COMPREHENSIVE AIR TRANSPORT AGREEMENT BETWEEN THE MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS, AND THE EUROPEAN UNION AND ITS MEMBER STATES

The Governments of:

BRUNEI DARUSSALAM,
THE KINGDOM OF CAMBODIA,
THE REPUBLIC OF INDONESIA,
THE LAO PEOPLE'S DEMOCRATIC REPUBLIC,
MALAYSIA,
THE REPUBLIC OF THE UNION OF MYANMAR,
THE REPUBLIC OF THE PHILIPPINES,
THE REPUBLIC OF SINGAPORE,
THE KINGDOM OF THAILAND, and
THE SOCIALIST REPUBLIC OF VIET NAM,

being the Member States of the Association of Southeast Asian Nations ("ASEAN") (hereinafter referred to collectively as "ASEAN Member States", and individually as "ASEAN Member State") of the one part,

and

THE KINGDOM OF BELGIUM,
THE REPUBLIC OF BULGARIA,
THE CZECH REPUBLIC,
THE KINGDOM OF DENMARK,
THE FEDERAL REPUBLIC OF GERMANY,
THE REPUBLIC OF ESTONIA,
IRELAND,
THE HELLENIC REPUBLIC,
THE KINGDOM OF SPAIN,
THE FRENCH REPUBLIC,
THE REPUBLIC OF CROATIA,
THE ITALIAN REPUBLIC,
THE REPUBLIC OF CYPRUS,
THE REPUBLIC OF LATVIA,
THE REPUBLIC OF LITHUANIA,
THE GRAND DUCHY OF LUXEMBOURG,
HUNGARY,
THE REPUBLIC OF MALTA,
THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,
THE REPUBLIC OF POLAND,
THE PORTUGUESE REPUBLIC,
ROMANIA,
THE REPUBLIC OF SLOVENIA,
THE SLOVAK REPUBLIC,
THE REPUBLIC OF FINLAND, and
THE KINGDOM OF SWEDEN,

being parties to the Treaty on European Union and the Treaty on the Functioning of the European Union (hereinafter referred to together as "the EU Treaties") and being Member States of the European Union (hereinafter referred to collectively as "EU Member States", and individually as "EU Member State"),

and

THE EUROPEAN UNION ("hereinafter referred to as "the Union" or "the EU"), of the other part,

DESIRING to promote their interests in respect of air transport as a means of contributing to closer political and economic relations between the two regions;

RECOGNISING the importance of efficient air transport connectivity in promoting trade, tourism, investment, and economic and social development;

DESIRING to enhance air services and to promote an international aviation system based on a fair and competitive environment, non-discrimination, and fair and equal opportunity for air carriers to compete;

DESIRING to ensure the highest degree of safety and security in air transport and affirming their grave concern with regard to acts or threats against the security of aircraft which jeopardise the safety of persons or property, adversely affect the operation of aircraft, and undermine the confidence of the travelling public in the safety of civil aviation;

NOTING that the ASEAN Member States and the EU Member States are parties to the Convention on International Civil Aviation signed at Chicago on 7 December 1944;

DETERMINED to maximise the potential benefits of regulatory cooperation;

ACKNOWLEDGING the important potential benefits that may arise from competitive air services and viable air transport industries;

DESIRING to foster a level playing field for air carriers, recognising the potential benefits of fair competition and that certain subsidies may adversely affect competition and may jeopardise the basic objectives of this Agreement;

INTENDING to build upon the framework of existing agreements and arrangements between the Parties with the aim of opening access to markets and maximising benefits to passengers, shippers, air carriers and airports and their employees, their communities, and other beneficiaries;

AFFIRMING the importance of protecting the environment in developing and implementing international aviation policy;

AFFIRMING the need for urgent actions to address climate change and for continued cooperation to reduce greenhouse gas emissions in the aviation sector, in a manner consistent with multilateral arrangements on this matter, including instruments of the International Civil Aviation Organization (hereinafter referred to as "the ICAO");

AFFIRMING the importance of protecting the interests of consumers including the protections afforded by the Convention for the Unification of Certain Rules for International Carriage by Air done at Montreal on 28 May 1999, and of achieving a high level of consumer protection, and recognising the need for mutual cooperation in this area;

RECOGNISING that increased commercial opportunities are not intended to undermine labour or labour-related standards of the Parties and reaffirming the importance of considering the effects of this Agreement on labour, employment, and working conditions, and the benefits that arise when the significant economic gains from open and competitive markets are combined with high labour standards;

NOTING the desire to explore ways to facilitate better access to capital by the air transport industry for the further development of air transport; and

DESIRING to conclude an agreement on air transport, supplementary to the Convention on International Civil Aviation signed at Chicago on 7 December 1944,

HAVE AGREED AS FOLLOWS:

Article 1
Scope

1. This Agreement governs the provision of air transport services by the air carriers of the Union from, in, or to the territory of the ASEAN Member States, and by the air carriers of the ASEAN Member States from, in, or to the territory of the Union, as well as the provision of certain services related to those air transport services, in accordance with this Agreement.

2. For the avoidance of doubt, in no case shall this Agreement be construed as governing the provision of air transport services by any air carrier of an ASEAN Member State from, in, or to the territory of another ASEAN Member State, or the provision of certain services related to those air transport services.

Article 2
Definitions

1. For the purposes of this Agreement:

(a) "Chicago Convention" means the Convention on International Civil Aviation signed at Chicago on 7 December 1944, and includes any Annex adopted under Article 90 of that Convention, and any amendment to the Annexes or to the Convention under Articles 90 and 94, insofar as such Annexes and amendments have become effective for the Parties;

(b) "Montreal Convention" means the Convention for the Unification of Certain Rules for International Carriage by Air done at Montreal on 28 May 1999;

(c) "air transport" means the carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, held out to the public for remuneration or hire, including scheduled and non-scheduled air services;

(d) "citizenship determination" means a finding that an air carrier proposing to operate air services under this Agreement satisfies the requirements of Article 4 regarding its ownership, effective control, and principal place of business;

(e) "competent authorities" means the government agencies or entities responsible for the regulatory and administrative functions incumbent on the Parties under this Agreement;

(f) "competition authority" means the competent authority or authorities in charge of enforcing the competition law of a Party, including, in the case of the Union, the European Commission;

(g) "competition law" means law which addresses, within the jurisdiction of a Party, the following conduct, where it may affect air transport services to, from, or within that Party:

(i) agreements between air carriers, decisions by associations of air carriers and concerted practices which have as their object or effect the prevention, restriction, or distortion of competition;

(ii) abuses by one or more air carriers of a dominant position; or

(iii) concentrations between air carriers which substantially lessen competition, in particular as a result of the creation or strengthening of a dominant position;

(h) "computerised reservation system" (hereinafter referred to as "CRS"), means a computerised system containing information (including schedules, availability and fares) of more than one air carrier, with or without facilities to make reservations or issue tickets, to the extent that some or all of these services are made available to subscribers, and includes "Global Distribution Systems", insofar as these contain air transport products;

(i) "discrimination" means differentiation of any kind without objective justification;

(j) "effective control" means a relationship constituted by rights, contracts, or any other means which, either separately or jointly and having regard to the considerations of fact or law involved, confer the possibility of directly or indirectly exercising a

decisive influence on an undertaking, in particular by:

(i) the right to use all or part of the assets of an undertaking;

(ii) rights or contracts which confer a decisive influence on the composition, voting, or decisions of the bodies of an undertaking, or otherwise confer a decisive influence on the running of the business of the undertaking;

(k) "fitness determination" means a finding that an air carrier proposing to operate air services under this Agreement has satisfactory financial capability and adequate managerial expertise to operate such services and is disposed to comply with the laws, regulations, and requirements that govern the operation of such services;

(l) "full cost" means the cost of services provided, which may include the appropriate amounts for costs of capital and depreciation of assets, as well as the costs of maintenance, operation, management, and administration;

(m) "international air transport" means air transport that passes through the airspace above the territory of more than one State;

(n) "material transactions" means the supply of goods and services which are of such size as to have an impact on the air carriers of the Parties' fair and equal opportunities to compete;

(o) "non-scheduled service" means an air transport service that is not a scheduled service;

(p) "Party" means the Union and the EU Member States of the one part, or an ASEAN Member State of the other part;

(q) "Parties" means:

(i) the Union and the EU Member States; and
(ii) the ASEAN Member States.

(r) "principal place of business" means the head office or registered office of an air carrier in the territory of a Party within which the principal financial functions and operational control, including continued airworthiness management, of the air carrier are exercised;

(s) "scheduled services" means a series of flights that possesses all the following characteristics:

(i) it passes through the airspace above the territory of more than one State;

(ii) it is performed by aircraft for the transport of passengers, baggage, mail and/or cargo for remuneration or hire, in such a manner that each flight is open to use by members of the public;

(iii) it is operated, so as to serve traffic between the same two or more points, either:

(A) according to a published timetable; or

(B) with flights so regular or frequent that they constitute a recognisably systematic series;

(t) "self-handling" means a situation in which an air carrier directly provides for itself one or more

categories of ground handling services and concludes no contract of any kind with a third party for the provision of such services. For the purposes of this definition, air carriers, as among themselves, shall not be deemed to be third parties where:

(i) one holds the majority in the other; or

(ii) a single body has a majority holding in each;

(u) "serious disturbance in the economy of a Party" shall mean an exceptional, temporary and significant crisis which affects the whole economy of an ASEAN Member State or of an EU Member State rather than a specific region or economic sector;

(v) "State-owned enterprise" means any enterprise involved in a commercial activity where:

(i) a Party owns more than 50% of the enterprise's subscribed capital or the votes attached to the shares issued by the enterprise; or

(ii) a Party exercises or has the possibility of exercising decisive influence, directly or indirectly, by virtue of its financial participation therein or by the rules or practices on its functioning, or by any other means relevant to establish such decisive influence over the enterprise. Decisive influence on the part of a Party shall be presumed when a Party, directly or indirectly, can appoint more than half of the members of the enterprise's administrative, managerial, or supervisory body;

(w) "stop for non-traffic purposes" means a landing for any purpose other than taking on board or discharging passengers, baggage, cargo, and/or mail in air transport;

(x) "subsidy" means any financial contribution granted by the government or any other public body, including:

(i) the direct transfer of funds, such as grants, loans or equity infusion, the potential direct transfer of funds, the assumption of liabilities, such as loan guarantees, capital injections, ownership, protection against bankruptcy, or insurance;

(ii) the forgoing or non-collection of revenue that is otherwise due;

(iii) the provision of goods or services other than general infrastructure, or the purchase of goods or services; or

(iv) the making of payments to a funding mechanism or entrustment or direction to a private body to carry out one or more of the functions mentioned under paragraphs 1(x)(i), (ii), and (iii) of this Article which would normally be vested in the government or other public body and the practice in no real sense differs from practices normally followed by governments,

limited to an entity, or industry, or group of entities or industries, within the jurisdiction of the granting authority and conferring a benefit to air carriers. No benefit is deemed to be conferred by a financial intervention carried out by a government or other public body if a private market operator solely

driven by profitability prospects, in the same situation as the public body in question, would have carried out the same financial intervention;

(y) "tariff" means any fare, rate, or charge for the carriage of passengers, baggage, and/or cargo (excluding mail) in air transportation (including any other mode of transportation in connection therewith) charged by air carriers, including their agents, and the conditions governing the availability of such fare, rate, or charge;

(z) "territory" means, for the ASEAN Member States, the land territory, internal waters, archipelagic waters, territorial sea, the seabed and the sub-soil thereof, and the airspace over them; and for the Union, the land territory, internal waters, and territorial sea to which the EU Treaties apply and under the conditions laid down in those Treaties, as well as the seabed and the sub-soil thereof, and the air space over them; and

(aa) "user charge" means a charge imposed on air carriers for the provision of airport, air navigation, or aviation security facilities or services including related services and facilities, or a noise-related charge, and includes charges to address local air quality problems at or around airports. For the avoidance of doubt, this definition does not include schemes to address climate-related emissions from international aviation.

