than one aircraft is operated beyond the point of change, not more than one such aircraft may be of equal size and none may be larger than the aircraft used on the 3<sup>rd</sup> and 4<sup>th</sup> freedom sector.
2. For the purpose of change of gauge operations, a designated airline may use its own equipment and, subject to laws and regulations, leased equipment, and may operate under commercial arrangements with another airline.
3. A designated airline may use different or identical flight numbers for the sectors of its change of aircraft operations.

**ARTICLE 27**  
**GROUND HANDLING**

Subject to the laws and regulations of each Contracting Party including, in the case of the Republic of Lithuania, 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 28**  
**CODESHARING/ COOPERATIVE ARRANGEMENTS**

1. When operating or holding out the agreed services on the specified routes, the designated airline of one Contracting Party, whether as the operating or marketing airline may, subject to the laws or regulations made pursuant to those laws of the Contracting Party designating it, enter into cooperative marketing arrangements, including but not limited to, joint ventures, blocked space or code sharing with:
  - a) an airline or airlines of either Contracting Party; and/or
  - b) an airline or airlines of a third country.

The arrangements mentioned in paragraphs (a) and (b) are subject to approval of the other Contracting Party.

2. The entitlements set out in paragraph (1) of this Article may be exercised only where:
  - a) all such airlines hold appropriate traffic rights and/or authorizations to operate on the route and segments concerned; and
  - b) in respect of any tickets sold, the airline makes it clear to the purchaser at the point of sale that it is a codeshare service, which airline will actually operate each sector of the service and with which airline or airlines the purchaser is entering into a contractual relationship.
3. The capacity offered by a designated airline as the marketing airline on services operated by other airlines shall not be counted against the capacity entitlements of the Contracting Party designating the marketing airline.

### **ARTICLE 29** **AIRCRAFT LEASING**

1. Either Contracting Party may prevent the use of leased aircraft for services under this Agreement which does not comply with Articles 13 (Air Safety) and 14 (Aviation Security).
2. Subject to paragraph (1) above, the designated airlines of each Contracting Party may provide services under this Agreement by:
  - a) using aircraft dry-leased from any airlines;
  - b) using aircraft wet-leased from other airlines of the same Contracting Party;
  - c) using aircraft wet-leased from airlines of the other Contracting Party; and
  - d) using aircraft wet-leased from airlines of third countries,  
Provided that all airlines participating in the arrangements listed in b), c) and d) above, hold the appropriate authorization and meet the requirements normally applied to those arrangements.
3. Notwithstanding paragraph (2) d) above, the designated airlines of each Contracting Party may provide services under this Agreement by using aircraft wet-leased on a short-term, ad hoc basis from airlines of third countries.

### **ARTICLE 30** **INTERMODAL SERVICES**

Each designated airline may employ their own or use others services for the surface transport of passengers and/or air cargo.

### **ARTICLE 31** **COMPUTER RESERVATION SYSTEMS (CRS)**

Each Contracting Party shall apply the ICAO Code of Conduct for the Regulation and Operation of Computer Reservation Systems within its territory.

**ARTICLE 32**  
**ENVIRONMENTAL PROTECTION**

The Contracting Parties support the need to protect the environment by promoting the sustainable development of aviation. The Contracting Parties agree with regard to operations between their respective territories to comply with the ICAO Standards and Recommended Practices (SARPs) of Annex 16 of the Convention and the existing ICAO policy and guidance on environmental protection.