Article 3

Grant of Rights

Route Schedule

1. An ASEAN Member State shall permit the air carriers of the Union to operate on the following routes:

> any points in the Union – any intermediate points – any points in that ASEAN Member State – any points beyond.

For the purposes of the routes set out above, intermediate points and points beyond shall include one or more points in any other ASEAN Member States.

2. The Union and its Member States shall permit the air carriers of an ASEAN Member State to operate on the following routes:

> any points in that ASEAN Member State – any intermediate points – any points in the Union – any points beyond.

For the purposes of the routes set out above, points in the Union shall include one or more points in any of the EU Member States.

Traffic rights

3. The Parties grant each other the following rights for the conduct of international air transport by their respective air carriers:

(a) the right to fly across the granting Party's territory without landing;

(b) the right to make stops for non-traffic purposes in the territory of the granting Party;

(c) the right for the air carriers of an ASEAN Member State to carry out international air transport, by means of scheduled and non-scheduled passenger, cargo and combination services, between any points in that ASEAN Member State and any points in the Union (third and fourth freedom traffic rights);

(d) the right for the air carriers of the Union to carry out international air transport, by means of scheduled and non-scheduled passenger, cargo and combination services, between any points in the Union and any points in the ASEAN Member States (third and fourth freedom traffic rights);

(e) the right for the air carriers of an ASEAN Member State to carry out international air transport by means of scheduled and non-scheduled passenger, cargo and combination services, between any points in an EU Member State and any points in another EU Member State or any points in a third country, as part of a service with its origin or destination in that ASEAN Member State (fifth freedom traffic rights), subject to paragraph 4 of this Article;

(f) the right for the air carriers of the Union to carry out international air transport by means of scheduled and non-scheduled passenger, cargo and combination services, between any points in an ASEAN Member State and any points in another ASEAN Member State or any points in a third country, as part of a service with its origin or destination in the Union (fifth freedom traffic rights), subject to paragraph 5 of this Article; and

(g) other rights specified in this Agreement.

4. As regards passenger and combination services, the rights granted under paragraph 3(e) of this Article shall be subject, for each ASEAN Member State, to all the following conditions:

(a) A maximum of seven (7) weekly flights with departure or arrival in each EU Member State may be operated in each direction immediately upon the entry into force of this Agreement;

(b) A maximum of seven (7) additional weekly flights with departure or arrival in each EU Member State may be operated in each direction after two (2) years; and

(c) The flights operated under paragraph 4(b) of this Article may not serve routes between an EU Member State and a third country which are already being served by an air carrier of the Union. For the purposes of this paragraph, a route shall be deemed to be served by an air carrier of the Union if that carrier operates the said route by means of scheduled services with its own aircraft, with aircraft leased with or without crew, or, in the case of non-stop services, by means of code sharing.

5. As regards passenger and combination services, the rights granted under paragraph 3(f) of this Article shall be subject, for each EU Member State, to all the following conditions:

(a) A maximum of seven (7) weekly flights with departure or arrival in each ASEAN Member State may be operated in each direction immediately upon the entry into force of this Agreement;

(b) A maximum of seven (7) additional weekly flights with departure or arrival in each ASEAN Member State may be operated in each direction after two years; and

(c) The flights operated under paragraph 5(b) of this Article may not serve routes between an ASEAN Member State and a third country which are already being served by an air carrier of that ASEAN Member State. For the purposes of this paragraph, a route shall be deemed to be served by a carrier of an ASEAN Member State if that carrier operates the said route by means of scheduled services with its own aircraft, with aircraft leased with or without crew, or, in the case of non-stop services, by means of code sharing.

Operational flexibility

6. The air carriers of each Party may on any or all flights and at their option on the routes specified in paragraphs 1 and 2 of this Article:

(a) operate flights in either or both directions;

(b) combine different flight numbers within one aircraft operation;

(c) serve intermediate and beyond points, and points in the territories of the Parties in any combination and in any order in accordance with the provisions of paragraph 3 of this Article;

(d) omit stops at any point or points;

(e) transfer traffic from any of its aircraft to any of its other aircraft at any point (change of gauge);

(f) carry stopover traffic at any points whether within or outside the territory of the Parties;

(g) carry transit traffic through the territory of another Party;

(h) combine traffic on the same aircraft regardless of where such traffic originates; and

(i) serve more than one point within the same EU Member State or ASEAN Member State on the same service (co-terminalisation).

7. The operational flexibility provided for in paragraph 6 of this Article may be exercised without directional or geographic limitation, provided that:

(a) the services of the air carriers of an ASEAN Member State serve a point in that ASEAN Member State; and

(b) the services of the air carriers of the Union serve a point in the Union.

8. Each Party shall allow each air carrier to determine the frequency and capacity of the international air transport it offers based on commercial considerations. Consistent with this right, no Party shall unilaterally limit the volume of traffic, frequency or regularity of service, routing, origin and destination of traffic, or the aircraft type or types operated by the air carriers of another Party, except for customs, technical, operational, air traffic management safety, environmental or health protection reasons, in a non-discriminatory manner, or unless otherwise provided for in this Agreement.

9. Nothing in this Agreement shall be deemed to confer any of the following rights:

(a) as regards the ASEAN Member States, the right of their air carriers to take on board in any EU Member State passengers, baggage, cargo, and/or mail carried for remuneration or hire and destined for another point in that same EU Member State; and

(b) as regards the Union, the right of its air carriers to take on board in any ASEAN Member State passengers, baggage, cargo, and/or mail carried for remuneration or hire and destined for another point in that same ASEAN Member State.

Article 4
Operating Authorisations and Technical Permissions

1. On receipt of an application for an operating authorisation from an air carrier of another Party, a Party shall grant the appropriate operating authorisations and technical permissions with minimum procedural delay, provided that all the following conditions are met:

(a) In the case of an air carrier of an ASEAN Member State:

(i) the air carrier has its principal place of business in that ASEAN Member State, and holds a valid operating licence in accordance with the law of that same ASEAN Member State;

(ii) effective regulatory control of the air carrier is exercised and maintained by that ASEAN Member State which issued its air operator certificate and the competent authority is clearly identified; and

(iii) the air carrier is owned, directly or through majority ownership, and it is effectively

controlled by that ASEAN Member State, its nationals, or both;

(b) In the case of an air carrier of the Union:

(i) the air carrier is established in the territory of the Union and holds a valid operating licence in accordance with Union law;

(ii) effective regulatory control of the air carrier is exercised and maintained by the EU Member State responsible for issuing its air operator certificate and the competent authority is clearly identified; and

(iii) the air carrier is owned, directly or through majority ownership, and it is effectively controlled by one or more EU Member States, by other States party to the European Economic Area Agreement, by Switzerland, by nationals of such states, or by a combination thereof;

(c) Articles 15 and 16 are being complied with; and

(d) The air carrier meets the conditions prescribed under the laws and regulations normally applied to the operation of international air transport by the Party considering the application.

2. For the purposes of this Article and Article 5, evidence of effective regulatory control of an air carrier includes the following:

(a) The air carrier concerned holding a valid operating licence or permit issued by the competent authority of the Party concerned, and meeting the criteria of that Party issuing the operating licence

or permit for the operation of international air services; and

(b) That Party having and maintaining safety and security oversight programmes for that air carrier in compliance with the ICAO standards.

3. When granting operating authorisations and technical permissions, a Party shall treat all carriers of another Party in a non-discriminatory manner.

4. On receipt of an application for an operating authorisation from an air carrier of another Party, a Party shall recognise any fitness and/or citizenship determination made by that other Party with respect to that air carrier as if such determination had been made by its own competent authorities, and shall not enquire further into such matters, except as provided in paragraph 2 of Article 5. For the avoidance of doubt, this paragraph does not cover the recognition of determinations made in relation to safety certificates or licences, security arrangements, or insurance coverage.

Article 5
Refusal, Revocation, Suspension, or Limitation of Operating Authorisations or Technical Permissions

1. A Party may refuse, revoke, suspend, impose conditions on, or limit the operating authorisations or technical permissions of an air carrier of another Party, or otherwise refuse, suspend, impose conditions on, or limit the operations of an air carrier of that other Party where:

(a) in the case of an air carrier of an ASEAN Member State:

(i) the air carrier does not have its principal place of business in an ASEAN Member State or does not hold a valid operating

licence in accordance with the law of that same ASEAN Member State; or

(ii) effective regulatory control of the air carrier is not exercised or not maintained by that ASEAN Member State which issued its air operator certificate, or the competent authority is not clearly identified; or

(iii) the air carrier is not owned, directly or through majority ownership, or it is not effectively controlled by that ASEAN Member State, its nationals, or both;

(b) in the case of an air carrier of the Union:

(i) the air carrier is not established in the territory of the Union or does not have a valid operating licence in accordance with Union law; or

(ii) effective regulatory control of the air carrier is not exercised or not maintained by the EU Member State responsible for issuing its air operator certificate, or the competent authority is not clearly identified; or

(iii) the air carrier is not owned, directly or through majority ownership, or it is not effectively controlled by one or more EU Member States, by other States party to the European Economic Area Agreement, by Switzerland, by nationals of such States, or by a combination thereof; or

(c) the air carrier has failed to comply with the laws and regulations referred to in Article 7.

2. Where a Party has reasonable grounds to believe that an air carrier of another Party is in any of the situations laid down in paragraph 1 of this Article, that Party may request consultations with that other Party.

3. Such consultations shall start as soon as possible, and not later than thirty (30) days after the date of receipt of the request for consultations. Failure to reach a satisfactory agreement within thirty (30) days or an agreed time period from the starting date of such consultations, or failure to take the agreed corrective action, shall constitute grounds for the Party that requested the consultations to take action to refuse, revoke, suspend, impose conditions on, or limit the operating authorisation or technical permissions of the air carrier concerned, or otherwise refuse, suspend, impose conditions on, or limit the operations of the air carrier concerned, to ensure compliance with the provisions of Articles 4 and 7.

4. Notwithstanding paragraph 3 of this Article, in the case referred to in paragraph 1(c) of this Article, a Party may take immediate or urgent action when required by an emergency or to prevent further non-compliance. For the avoidance of doubt, further non-compliance requires that the question of non-compliance has already been raised between the competent authorities of the Parties concerned.

5. This Article does not limit the rights of any Party to refuse, revoke, suspend, impose conditions on, or limit the operating authorisation or technical permission of an air carrier or air carriers of another Party, or otherwise refuse, suspend, impose conditions on, or limit the operations of an air carrier or air carriers of another Party, in accordance with the provisions of Articles 8, 15, 16, or 25.

Article 6
Liberalisation of Ownership and Control

The Parties recognise the potential benefits of the progressive liberalisation of ownership and control of their respective air

carriers. The Parties may explore in the Joint Committee referred to in Article 23 at an opportune juncture, the reciprocal liberalisation of ownership and control of air carriers. The Joint Committee may thereafter propose amendments to this Agreement in accordance with paragraph 4(f) of Article 23 and Article 28.

Article 7
Compliance with Laws and Regulations

1. While entering, within, or leaving the territory of another Party, the laws and regulations relating to the admission to, operating within, or departure from its territory of aircraft engaged in international air transport shall be complied with by the air carriers of a Party.

2. While entering, within, or leaving the territory of another Party, its laws and regulations relating to the admission to, operating within, or departure from its territory of passengers, crew, baggage, cargo, and/or mail on aircraft (including regulations relating to entry, clearance, immigration, passports, customs and quarantine, or in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew, baggage, cargo, and mail of the air carriers of a Party.

3. Each Party shall permit, in its territory, the air carriers of another Party to take measures to ensure that only persons with the travel documents required for entry into or transit through the territory of that other Party are carried.

Article 8
Fair Competition

1. The Parties agree that it is their joint objective to have a fair and competitive environment in which the air carriers of the Parties enjoy fair and equal opportunities to compete in the provision of air transport services.

2. In order to attain the objective referred to in paragraph 1 of this Article, the Parties shall:

(a) adopt or maintain competition law;

(b) establish or maintain an operationally independent competition authority equipped with all necessary powers and resources, which shall effectively enforce the competition law of the Party. The decisions of the competition authority shall be subject to appeal and review by a court or tribunal of that Party;

(c) eliminate, within their respective jurisdictions, all forms of discrimination or unfair practices which would adversely affect the fair and equal opportunity of the air carriers of another Party to compete in providing air transport services. For the avoidance of doubt, nothing in paragraph 2(c) of this Article shall include the conduct described in paragraph 1(g) of Article 2; and

(d) not grant or maintain subsidies to any air carriers if these subsidies would adversely affect the fair and equal opportunity of the air carriers of another Party to compete in providing air transport services.

3. Notwithstanding paragraph 2(d) of this Article, the following may be granted:

(a) support to insolvent or ailing air carriers, provided that:

(i) this support is conditional on a credible restructuring plan based on realistic assumptions with a view to ensuring the return of the ailing air carrier within a reasonable time to long-term viability; and

(ii) the air carrier concerned, its investors or shareholders significantly contribute themselves to the costs of restructuring;

(b) temporary liquidity support to an ailing air carrier in the form of loans or loan guarantees limited to the amount needed merely to keep the air carrier concerned in business for the time necessary to work out a restructuring or liquidation plan;

(c) provided that they are limited to the minimum amounts needed to achieve their objective and that the effects on the provision of air transport services between the Parties are kept to a minimum:

(i) subsidies to make good the damage caused by natural disasters or exceptional occurrences;

(ii) subsidies to remedy a serious disturbance in the economy of one of the Parties;

(iii) subsidies to air carriers entrusted with the operation of clearly defined public service obligations necessary to meet essential transport needs of the population which cannot be satisfied by market forces alone, provided that these subsidies are limited to a reasonable remuneration for the provision of the air services concerned; and

(iv) subsidies available to all carriers and which are not, de jure or de facto, limited to certain air carriers.

4. The Parties shall ensure that each of their air carriers providing air transport services under this Agreement

publishes or otherwise prepares, and provides upon request, an annual financial report and accompanying financial statement that are independently audited and are in accordance with internationally recognised accounting and corporate financial disclosure standards such as the International Financial Reporting Standards. In any event, subsidies shall be separately identified in the financial report.

5. Specific to air transport, each Party shall ensure that material transactions between its air carriers and providers of goods and services which are State-owned enterprises (in whatever form) of that Party, are based on commercial terms equivalent to those that prevail in arm's length transactions.

6. Each Party shall, at the request of another Party, provide that other Party within thirty (30) days or an agreed time period with relevant information that may be reasonably requested to ensure that the provisions of this Article are being complied with. This may include additional information relating to subsidies and to the items mentioned in paragraphs 4 and 5 of this Article. If requested, such information shall be subject to confidential treatment by the Party receiving the information.

7. If one or several Parties (hereinafter referred to collectively as "the initiating party" for the purposes of this Article) consider that their air carriers' fair and equal opportunities to compete are adversely affected by:

(a) discrimination or unfair practices prohibited under paragraph 2(c) of this Article;

(b) a subsidy prohibited under paragraph 2(d) of this Article, other than those listed in paragraph 3 of this Article; or

(c) failure to provide information requested under paragraph 6 of this Article,

it may proceed in accordance with paragraphs 8 to 10 of this Article.

8. The initiating party shall submit a written request for consultations to the Party or Parties concerned (hereinafter referred to collectively as "the responding party" for the purposes of this Article). Consultations shall start within a period of thirty (30) days from the date of receipt of the request, unless otherwise agreed by the said parties.

9. If the initiating party and the responding party fail to reach agreement on the matter within sixty (60) days from the date of receipt of the request for consultations, the initiating party may take measures against all or some of the air carriers of the responding party which have engaged in the contested conduct or which have benefited from the discrimination, unfair practices, or subsidies in question.

10. The measures taken pursuant to paragraph 9 of this Article shall be appropriate, proportionate, and restricted in their scope and duration to what is strictly necessary to mitigate the injury to the air carriers of the initiating party and remove the undue advantage gained by the air carriers of the responding party.

11. Where matters pertaining to this Article are referred to the dispute settlement procedure laid down in Article 25:

(a) notwithstanding paragraphs 2 and 3 of Article 25, the dispute may be immediately referred to a person or body for decision, or submitted to arbitration; and

(b) the timelines stated in paragraphs 10, 11, and 12 of Article 25 shall be halved.

12. Nothing in this Agreement shall affect, limit, or jeopardise in any way the authority or powers of the competition authorities of the Parties or of the courts or

tribunals which review the decisions of those authorities. Any action taken pursuant to paragraph 9 of this Article by an initiating party shall be without prejudice to any possible actions and measures taken by the said authorities and courts or tribunals, including those of the initiating party. The actions and measures of the competition authorities of the Parties and the courts or tribunals which review the decisions of those authorities shall be excluded from the dispute settlement mechanism laid down in Article 25.

Article 9
Doing Business

1. The Parties agree that obstacles to doing business encountered by their air carriers would hamper the benefits to be achieved by this Agreement. The Parties agree to cooperate in removing such obstacles where such obstacles may hamper commercial operations, create distortions to competition, or affect equal opportunities to compete.

2. The Joint Committee shall monitor the progress made in effectively addressing obstacles to doing business encountered by air carriers of the Parties.

Article 10
Commercial Operations

1. The Parties grant each other the rights set out in paragraphs 2 to 17 of this Article. Air carriers of the Parties shall not be required to retain a local partner for the purposes of this Article.

Air carrier representatives

2. The air carriers of each Party shall be permitted to freely establish offices and facilities in the territory of another Party as necessary to provide services under this Agreement as far as practicable and without discrimination.

3. Without prejudice to safety and security regulations, where such facilities are located in an airport, they may be subject to limitations on grounds of availability of space.

4. The air carriers of each Party shall be permitted, in accordance with the laws and regulations of another Party relating to entry, residence, and employment, to bring into and maintain in the territory of that other Party managerial, sales, technical, operational, and other specialist staff who are required to support the provision of air transport. The Parties shall process expeditiously the granting of employment authorisations, where required, for personnel employed in the offices referred to in this paragraph, including those performing certain temporary duties, subject to the relevant laws and regulations in force.

Ground handling

5. (a) Without prejudice to paragraph 5(b) of this Article, the air carriers of each Party shall, in relation to ground handling in the territory of another Party, be permitted to:

(i) perform their own ground handling (self-handling); or

(ii) select among competing suppliers, where such suppliers are providing ground handling services in whole or in part, in accordance with the laws and regulations of the Party concerned.

(b) Paragraph 5(a) of this Article shall be subject to considerations of safety, security, and physical or operational constraints. Where such considerations limit, prevent, or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, the relevant Party shall

ensure that all such services are available on both an equal and an adequate basis to all air carriers, and that the prices of such services are determined according to relevant, objective, transparent, and non-discriminatory criteria.

Allocation of slots at airports

6. Each Party shall ensure that its regulations, guidelines, and procedures for allocation of slots at the airports in its territory are applied in a transparent, effective, non-discriminatory, and timely manner.

Operational plans, programmes, and schedules

7. Notification of operational plans, programmes, or schedules for air services operated under this Agreement may be required by a Party to be provided to its competent authorities for information purposes only. If a Party requires such notification, it shall minimise the administrative burden associated with its notification requirements and procedures that is borne by air transport intermediaries and the air carriers of another Party.

Sales, local expenses, and transfer of funds

8. The air carriers of each Party shall be permitted to engage in the sale of air transport and related services, both of their own and that of any other air carrier, in the territory of another Party. An air carrier may, at its discretion, do so directly and/or through its sales agents, other intermediaries appointed by the air carrier or through the internet or any other available channel. The sale and purchase of such transport and related services shall be permitted in the currency of the territory of the sale or purchase, or in freely convertible currencies.

9. The air carriers of each Party shall be permitted to pay for local expenses, including purchases of fuel in the territory

of another Party, in local currency, or, at their discretion, in freely convertible currencies at the market rate of exchange.

10. (a) The air carriers of each Party shall be permitted on demand to convert local revenues into freely convertible currencies and remit such revenues at any time, in any way, from the territory of another Party to the country of their choice. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the market rate of exchange applicable to current transactions and remittance on the date an air carrier makes the initial application for remittance and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.

(b) Where, in exceptional circumstances, capital movements and payments, including transfers, cause or threaten to cause serious difficulties for the operation of the economy of a Party, that Party may take measures which restrict the rights laid down in paragraph 10(a) of this Article, provided that such measures are temporary and strictly necessary to address such difficulties. Such measures shall not constitute a means of arbitrary or unjustified discrimination in respect of the air carriers of the other Parties compared to the carriers of any other country.

Cooperative marketing arrangements

11. In operating or holding out air transport services under this Agreement, the air carriers of each Party shall be permitted to enter into cooperative marketing arrangements, such as blocked-space or code-sharing arrangements, with:

(a) any air carrier or carriers of the Parties;

(b) any air carrier or carriers of a third country; and

(c) any surface (land or maritime) transport provider of any country,

provided that (i) the operating carrier holds the appropriate traffic rights, (ii) the marketing carrier holds the appropriate underlying route rights, and (iii) the arrangements meet the requirements normally applied to such arrangements.

12. In operating or holding out air transport services under this Agreement, subject to Article A, the air carriers of each Party shall be permitted to enter into cooperative marketing arrangements, such as blocked-space or code-sharing arrangements, with an air carrier that is operating a domestic leg, provided that:

(a) the domestic leg is part of an international journey; and

(b) the arrangements meet the requirements normally applied to such arrangements.

For the purposes of this paragraph, a domestic leg means, where the operating carrier of the domestic leg is a carrier of the Union, a route within the territory of an EU Member State; and, where the operating carrier of the domestic leg is a carrier of an ASEAN Member State, a route within the territory of that ASEAN Member State.

13. In respect of the sale of passenger air transport involving cooperative marketing arrangements, the purchaser shall be informed at the point of sale, or in any case at check-in, or before boarding where no check-in is required for a connecting flight, which transport providers will operate each sector of the service.

Intermodal services

14. In relation to the transport of passengers, surface transport providers shall not be subject to the laws and regulations governing air transport on the sole basis that such surface transport is held out by an air carrier under its own name.