**ARTICLE 33**  
**BAN ON SMOKING**

1. Each Contracting Party shall prohibit smoking on all flights carrying passengers between the territories of the Contracting Parties. This prohibition shall apply to all locations within the aircraft and shall be in effect from the time an aircraft commences enplanement of passengers to the time deplaning of passengers is completed.
2. Each Contracting Party shall take all measures that it considers reasonable to secure compliance by its airlines and by their passengers and crew members with the provisions of this Article, including the imposition of appropriate penalties for non-compliance

**ARTICLE 34**  
**SETTLEMENT OF DISPUTES**

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement and its Annex the Contracting Parties shall in the first place endeavor 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 an advisory opinion to some person or body.
3. If the Contracting Parties fail to reach a settlement pursuant to paragraphs (1) and (2) above, either Contracting Party may refer the dispute to an arbitral tribunal of three arbitrators, two of whom to be nominated by the Contracting Parties and one umpire. In case the dispute is referred to arbitration, each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt a notice through diplomatic channels in respect of reference of the dispute to arbitration and the umpire shall be appointed within a further period of sixty (60) days from the last appointment by the two so nominated. If either Contracting Party fails to nominate its arbitrator within the specified period, or nominated arbitrators fail to agree on the umpire within the said period, the President of the ICAO may be requested by either Contracting Party to appoint the arbitrator of failing Contracting Party or the umpire as the case may require. However, the umpire shall be a national of a state having diplomatic relations with both Contracting Parties at the time of the appointment.
4. In the case of the appointment of the umpire by the President of the Council of ICAO, if the President of the Council of ICAO is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by the Vice President and if the Vice President is also prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by senior member of the Council who is not a national of either Contracting Party.

5. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedure and the place of arbitration.
6. The decisions of the arbitral tribunal shall be binding for the Contracting Parties.
7. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators shall be shared equally by the Contracting Parties, including any expenses incurred by (ICAO) Council.

### **ARTICLE 35**

#### **CONFORMITY TO MULTILATERAL CONVENTIONS OR AGREEMENTS**

This Agreement and its Annex will be amended so as to conform to any multilateral conventions or agreements, which may become binding upon the Contracting Parties.

### **ARTICLE 36**

#### **TERMINATION**

1. Either Contracting Party may, at any time, give notice in writing and through the diplomatic channels to the other Contracting Party of its decision to terminate this Agreement. Such notice shall simultaneously be communicated to ICAO.
2. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by mutual agreement of the Contracting Parties 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 37**

#### **REGISTRATION WITH ICAO**

This Agreement and any amendments thereto shall be registered with the ICAO.

**ARTICLE 38**  
**ENTRY INTO FORCE**

This Agreement shall enter into force on the date of the receipt of the last notification through diplomatic channels by either Contracting Party to the other Contracting Party that it has fulfilled its respective legal procedures necessary for the entry into force of this Agreement.

In witness whereof the undersigned plenipotentiaries being duly authorized by their respective governments, have signed this Agreement. The Route Schedule is an integral part of this Agreement.

Done in \_\_\_\_\_ on \_\_\_\_\_ AD, corresponding to \_\_\_\_\_ AH, in two original copies, in the Lithuanian, Arabic and English languages, all texts being equally authentic and each Contracting Party retains one original in each language for implementation. In the event of any divergence of interpretation, the English text shall prevail.

**For the Government of the  
Republic of Lithuania**

**For the Government of the  
Kingdom of Saudi Arabia**

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**Route Schedule**

**Section (1)**

The designated airline or airlines of the Republic of Lithuania shall be entitled to operate scheduled international air services in both directions on the routes specified hereafter:

Points in the Republic of Lithuania	Intermediate Points	Points in the Kingdom of Saudi Arabia	Points Beyond
Any Points in the Republic of Lithuania	Any Points	Any Points	Any Points

**Section (2)**

The designated airline or airlines of the Kingdom of Saudi Arabia shall be entitled to operate scheduled international air services in both directions on the routes specified hereafter:

Points in the Kingdom of Saudi Arabia	Intermediate Points	Points in the Republic of Lithuania	Points Beyond
Any Points in the Kingdom of Saudi Arabia	Any Points	Any Points	Any Points

**Section (3)**

Notes on the routes to be operated by the designated airline(s) of both Contracting Parties:

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. Each designated airline(s) may serve intermediate points and points beyond specified in the Annex of this Agreement on condition that fifth freedom traffic rights shall be exercised between these points and the territory of the other Contracting Party, if an agreement to that effect is made between the Aeronautical Authorities of both Contracting Parties.