15. Notwithstanding any other provision of this Agreement, the air carriers and indirect providers of cargo transport of each Party shall be permitted, without restriction, to employ in connection with international air transport, any surface transport for cargo to or from any points in the territories of the Parties or in third countries, including transport to and from all airports with customs facilities, and (where applicable) the right to transport cargo in bond under the applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customs processing and facilities. An air carrier may elect to perform its own surface transport or to provide it through arrangements with other surface transport providers, including surface transport operated by other air carriers and indirect providers of cargo air transport. Such intermodal cargo services may be offered at a single, through price for the air and surface transport combined, provided that shippers are not misled as to the facts concerning such transport.

Leasing

16. The air carriers of each Party shall be permitted to provide air transport services under this Agreement by:

(a) using aircraft leased without crew from any lessor;

(b) using aircraft leased with crew from other air carriers of the same Party as that of the lessee air carrier; or

(c) using aircraft leased with crew from air carriers of a country other than that of the lessee air carrier, provided that the leasing is justified on the basis of exceptional needs, seasonal capacity needs or operational difficulties of the lessee and the leasing does not exceed the duration which is strictly necessary to fulfil those needs or overcome those difficulties.

17. The Parties concerned may require leasing arrangements to be approved by their competent authorities for the purpose of verifying compliance with the conditions set out in paragraph 16 and with the applicable safety and security requirements. However, where a Party requires such approval, it shall endeavour to expedite the approval procedures and minimise the administrative burden on the air carriers concerned. For the avoidance of doubt, the provisions of this paragraph and of paragraph 16 are without prejudice to the laws and regulations of a Party as regards the leasing of aircraft by air carriers of that Party.

Article 11
Customs Duties and Other Taxes

1. On arriving in the territory of another Party, aircraft operated in international air transport by the air carriers of a Party, their regular equipment, fuel, lubricants, consumable technical supplies, ground equipment, spare parts (including engines), aircraft stores (including such items as food, beverages and liquor, tobacco, and other products destined for sale to or use by passengers in limited quantities during flight), and other items intended for or used solely in connection with the operation or servicing of aircraft engaged in international air transport shall, on the basis of reciprocity, to the fullest extent possible under the Parties' respective domestic laws and regulations, provided that such equipment and supplies remain on board the aircraft, be exempt from all import restrictions, property taxes and capital levies, customs

duties, excise taxes, inspection fees, value added tax or other similar indirect taxes, and similar fees, and charges that are:

(a) imposed by the relevant authorities of that other Party; and

(b) not based on the cost of service provided.

For the avoidance of doubt, aircraft and other goods referred to in this paragraph shall be considered as moveable property, and nothing in this Article shall affect the validity and application of Article 24 of the Chicago Convention.

2. The following shall also, to the fullest extent possible under the Parties' respective domestic laws and regulations and on the basis of reciprocity, be exempt from the taxes, levies, duties, fees, and charges referred to in paragraph 1 of this Article, with the exception of charges based on the cost of service provided:

(a) aircraft stores introduced into or supplied in the territory of another Party and taken on board, within reasonable limits, for use on outbound aircraft of an air carrier of a Party engaged in international air transport, even when these stores are to be used on a part of the journey performed over the said territory;

(b) ground equipment and spare parts (including engines) introduced into the territory of another Party for the servicing, maintenance, or repair of aircraft of an air carrier of a Party used in international air transport, even when such equipment and spare parts are to be used on a part of the journey performed over the said territory;

(c) fuel, lubricants, and consumable technical supplies introduced into or supplied in the territory

of another Party for use in an aircraft of an air carrier of a Party engaged in international air transport, even when these supplies are to be used on a part of the journey performed over the said territory; and

(d) printed matter, as provided for by the customs legislation of another Party, introduced into or supplied in the territory of that other Party and taken on board for use on outbound aircraft of an air carrier of a Party engaged in international air transport, even when such printed matter is to be used on a part of the journey performed over the said territory.

3. With regard to the exemptions provided for in this Article, the Parties shall grant the air carriers of another Party treatment no less favourable than that they accord to their own air carriers or to the carriers of any third country, whichever is more favourable.

4. Nothing in this Agreement shall prevent a Party from imposing taxes, levies, duties, fees, or charges on fuel supplied in its territory, on a non-discriminatory basis, for use in aircraft of an air carrier of another Party that operates between two points in its territory.

5. The regular airborne equipment, as well as the material, supplies, and spare parts referred to in paragraphs 1 and 2 of this Article normally retained on board aircraft operated by an air carrier of a Party may be unloaded in the territory of another Party only with the approval of the customs authorities of that other Party and may be required to be kept under the supervision or control of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulation.

6. The exemptions provided by this Article shall also be available where the air carriers of a Party have contracted with

another air carrier, which similarly enjoys such exemptions from another Party, for the loan or transfer in the territory of that other Party of the items specified in paragraphs 1 and 2 of this Article.

7. Nothing in this Agreement shall prevent a Party from imposing taxes, levies, duties, fees, or charges on goods sold, other than for consumption on board, to passengers during a sector of an air service between two points within its territory at which embarkation or disembarkation is permitted.

8. Baggage and cargo in direct transit across the territory of a Party shall be exempt from taxes, customs duties, fees, and other similar charges that are not based on the cost of service provided.

9. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the competent authorities.

10. The provisions of the respective agreements in force between ASEAN Member States and EU Member States for the avoidance of double taxation on income and on capital remain unaffected by this Agreement.

Article 12
User Charges

1. Each Party shall ensure that any user charges imposed by its competent charging authorities or bodies on the air carriers of another Party for the use of air navigation and air traffic control are cost-related and non-discriminatory, and are on terms no less favourable than the most favourable terms available to any other air carrier in like circumstances at the time the charges are applied.

2. With the exception of charges levied with respect to the services described in paragraph 5 of Article 10, each Party shall ensure that any user charges imposed by its competent

charging authorities or bodies on the air carriers of another Party for the use of airport, aviation security, and related facilities and services shall not be unjustly discriminatory, and shall be equitably apportioned among categories of users. These charges shall not exceed the full cost to the competent charging authorities or bodies of providing the appropriate airport and aviation security facilities and services at that airport or those airports at which a common charging system applies. These charges may, however, include a reasonable return on assets, after depreciation. Facilities and services for which user charges are imposed shall be provided on an efficient and economic basis. In any event, these charges shall be imposed on the air carriers of another Party on terms no less favourable than the most favourable terms available to any other air carrier in like circumstances at the time the charges are applied.

3. Each Party shall require its competent charging authorities or bodies to consult with the air carriers using the services and facilities and exchange with them such information as may be necessary to permit an accurate assessment of the reasonableness of the charges in accordance with the principles set out in paragraphs 1 and 2 of this Article. Each Party shall ensure that its competent charging authorities or bodies provide the air carriers with reasonable notice of any proposal for changes in user charges to enable them to express their views and provide comments before any changes are made.

Article 13
Tariffs

1. The Parties shall permit tariffs to be freely established by the air carriers of the Parties.

2. Any Party may require, on a non-discriminatory basis, notification to its competent authorities of tariffs offered for services originating from its territory by air carriers of any of the Parties on a simplified basis and for information purposes

only. Such notification by the air carriers may be required to be made no earlier than the initial offering of a tariff.

Article 14
Statistics

1. Each Party shall provide the other Parties with available statistics related to air transport under this Agreement as may reasonably be required, subject to the respective laws and regulations of the Parties and on a non-discriminatory basis.

2. The Parties agree to cooperate to facilitate the exchange of statistical information between them for the purpose of monitoring the development of air transport under this Agreement.

Article 15
Aviation safety

1. The Parties reaffirm the importance of close cooperation in the field of aviation safety. In that context, the Parties agree to engage in further cooperation where appropriate, notably the facilitation of the exchange of safety information, the possible participation in each other's oversight activities or the conduct of joint oversight activities, as well as the development of joint projects and initiatives, including with countries not party to this Agreement.

2. Certificates of airworthiness, certificates of competency, and licences issued or rendered valid by a Party and still in force shall be recognised as valid by another Party and its competent authorities for the purpose of operating air services under this Agreement, provided that such certificates or licences were issued or rendered valid pursuant to, and in conformity with, as a minimum, the relevant international standards established under the Chicago Convention.

3. Each Party may at any time request consultations concerning the safety standards maintained and administered

by another Party in areas relating to aeronautical facilities, flight crew, aircraft, and the operation of aircraft. Such consultations shall take place within thirty (30) days from the date of receipt of the request.

4. If, following such consultations referred to in paragraph 3 of this Article, the requesting Party finds that that other Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 3 of this Article that are at least equal to the minimum standards established pursuant to the Chicago Convention, that other Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards. Failure by that other Party to take appropriate corrective action within fifteen (15) days from the date of receipt of such notification or an agreed time period shall constitute grounds for the requesting Party referred to in paragraph 3 of this Article to refuse, revoke, suspend, impose conditions on, or limit the operating authorisations or technical permissions of an air carrier which is under the safety oversight of that other Party, or to otherwise refuse, revoke, suspend, impose conditions on, or limit the operations of an air carrier which is under the safety oversight of that other Party.

5. Any aircraft operated by, or on behalf of, an air carrier of a Party may, while within the territory of another Party, be the subject of a ramp inspection by the competent authorities of that other Party, to verify the validity of the relevant aircraft documents and those of its crew members and the apparent condition of the aircraft and its equipment, provided that such examination does not cause unreasonable delay in the operation of the aircraft.

6. If a Party, after carrying out a ramp inspection, finds that an aircraft or the operation of an aircraft does not comply with the minimum standards established pursuant to the Chicago Convention or that there is a lack of effective maintenance and administration of safety standards established pursuant to the Chicago Convention, or if it is denied access for ramp

inspection, that Party shall notify the competent authorities of that other Party that are responsible for the safety oversight of the air carrier operating the aircraft of such findings and the steps considered necessary to conform with these minimum standards. Failure to take appropriate corrective action within fifteen (15) days from the date of receipt of such notification or an agreed time period shall constitute grounds for the first Party to refuse, revoke, suspend, impose conditions on, or limit the operating authorisations or technical permissions of the air carrier operating the aircraft, or to otherwise refuse, revoke, suspend, impose conditions on, or limit the operations of the air carrier operating the aircraft.

7. Each Party shall have the right to take immediate action including the right to revoke, suspend, or limit the operating authorisations or technical permissions of an air carrier of another Party, or to otherwise suspend or limit the operations of an air carrier of another Party, if it concludes that such action is necessary in view of an immediate threat to aviation safety. The Party taking such measures shall promptly inform that other Party and provide reasons for its action.

8. Any action by a Party in accordance with paragraphs 4, 6, or 7 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

Article 16
Aviation Security

1. The Parties reaffirm their obligations to each other to provide for the security of civil aviation against acts of unlawful interference, and in particular their obligations under the Chicago Convention, the Convention on Offences and Certain Other Acts Committed on Board Aircraft signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft signed at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation signed at Montreal on 23 September 1971, the 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, insofar as the Parties are parties to these conventions, as well as all other conventions and protocols relating to civil aviation security to which the Parties are parties.

2. The Parties shall provide upon request all necessary assistance to each other to address any threat to the security of civil aviation, including the prevention of 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 Parties shall, in their mutual relations, conform with the aviation security standards established by the ICAO. They shall require that operators of the aircraft in their registries, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory conform with such aviation security standards.

4. Each Party shall ensure that effective measures are taken within its territory to protect civil aviation against acts of unlawful interference, including the screening of passengers and their cabin baggage, screening of hold baggage, screening and security controls for persons other than passengers (including crew) and their items carried, screening and security controls for cargo, mail, in-flight and airport supplies, and access control to airside and security restricted areas. Such measures shall be adjusted to meet increases in the threat to the security of civil aviation. Each Party agrees that the security provisions required by another Party relating to the admission to, operating within, or departure from its territory of aircraft must be observed.

5. With full regard and mutual respect for each other's sovereignty, a Party may adopt security measures for entry into its territory, as well as emergency measures, in order to meet a specific security threat, which should be communicated to the Party or Parties concerned without delay. Each Party shall give positive consideration to any request from another Party for reasonable special security measures, and that other Party shall take into account the security measures already applied by the first Party and any views that that first Party may offer. Except where not reasonably possible in cases of emergency, each Party shall inform the Party or Parties concerned in advance of any special security measures it intends to introduce which could have a significant financial or operational impact on the air transport services provided under this Agreement. Any Party may request a meeting of the Joint Committee to discuss such security measures, as provided for in Article 23.

6. Each Party recognises, however, that nothing in this Article limits the ability of another Party to refuse entry into its territory to any flight or flights that it deems to present a threat to its security.

7. Without prejudice to the need to take immediate action in order to protect aviation security, the Parties affirm that, when considering security measures, a Party shall evaluate possible adverse effects on international air transport and, unless constrained by law, shall take such factors into account when it determines what measures are necessary and appropriate to address those security concerns.

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

9. Each Party shall take all measures it finds practicable to ensure that an aircraft that is subject to an act of unlawful seizure or other acts of unlawful interference which is on the ground in its territory is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Where practicable, such measures shall be taken on the basis of mutual consultations with the Party or Parties concerned.

10. When a Party has reasonable grounds to believe that another Party has not complied with the provisions of this Article, the first Party may request immediate consultations with that other Party. Such consultations shall start within thirty (30) days from the date of receipt of such a request. Failure to reach a satisfactory agreement within fifteen (15) days or an agreed time period from the starting date of such consultations shall constitute grounds for the Party that requested the consultations to take action to refuse, revoke, suspend, impose conditions on, or limit the operating authorisation or technical permissions of air carriers of that other Party to ensure compliance with the provisions of this Article. When required by an emergency, or to prevent further non-compliance with this Article, the first Party may take interim action to refuse, revoke, suspend, impose conditions on, or limit the operating authorisation or technical permissions of air carriers of that other Party to ensure compliance with the provisions of this Article.

11. Any action taken in accordance with paragraph 10 of this Article by the first Party referred to in that paragraph shall be discontinued upon compliance with this Article by the other Party concerned.

Article 17
Air Traffic Management

1. The Parties agree to cooperate on matters concerning air navigation services, including their safety oversight. They agree to address any policy issues relating to the performance

of air traffic management, with a view to optimising overall flight efficiency, reducing costs, minimising environmental impact, and enhancing the safety and capacity of air traffic flows between the existing air traffic management systems of the Parties.

2. The Parties agree to encourage their competent authorities and air navigation service providers to cooperate on ensuring interoperability between the air traffic management systems of the Parties and explore further integration of the Parties' systems, to reduce the environmental impact of aviation, and to share information where appropriate.

3. The Parties agree to promote cooperation between their air navigation service providers in order to exchange flight data and coordinate traffic flows to optimise flight efficiency, with a view to achieving improved predictability, punctuality, and service continuity for air traffic.

4. The Parties agree to cooperate on their air traffic management modernisation programmes, including both development and deployment activities, and to encourage cross-participation in validation and demonstration activities.

Article 18
Environment

1. The Parties support the need to protect the environment by promoting the sustainable development of aviation. The Parties intend to work together to identify issues related to the impacts of international aviation on the environment.

2. The Parties recognise the importance of working together and with the global community, to consider and minimise the effects of aviation on the environment.

3. The Parties reiterate the importance of tackling climate change and towards this end, agree to cooperate in

addressing greenhouse gas (hereinafter referred to as "GHG") emissions associated with aviation, both at domestic and international levels.

4. The Parties agree to exchange information and have regular dialogue among experts to enhance cooperation to address the environmental impact of international aviation including in areas such as research and development, sustainable aviation fuels, noise related matters, and on other measures aimed at addressing GHG emissions, taking into account their multilateral environmental rights and obligations.

5. The Parties recognise the need to take appropriate measures to prevent or otherwise address the environmental impacts of air transport provided that such measures are fully consistent with their rights and obligations under international law.

Article 19
Air Carrier Liability

The Parties which have ratified the Montreal Convention reaffirm their obligations under the Montreal Convention. The remaining Parties undertake to ratify the Montreal Convention at the earliest possible date and notify the Joint Committee accordingly.

Article 20
Consumer Protection

The Parties agree to cooperate to protect the interests of consumers in air transport. The objective of this cooperation shall be to achieve a high level of consumer protection, considering the interest of all stakeholders and the Parties' different characteristics. To this end, the Parties shall consult each other in the Joint Committee on matters of consumer interest, including their planned measures, with a view to achieving increased compatibility between the Parties' respective regimes, to the extent possible.

Article 21
Computer Reservation Systems

1. CRS vendors operating in the territory of a Party shall be permitted to bring in, maintain, and make freely available their CRS to travel agencies or travel companies whose principal business is the distribution of travel-related products in the territory of another Party, provided that the CRS complies with any relevant regulatory requirements of that other Party.

2. The Parties shall annul any existing requirement which could restrict free access by a Party's CRS to another Party's market or otherwise limit competition between CRS vendors. The Parties shall refrain from adopting such requirements in the future.

3. No Party shall, in its territory, impose or permit to be imposed on the CRS vendors of another Party requirements with regard to CRS displays which are different from those imposed on its own CRS vendors or any other CRS operating on its market. No Party shall prevent the conclusion of agreements between CRS vendors, their providers, and their subscribers which facilitate the display of comprehensive and unbiased travel information to consumers, or the fulfilment of regulatory requirements on neutral displays.

4. The owners and operators of CRS of a Party, subject to the relevant regulatory requirements of another Party, shall have the same opportunity to own or operate CRS within the territory of that other Party as do the owners and operators of any other CRS operating in the market of that other Party.

5. Where CRS are covered by a free trade agreement (falling under paragraph 1 of Article V.1 of the General Agreement on Trade in Services) which is signed or in negotiation between the Union and an ASEAN Member State, paragraphs 1 to 4 of this Article shall not apply to that ASEAN Member State.

Article 22
Social Aspects

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

2. The Parties recognise the right of each Party to establish its own level of domestic labour protection as it deems appropriate, and to adopt or modify accordingly its relevant laws and policies, consistent with the principles of internationally recognised standards in the international conventions to which it is a party. The Parties shall ensure that the rights and principles contained in their respective laws and regulations are not undermined but effectively enforced.

3. Each Party shall continue to improve its laws and policies, and shall strive towards providing and encouraging high levels of labour protection in the aviation sector. The Parties recognise that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist purposes.

4. The Parties reaffirm their commitment, in accordance with their obligations deriving from their membership in the International Labour Organization (hereinafter referred to as "ILO") and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up adopted at Geneva on 18 June 1998, to respect, promote, and realise that Declaration.

5. The Parties shall promote the objectives included in the ILO Decent Work Agenda and the ILO Declaration on Social Justice for a Fair Globalization adopted at Geneva on 10 June 2008.

6. Each Party undertakes to make best endeavours towards ratifying, to the extent it has not yet done so, the fundamental ILO conventions. The Parties will also consider the ratification and effective implementation of other ILO conventions and international standards in the labour and social domain of relevance to the civil aviation sector, taking into account domestic circumstances.

7. Any Party may request a meeting of the Joint Committee to address labour issues and exchange relevant information that it identifies as significant.

Article 23
Joint Committee

1. A Joint Committee composed of representatives of the Parties shall be responsible for overseeing the administration of this Agreement and ensuring its proper implementation.

2. The Joint Committee shall establish and adopt its rules of procedure.

3. The Joint Committee shall meet as and when necessary and at least once a year. Any Party may at any time request the convening of a meeting of the Joint Committee. Such a meeting shall begin at the earliest possible date, and not later than two (2) months from the date of receipt of the request, unless otherwise agreed by the Parties.

4. For the purpose of the proper implementation of this Agreement, the Joint Committee shall:

(a) exchange information, including on changes to laws, regulations, and policies of the respective Parties which may affect air services, as well as statistical information for the purpose of monitoring the development of air services under this Agreement;

(b) make recommendations and take decisions where expressly provided for in this Agreement;

(c) develop cooperation, including on regulatory matters;

(d) hold consultations on any questions relating to the application or interpretation of this Agreement;

(e) hold consultations, where appropriate, on air transport issues dealt with by international organisations, in relations with third countries, in multilateral arrangements or agreements, including whether to adopt a joint approach;

(f) consider potential areas for the further development of this Agreement, including the recommendation of amendments to this Agreement; and

(g) decide on any new authentic language version of this Agreement in the event of the accession thereto of new EU Member States.

5. Recommendations and decisions shall be adopted by consensus between the Union and its Member States, of the one part, and all of the ASEAN Member States acting together, of the other part. Decisions taken by the Joint Committee shall be binding on the Parties.

Article 24
Implementation

1. Nothing in this Agreement shall be construed as intending to confer rights or to impose obligations which can be directly invoked by the nationals of a Party before the courts or tribunals of any Party.

2. The Parties shall take all appropriate measures, whether general or specific, to ensure fulfilment of the obligations arising out of this Agreement.

3. In exercising their rights under this Agreement, the Parties shall take measures which are appropriate and proportionate to their respective objectives.

4. The Parties shall refrain from any measures which would jeopardise the attainment of the objectives of this Agreement.

5. Each Party shall be responsible, in its own territory, for the proper enforcement of this Agreement.

6. Each Party shall, subject to the applicable laws and regulations of the respective Parties, give another Party all necessary information and assistance, in the case of investigations on possible infringements which that other Party carries out in accordance with this Agreement.

7. This Agreement shall not preclude consultation and discussions between the competent authorities of the Parties outside the Joint Committee, including in the fields of air transport development, security, safety, environment, social policy, air traffic management, aviation infrastructure, competition matters, and consumer protection. The Parties shall inform the Joint Committee of the outcome of such consultations and discussions which may have an impact on the interpretation or application of this Agreement.

8. Where reference is made in this Agreement to cooperation between the Parties, they shall endeavour to find common ground for joint action to further develop this Agreement and/or improve its functioning in the areas concerned, on the basis of mutual consent.

Article 25
Dispute Resolution and Arbitration

1. Without prejudice to Articles 5 and 8, any dispute relating to the application or interpretation of this Agreement may be referred by one or several Parties to the dispute settlement mechanism provided for in this Article.

2. Without prejudice to any previous consultations between the Parties under this Agreement, where a Party wishes to have recourse to the dispute settlement mechanism provided for in this Article, it shall notify the Party or Parties concerned in writing of its intention and request a meeting of the Joint Committee for consultations.

3. (a) If:

(i) the Joint Committee has not discussed the matter within two (2) months of the date of receipt of the request referred to in paragraph 2 of this Article or by the date agreed by the Parties; or

(ii) the dispute is not resolved within six (6) months of the said request,

the dispute may be referred to a person or body for decision by agreement of the Parties concerned.

(b) If the Parties concerned cannot reach a mutual agreement to refer the dispute to a person or body for decision, the dispute shall, at the request of any of the Parties, be submitted to arbitration in accordance with this Article.

4. Notwithstanding paragraphs 2 and 3 of this Article, if a Party has taken action to refuse, revoke, suspend, impose conditions on, or limit the operating authorisation or technical permissions of an air carrier of another Party, or to otherwise

refuse, suspend, impose conditions on, or limit the operations of an air carrier of that other Party, the dispute may be immediately referred to a person or body for decision, or submitted to arbitration. The respective timelines stated in paragraphs 10, 11, and 12 of this Article shall be halved.

5. The request for arbitration shall be made in writing by one or several Parties (hereinafter referred to collectively as "the initiating party" for the purposes of this Article) to the Party or Parties concerned (hereinafter referred to collectively as "the responding party" for the purposes of this Article). In its request, the initiating party shall present the issues to be resolved, describe the measure at issue, and explain the reasons why it considers such measure to be inconsistent with this Agreement.

6. Unless the initiating party and the responding party otherwise agree, arbitration shall be by a tribunal of three arbitrators to be constituted as follows:

(a) Within twenty (20) days after the date of receipt of a request for arbitration, the initiating party and the responding party shall each appoint one arbitrator. Within thirty (30) days after these two arbitrators have been appointed, the initiating party and the responding party shall by agreement appoint a third arbitrator, who shall act as the President of the tribunal.

(b) If the initiating party or the responding party fails to appoint an arbitrator, or if the third arbitrator is not appointed in accordance with paragraph 6(a) of this Article, either the initiating party or the responding party may request the President of the Council of the ICAO to appoint the necessary arbitrator or arbitrators within thirty (30) days from the date of receipt of that request. If the President of the Council of the ICAO is a national of either an ASEAN Member State or an EU Member State,

the most senior Vice President of that Council who is neither a national of an ASEAN Member State nor a national of an EU Member State shall make the appointment.

7. The date of establishment of the tribunal shall be the date on which the last of the three (3) arbitrators accepts the appointment.

8. The arbitration proceedings shall be conducted in accordance with the rules of procedure to be adopted by the Joint Committee at its first meeting, subject to the provisions of this Article and in accordance with paragraphs 4(b) and 5 of Article 23. Until such time as the Joint Committee has adopted the rules of procedure, the tribunal shall establish its own procedural rules.

9. At the request of the initiating party or the responding party, the tribunal may, pending its final ruling, order the adoption of interim relief measures, including the modification or suspension of measures taken by either the initiating party or the responding party under this Agreement.

10. The tribunal shall issue an interim report to the initiating party and the responding party setting out the findings of fact, the applicability of relevant provisions, and the basic rationale behind any findings and recommendations that it makes, not later than ninety (90) days after the date of its establishment. Where it considers that this deadline cannot be met, the President of the tribunal shall notify the initiating party and the responding party in writing, stating the reasons for the delay and the date on which the tribunal plans to issue its interim report. Under no circumstances shall the tribunal issue the interim report later than one hundred and twenty (120) days after the date of its establishment.

11. Within fourteen (14) days from the date of issuance of the interim report, the initiating party or the responding party may submit a written request to the tribunal to review specific

aspects of the interim report. After considering any written comments by the initiating party and the responding party on the interim report, the tribunal may modify its report and make any further examination it considers appropriate. The findings of the tribunal's final ruling shall include a sufficient discussion of the arguments made at the interim review stage, and shall clearly answer the questions and observations of the initiating party and the responding party.

12. The tribunal shall issue its final ruling to the initiating party and the responding party within one hundred and twenty (120) days from the date of its establishment. Where it considers that that deadline cannot be met, the President of the tribunal shall notify the initiating party and the responding party in writing, stating the reasons for the delay and the date on which the tribunal plans to issue its ruling. Under no circumstances shall the tribunal issue its final ruling later than one hundred and fifty (150) days after the date of its establishment.

13. In addition to the circumstances referred to in paragraph 4 of this Article, the respective timelines stated in paragraphs 10, 11, and 12 of this Article shall be halved:

(a) upon request by the initiating party or the responding party, if the tribunal rules that the case is urgent within ten (10) days from its establishment; or

(b) if the initiating party and the responding party so agree.

14. The initiating party and the responding party may submit requests for clarification of the tribunal's final ruling within ten (10) days from the date of its issuance, and any clarification by the tribunal shall be issued within fifteen (15) days from the date of receipt of such request.

15. If the tribunal determines that there has been a violation of this Agreement and the party found in violation of this Agreement does not comply with the tribunal's final ruling, or does not reach an agreement with the other party on a mutually satisfactory resolution within forty (40) days after the date of issuance of the tribunal's final ruling, the other party may suspend the application of comparable benefits arising under this Agreement until such time as the party in violation complies with the tribunal's final ruling or the initiating party and the responding party reach agreement on a mutually satisfactory resolution.

Article 26
Relationship to Other Agreements

1. Subject to paragraphs 2 and 7 of this Article, any earlier air services agreement or arrangement between an EU Member State and an ASEAN Member State or between the Union and an ASEAN Member State shall be suspended while this Agreement is in force between those Parties.

2. Without prejudice to paragraph 1 of this Article, provisions in an earlier air services agreement or arrangement between an EU Member State and an ASEAN Member State concerning the issues covered under Articles 3, 4, 10, and 13 shall continue to apply as a matter of this Agreement where they are more favourable for the air carriers concerned. All rights and benefits enjoyed by the air carriers of the EU Member State concerned in accordance with those provisions shall accrue to all air carriers of the Union.

3. For the purposes of paragraph 2 of this Article, any difference of interpretation shall first be resolved through consultation between the Parties concerned, before being brought before the Joint Committee for consultations. If the issue is not resolved through the Joint Committee, it may be referred to the dispute settlement mechanism provided in Article 25.

4. Any additional traffic rights that might be granted to an EU Member State by an ASEAN Member State, or vice versa, after the date of entry into force of this Agreement, shall be subject to this Agreement and shall not discriminate between air carriers of the Union. These arrangements shall be notified to the Joint Committee forthwith.

5. The Joint Committee shall draw up and keep up-to-date an informative list of the provisions and arrangements on traffic rights referred to in paragraphs 2 and 4 of this Article.

6. If the Parties become parties to a multilateral agreement, or endorse a decision adopted by the ICAO or another international organisation, that addresses matters covered by this Agreement, they shall consult in the Joint Committee pursuant to Article 23 to determine whether this Agreement should be revised to take into account such developments.

7. Nothing in this Agreement shall affect the validity and application of existing and future agreements between the EU Member States and the ASEAN Member States as regards territories under their respective sovereignty which are not encompassed within the definition of "territory" in Article 2.

Article 27
Annex

The Annex to this Agreement shall form an integral part thereof. Any amendments to the Annex shall be made in accordance with Article 28.

Article 28
Amendments

Any amendment to this Agreement may be agreed by the Parties pursuant to consultations held in accordance with Article 23. Such amendment shall enter into force in accordance with the procedure set out in Article 33.

Article 29
Termination

1. This Agreement may be terminated by the Union and its Member States, or by all of the ASEAN Member States acting together, by written notification to the Secretary-General of the Council of the European Union or the Secretary-General of ASEAN, as the case may be. The termination shall become effective eighteen (18) months after the date of receipt of the notification by the Secretary-General of ASEAN or by the Secretary-General of the Council of the European Union, as the case may be.

2. In the event that a Member State withdraws from the Union or from ASEAN, this Agreement ceases to apply to that State pursuant to Article 32 with effect from the date on which its withdrawal from the Union or ASEAN, as the case may be, becomes effective.

Article 30
Registration of this Agreement

This Agreement and any amendments thereto shall be registered upon its entry into force with the ICAO by the Secretary-General of ASEAN.

Article 31
Accession by new EU Member States

1. This Agreement shall be open for accession by States which have become Member States of the Union after the date of signature of this Agreement.

2. Accession to this Agreement by an EU Member State shall be effected by the deposit of an instrument of accession to this Agreement with the Secretary-General of the Council of the European Union, who shall notify the Parties and the Secretary-General of ASEAN of the deposit of the instrument of accession and the date thereof. The accession shall take

effect as from the fifteenth (15th) day after the date of the deposit of the instrument of accession.

3. Paragraphs 1, 2, 3, and 7 of Article 26 shall apply mutatis mutandis to existing agreements and arrangements which are in place at the time of accession of an EU Member State to this Agreement.

Article 32
Territorial Application

This Agreement shall apply, on the one hand, to the territory of the Union, and, on the other hand, to the territory of the ASEAN Member States, as defined in paragraph 1(z) of Article 2.

Article 33
Entry into Force

1. This Agreement shall be subject to ratification, acceptance, or approval in accordance with the Parties' respective procedures.

2. The Secretary-General of ASEAN shall provide written notification to the Secretary-General of the Council of the European Union confirming that the respective procedures for ratification, acceptance, or approval by the ASEAN Member States have been completed. The Secretary-General of the Council of the European Union shall provide written notification to the Secretary-General of ASEAN confirming that the respective procedures for ratification, acceptance, or approval by the Union and its Member States have been completed.

3. Subject to Article N, this Agreement shall enter into force thirty (30) days after the date of the receipt of the later written notification provided for in paragraph 2 of this Article.

Article 34
Authentic Texts

1. This Agreement shall be drawn up in two original texts, in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, and Swedish languages, each text being equally authentic.

2. In the event of any divergence between language versions, the Joint Committee shall decide on the language of the text to be used.

3. One of the original texts of the Agreement including any amendments thereto shall be deposited with the Secretary-General of ASEAN, who shall promptly furnish a certified copy thereof, to each ASEAN Member State. The other original text of the Agreement including any amendments thereto shall be deposited with the Secretary-General of the Council of the European Union.

IN WITNESS WHEREOF the undersigned, being duly authorised to that effect, have signed this Agreement, in duplicate, at Bali, Indonesia on the Seventeenth Day of October in the Year Two Thousand and Twenty-Two.

For the Government of Brunei Darussalam:

MOHAMMAD NAZRI MOHAMMAD YUSOF
Permanent Secretary
Ministry of Transport and Infocommunications

For the Government of the Kingdom of Cambodia:

MAO HAVANNALL
Minister In-Charge
State Secretariat of Civil Aviation

For the Government of the Republic of Indonesia:

NOVIE RIYANTO RAHARDJO
Secretary General
Ministry of Transportation

For the Government of the Lao People's Democratic Republic:

VIENGSAVATH SIPHANDONE
Minister of Public Works and Transport

For the Government of Malaysia:

ISHAM ISHAK
Secretary General
Ministry of Transport

For the Government of the Republic of the Union of Myanmar:

WIN KHANT
Permanent Secretary
Ministry of Transport and Communications

For the Government of the Republic of the Philippines:

JAIME J. BAUTISTA
Secretary of Transportation

For the Government of the Republic of Singapore:

LOH NGAI SENG
Permanent Secretary
Ministry of Transport

For the Government of the Kingdom of Thailand:



ATIRAT RATANSATE
Deputy Minister of Transport

For the Government of the Socialist Republic of Viet Nam:



LE ANH TUAN
Deputy Minister of Transport

For the European Union
За Европейския съюз
Por la Unión Europea
Za Evropskou unii
For Den Europæiske Union
Für die Europäische Union
Euroopa Liidu nimel
Για την Ευρωπαϊκή Ένωση
Pour l'Union européenne
Thar ceann an Aontais Eorpaigh
Za Europsku uniju
Per l'Unione europea
Eiropas Savienības vārdā –
Europos Sąjungos vardu
Az Európai Unió részéről
Għall-Unjoni Ewropea
Voor de Europese Unie
W imieniu Unii Europejskiej
Pela União Europeia
Pentru Uniunea Europeană
Za Európsku úniu
Za Evropsko unijo
Euroopan unionin puolesta
För Europeiska unionen

Voor het Koninkrijk België
Pour le Royaume de Belgique
Für das Königreich Belgien

Deze handtekening verbindt eveneens het Vlaamse Gewest, het Waalse Gewest en het Brussels Hoofdstedelijk Gewest.

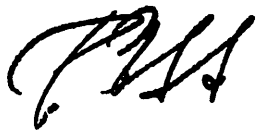
Cette signature engage également la Région wallonne, la Région flamande et la Région de Bruxelles-Capitale.

Diese Unterschrift bindet zugleich die Wallonische Region, die Flämische Region und die Region Brüssel-Hauptstadt.

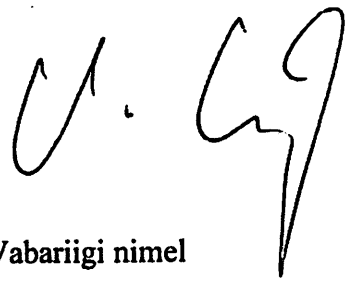
За Република България

Za Českou republiku

For Kongeriget Danmark



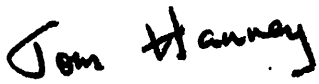
Für die Bundesrepublik Deutschland



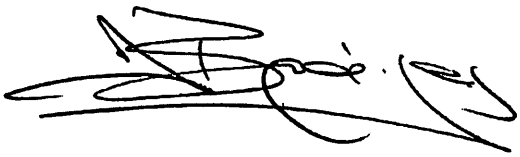
Eesti Vabariigi nimel



Thar ceann na hÉireann
For Ireland



Για την Ελληνική Δημοκρατία



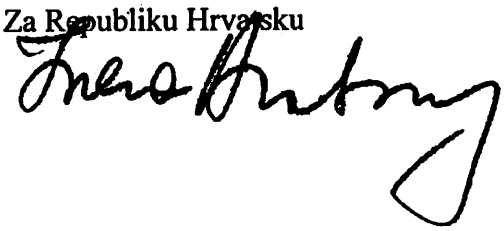
Por el Reino de España



Pour la République française



Za Republiku Hrvatsku



Per la Repubblica italiana

Για την Κυπριακή Δημοκρατία

Latvijas Republikas vārdā –

Lietuvos Respublikos vardu

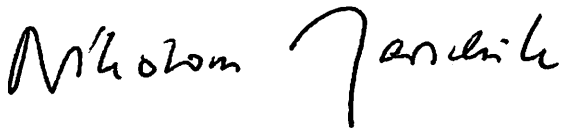
Pour le Grand-Duché de Luxembourg

Magyarország részéről

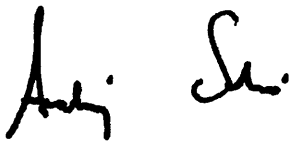
Għar-Repubblika ta' Malta

Voor het Koninkrijk der Nederlanden

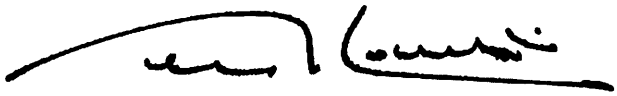
Für die Republik Österreich



W imieniu Rzeczypospolitej Polskiej

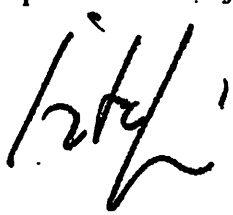


Pela República Portuguesa

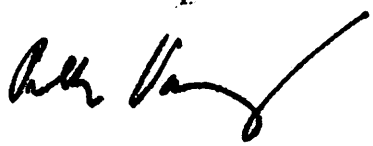


Pentru România 

Za Republiko Slovenijo



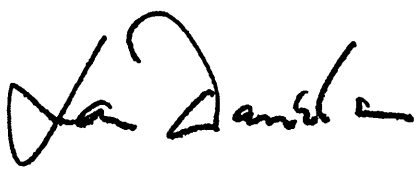
Za Slovenskú republiku



Suomen tasavallan puolesta
För Republiken Finland



För Konungariket Sverige



Annex

Article A
Route schedule

1. Notwithstanding paragraphs 1 and 2 of Article 3 and subject to the domestic laws and regulations of Indonesia, for the operation of passenger and combination air services between Indonesia and the Union, points in Indonesia shall refer to Denpasar, Jakarta, Makassar, Medan, and Surabaya.

2. If:

(a) an air services agreement among the ASEAN Member States; or

(b) an air services agreement between the ASEAN Member States collectively and any other country,

allows carriers to operate passenger and combination air services to points in Indonesia other than Denpasar, Jakarta, Makassar, Medan, and Surabaya, points in Indonesia shall also include those points.

3. For the purposes of paragraph 12 of Article 10, for Indonesia, the domestic code-share rights shall be exercised via the points identified in paragraphs 1 and 2 of this Article to any other points in Indonesia, or vice versa.

Article B
Traffic rights

Notwithstanding paragraph 2 of Article 3, the following provisions shall apply:

(a) The grant of fifth freedom traffic rights under paragraph 3(f) of Article 3 to an air carrier of the Union to perform passenger and combination services between points in Myanmar and points within ASEAN shall take effect from 1 July 2024.

(b) The grant of fifth freedom traffic rights under paragraph 3(e) of Article 3 to an air carrier of Myanmar to perform passenger and combination services between points in the Union shall take effect from 1 July 2024.

(c) The grant of fifth freedom traffic rights under paragraph 3(f) of Article 3 to an air carrier of the Union to perform passenger and combination services between points in the Union and points in Viet Nam to points outside ASEAN shall only be on routes not operated by an air carrier of Viet Nam.

(d) The grant of fifth freedom traffic rights under paragraph 3(e) of Article 3 to an air carrier of Viet Nam to perform passenger and combination services between points in Viet Nam and points in the Union to points outside the Union shall only be on routes not operated by an air carrier of the Union.

Article C
Stopover rights

1. Notwithstanding paragraph 6(f) of Article 3, the exercise of own stopover rights by air carriers of the Union on co-terminal operations within the same ASEAN Member State shall take effect two (2) years after such rights have been exchanged in an air services agreement among the ASEAN Member States. The exercise of stopover rights on co-terminal operations within the same EU Member State by air carriers of the ASEAN Member States shall take effect at the same time.

2. Until then, each Party shall give favourable consideration to applications from air carriers of another Party to carry own stopover traffic on co-terminal operations within the same ASEAN Member State or EU Member State on an extra bilateral basis, if such rights are not already available.

Article D
Designation of air carriers

1. Notwithstanding paragraph 1 of Article 4, Indonesia, Myanmar, the Philippines, and Viet Nam may maintain the requirement for designation of air carriers existing in their respective domestic laws and regulations at the time of signature of this Agreement.

2. For the purposes of paragraph 1 of this Article, the publication by the Union of a "List of EU air carriers holding an active operating licence" shall be deemed to meet those national designation requirements for the carriers included in that list, provided that the said list is made readily available to the competent authorities of the said ASEAN Member States by electronic means.

3. Indonesia, Myanmar, the Philippines, and Viet Nam shall endeavour to remove the said designation requirements at the earliest possible occasion and notify the Joint Committee accordingly.

Article E
Fair competition

1. For the avoidance of doubt, the Parties confirm that paragraphs 2(a) and (b) of Article 8 only prescribe the obligation of Parties to adopt or maintain competition law and establish an independent competition authority to enforce this competition law. The Parties also confirm that this Agreement does not constrain the independent functioning of the said competition authorities. The decisions by these competition authorities are not subject to the dispute settlement mechanism under Article 25.

2. A Party may thus only seek redress in relation to paragraphs 2(a) and (b) of Article 8 if another Party does not maintain competition law or an operationally independent competition authority which effectively enforces that Party's competition law. Nothing in paragraphs 2(a) and (b) of Article 8 shall be construed to challenge decisions or judgments adopted by a Party's competition authority, courts, or tribunals to enforce a Party's competition law.

3. Notwithstanding paragraph 1 of Article 25, the dispute settlement mechanism in that Article shall not apply to disputes relating to the application or interpretation of Article 8 arising before 1 January 2025.

Article F
Operational plans, programmes, and schedules

1. Without prejudice to Article 3 and paragraphs 11 and 12 of Article 10, and notwithstanding paragraph 7 of Article 10, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, and Viet Nam may maintain the procedures existing in their respective domestic laws and regulations at the time of the signature of this Agreement as regards the approval of operational plans, programmes, and schedules, including information on services operating under cooperative marketing arrangements, established by air carriers of the Union for the provision of air services to and from the territories of the said States.

2. Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, and Viet Nam shall minimise the administrative burden of such requirements and procedures. The approval of the said operational plans, programmes, and schedules shall be granted within ten (10) working days from the date of receipt of the air carrier's

application, provided the air carrier has obtained the appropriate operating authorisations and technical permissions in accordance with Article 4.

3. Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, and Viet Nam shall endeavour to remove the said procedures at the earliest possible occasion and notify the Joint Committee accordingly.

Article G
Sales and local expenses

1. Notwithstanding paragraphs 8 and 9 of Article 10, Indonesia, Myanmar, and Viet Nam may maintain the requirements existing in their respective domestic laws and regulations at the time of the signature of this Agreement as regards the use of their national currency in domestic sales of transport and related services and in the payment for local expenses.

2. Indonesia, Myanmar, and Viet Nam shall endeavour to remove the said requirements at the earliest possible occasion and notify the Joint Committee accordingly.

Article H
Remittance of local revenues

1. For the avoidance of doubt, the term "remittance" in paragraph 10(a) of Article 10 refers, in the case of the Philippines, to remittance other than those made by a branch office of a foreign corporation engaged in trade or business within the Philippines.

2. With regard to profit remittance by a branch office of a foreign corporation engaged in trade or business within the Philippines, the Philippines shall have the right to levy a branch profit remittance tax in accordance with its domestic laws, unless a lower rate or an exemption is available under a double taxation agreement between the Philippines and the country of residence of the foreign carrier.

3. The Philippines shall endeavour to work with the Union to develop a common framework for the treatment of remittance by air carriers of the Union operating in the Philippines and notify the Joint Committee accordingly.

Article I
Tariffs

1. Without prejudice to paragraph 1 of Article 13, and notwithstanding paragraph 2 of Article 13, the Philippines may maintain the procedures existing in its respective domestic laws and regulations at the time of the signature of this Agreement as regards the approval of the tariffs established by the air carriers of the Union for air services to and from the territory of the Philippines. The said tariffs shall be approved within ten (10) working days after their filing.

2. The Philippines shall endeavour to remove the said procedures at the earliest possible occasion and notify the Joint Committee accordingly.

Article J
Loan Guarantees

The provisions of paragraph 2(d) of Article 8 shall not apply to subsidies in the form of loan guarantees granted by Viet Nam before the signature of this Agreement and until the expiry of such arrangements. However, should such guarantees give rise to any disbursements, these shall be made pursuant to paragraphs 3(a) and (b) of Article 8, as the case may be.

Article K
Non-discrimination

1. Notwithstanding Article D, the ASEAN Member States referred to therein shall accord no less favourable treatment to the air carriers of the Union than that which they accord to the air carriers of any other country with regard to the designation of air carriers.

2. Notwithstanding Articles F, G, and I, the ASEAN Member States listed therein shall accord no less favourable treatment to the air carriers of the Union than that which they accord to their own air carriers or the air carriers of any other country, whichever is more favourable, with regard to approval of operational plans, programmes and schedules, sales and local expenses, and tariffs.

Article L
Computer reservation systems

The ASEAN Member States referred to in paragraph 5 of Article 21 are, at the time of signature of this Agreement, Indonesia, Malaysia, Philippines, Thailand, and Viet Nam.

Article M
Reciprocity

Where under Articles D, F, G and I an ASEAN Member State requires the designation of air carriers of the Union, applies to air carriers of the Union national procedures for the prior approval of operational plans, programmes and schedules, cooperative market arrangements or tariffs, or applies to air carriers of the Union national requirements concerning the currency to be used in certain transactions, the Union shall be entitled to subject the air carriers of that ASEAN Member State to the same or equivalent measures.

Article N
Entry into force for Malaysia

1. Notwithstanding Article 33, if Malaysia is the only ASEAN Member State that has not communicated to the Secretary-General of ASEAN its confirmation that its procedures for ratification, acceptance, or approval of this Agreement have been completed:

(a) the Secretary-General of ASEAN may proceed to provide to the Secretary-General of the Council of the European Union written notification confirming that all of the ASEAN Member States apart from Malaysia have completed their respective procedures for ratification, acceptance, or approval of this Agreement;

(b) this Agreement shall enter into force in accordance with paragraph 3 of Article 33 for the Union and its Member States, and for all of the ASEAN Member States except Malaysia; and

(c) thereafter, the Agreement shall enter into force for Malaysia thirty (30) days after the date of a further written notification from the Secretary-General of ASEAN to the Secretary-General of the Council of the European Union confirming that Malaysia has completed its procedures for ratification, acceptance, or approval of this Agreement.

2. Following the signature of this Agreement, and pending its entry into force for Malaysia:

(a) any earlier air services agreements or arrangements between the EU Member States and Malaysia, and between the Union and Malaysia, which were signed or

concluded before the signing of the Agreement, shall continue to apply and shall not be amended; and

(b) no new air services agreements or arrangements shall be concluded between the EU Member States and Malaysia, or between the Union and Malaysia, save in order to cater for limited and urgent needs in exceptional circumstances and without prejudice to their respective domestic laws and regulations. The Union or the EU Member State concerned shall inform the other Parties of any such new air services agreements or arrangements.

Article O
Progress review

The Joint Committee shall, on a yearly basis, review progress made with regard to the implementation of the Articles of this Annex on the basis of a report by the ASEAN Member States concerned.

RECORD OF STATEMENTS MADE ON THE OCCASION OF THE SIGNATURE OF THE ASEAN-EU COMPREHENSIVE AIR TRANSPORT AGREEMENT

On 2 June 2021, the delegations of the European Union (EU) and its Member States and the Member States of the Association of Southeast Asian Nations (ASEAN) have concluded negotiations on the ASEAN-EU Comprehensive Air Transport Agreement between the Governments of the Member States of the Association of Southeast Asian Nations and the European Union and its Member States (hereinafter referred to as "the Agreement"). On the occasion of the signature of the Agreement, the following statements have been made:

STATEMENT BY THE MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND THE EUROPEAN UNION AND ITS MEMBER STATES

The ASEAN Member States, the EU, and its Member States will take all necessary steps in accordance with their respective applicable laws and regulations to bring the Agreement into force in accordance with Article 33 of the Agreement as expediently as possible. In the case of Malaysia, it will take all necessary steps in accordance with its respective applicable laws and regulations, taking into account Article N of the Agreement.

The ASEAN Member States, the EU and its Member States express their intention to maintain close discussions and coordination, through the framework of the Joint Committee provided for under Article 23 of the Agreement, on responses to unexpected crisis events, such as the COVID-19 pandemic, with the objective of mitigating, to the extent possible, any disruptive effects to air services.

STATEMENT BY THE MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS EXCEPT MALAYSIA AND THE MEMBER STATES OF THE EUROPEAN UNION

The competent aeronautical authorities of the ASEAN Member States and the EU Member States intend, to the extent permitted by their respective applicable laws and regulations, to extend favourable consideration to applications for air services and operating authorisations by each other's air carriers on terms equivalent to those of the Agreement, on the basis of

comity and reciprocity, as from the date of signature of the Agreement and until its entry into force.

STATEMENT BY MALAYSIA

Malaysia may notify the Parties to the Agreement that its competent aeronautical authorities intend, to the extent permitted by its applicable laws and regulations, to extend favourable consideration to applications for air services and operating authorisations by air carriers of the EU on terms equivalent to those of the Agreement, on the basis of comity and reciprocity, as from the date specified in that notification and until the entry into force of the Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorised to that effect, have signed this Record of Statements.

SIGNED at Bali, Indonesia on the Seventeenth day of October in the year Two Thousand and Twenty-Two, in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, and Swedish languages.

For the Government of Brunei Darussalam:

MOHAMMAD NAZRI MOHAMMAD YUSOF
Permanent Secretary
Ministry of Transport and Infocommunications

For the Government of the Kingdom of Cambodia:

MAO HAVANNAL
Minister In-Charge
State Secretariat of Civil Aviation

For the Government of the Republic of Indonesia:

NOVIE RIYANTO RAHARDJO
Secretary General
Ministry of Transportation

For the Government of the Lao People's Democratic Republic:

VIENGSAVATH SIPHANDONE
Minister of Public Works and Transport

For the Government of Malaysia:

ISHAM ISHAK
Secretary General
Ministry of Transport

For the Government of the Republic of the Union of Myanmar:

WIN KHANT
Permanent Secretary
Ministry of Transport and Communications

For the Government of the Republic of the Philippines:

JAIME J. BAUTISTA
Secretary of Transportation

For the Government of the Republic of Singapore:

LOH NGAI SENG
Permanent Secretary
Ministry of Transport

For the Government of the Kingdom of Thailand:

ATIRAT RATANSATE
Deputy Minister of Transport

For the Government of the Socialist Republic of Viet Nam:

LE ANH TUAN
Deputy Minister of Transport

For the European Union
За Европейския съюз
Por la Unión Europea
Za Evropskou unii
For Den Europæiske Union
Für die Europäische Union
Euroopa Liidu nimel
Για την Ευρωπαϊκή Ένωση
Pour l'Union européenne
Thar ceann an Aontais Eorpaigh
Za Europsku uniju
Per l'Unione europea
Eiropas Savienības vārdā –
Europos Sąjungos vardu
Az Európai Unió részéről
Għall-Unjoni Ewropea
Voor de Europese Unie
W imieniu Unii Europejskiej
Pela União Europeia
Pentru Uniunea Europeană
Za Európsku úniu
Za Evropsko unijo
Euroopan unionin puolesta
För Europeiska unionen

Voor het Koninkrijk België
Pour le Royaume de Belgique
Für das Königreich Belgien

Deze handtekening verbindt eveneens het Vlaamse Gewest, het Waalse Gewest en het Brussels Hoofdstedelijk Gewest.

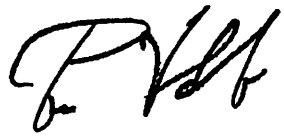
Cette signature engage également la Région wallonne, la Région flamande et la Région de Bruxelles-Capitale.

Diese Unterschrift bindet zugleich die Wallonische Region, die Flämische Region und die Region Brüssel-Hauptstadt.

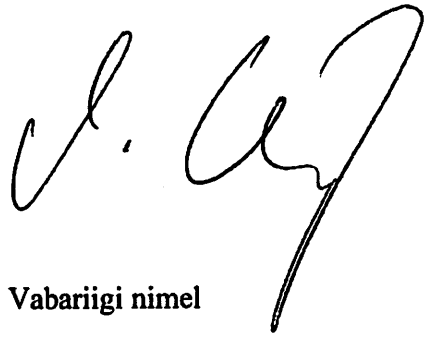
За Република България

Za Českou republiku

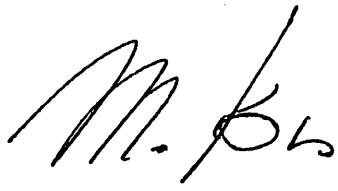
For Kongeriget Danmark



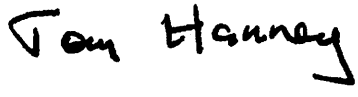
Für die Bundesrepublik Deutschland



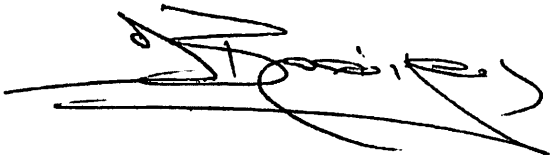
Eesti Vabariigi nimel



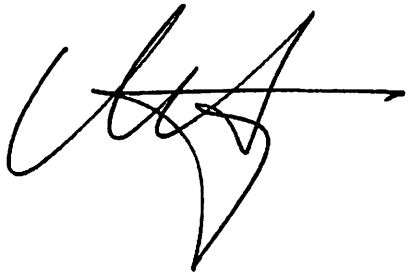
Thar ceann na hÉireann
For Ireland



Για την Ελληνική Δημοκρατία



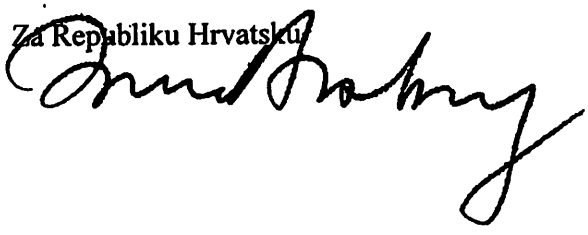
Por el Reino de España



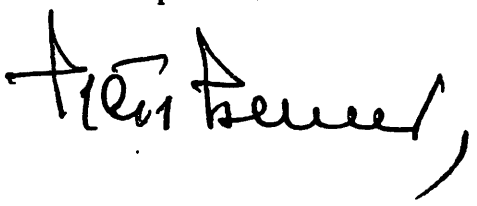
Pour la République française



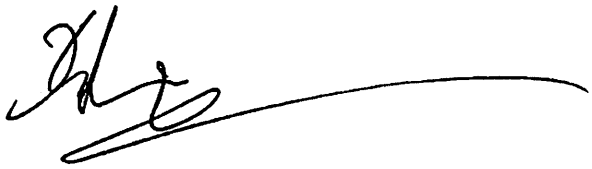
Za Republiku Hrvatsku



Per la Repubblica italiana



Για την Κυπριακή Δημοκρατία



Latvijas Republikas vārdā –



Lietuvos Respublikos vardu



Pour le Grand-Duché de Luxembourg



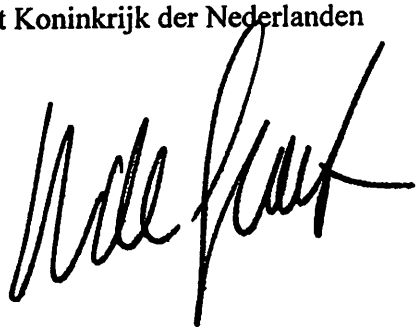
Magyarország részéről



Għar-Repubblika ta' Malta



Voor het Koninkrijk der Nederlanden



Für die Republik Österreich

W imieniu Rzeczypospolitej Polskiej

Pela República Portuguesa

Pentru România

Za Republiko Slovenijo

Za Slovenskú republiku

Suomen tasavallan puolesta
För Republiken Finland

För Konungariket Sverige