

AIR TRANSPORT AGREEMENT
between the Government of the Republic of Moldova
and the Government of the Republic of Hungary

The Government of the Republic of Moldova and the Government of the Republic of Hungary, hereinafter referred to as the Contracting Parties,

being Parties to the Convention on International Civil Aviation and recognizing the International Air Services Transit Agreement, both opened for signature at Chicago on the seventh day of December, 1944,

desiring to conclude an Agreement for the purpose of establishing air services between and beyond their respective territories,

have agreed as follows:

Article 1
Definitions

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

a) the term "the Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 and includes any Annexes adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof, which have been adopted by both Contracting Parties;

b) the term "aeronautical authorities" means, in the case of the Republic of Moldova the State Administration of Civil Aviation and any person or body authorized to perform any functions exercised by the said Administration and in the case of the Republic of Hungary the Ministry of Transport, Communication and Water Management and any person or body authorized to perform any functions exercised by the said Ministry;

c) the term "designated airlines" means airlines which have been designated and authorized in accordance with Article 3 of this Agreement;

d) the term "territory" has the meaning specified in Article 2 of the Convention;

e) the terms "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings specified in Article 96 of the Convention;

f) the term "capacity" means:

In relation to an aircraft, the payload of that aircraft available on the route or section of route,

In relation to a specified air service, the capacity of the aircraft used on such service multiplied by the frequency operated by such aircraft over a given period and route or section of a route;

g) the term "traffic" means air transportation of passengers, baggage, cargo and mail;

h) the term "tariff" means the prices to be charged for the carriage of passengers, baggage or cargo (excluding mail), including any significant additional benefits to be furnished or made available in conjunction with such carriage, and the commission to be paid on the sales of tickets for the carriage of person, or on corresponding transaction for the carriage of cargo. It includes also the conditions that govern the applicability of the price for carriage or the payment of commission.

2. The Annex to this Agreement forms an integral part of the Agreement.

Article 2

Traffic rights

1. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement, for the purpose of establishing scheduled international air services on the routes specified in Annex to this Agreement. Such services and routes are hereinafter referred to as "the agreed services" and "the specified routes" respectively. The airlines designated by each Contracting Party shall enjoy, while operating an agreed service on a specified route, the following rights:

- a) to fly without landing across the territory of the other Contracting Party,
- b) to make stops in the said territory for non-traffic purposes; and,
- c) to make stops in the said territory at the points specified for that route in the Annex for the purpose of putting down and taking up international traffic in passengers, cargo and mail originating in or destined for the territory of the other Contracting Party or of a third country.

2. Nothing in paragraph (1) of this Article shall be deemed to confer on the designated airlines of one Contracting Party, the privilege of taking up, in the territory of the other Contracting Party, traffic carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

Article 3

Operating authorizations

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party an airline or airlines for the purpose of operating the agreed services on the specified routes.

2. On receipt of such designation, the other Contracting Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay grant to the airline designated the appropriate operating authorizations.

3. The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations

normally and reasonable applied to the operation of international air services by such authorities.

4. Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 2 of this Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.

5. When an airline has been so designated and authorized it may begin at any time to operate the agreed services, provided that a capacity agreed upon a tariff and flight schedules established in accordance with the provisions of Article 10 and Article 13.

6. The technical and commercial matters concerning the operation of aircraft and transportation of passengers, cargo and mail on the agreed services, namely schedules, frequency of flights, types of aircraft shall be submitted for the approval of the aeronautical authorities of the Contracting Parties.

Article 4

Revocation and suspension of operating authorizations

1. Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of this Agreement by an airline designated by the other Contracting Party or to impose such conditions as it may deem necessary on the exercise of these rights:

a) in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals, or

b) in the case of failure by that airline to comply with the laws or regulations of the Contracting Party granting these rights, or,

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

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultations between the aeronautical authorities of the Contracting Parties.

Such consultations shall take place within 30 days of the receipt of notice.

Article 5

Entry and clearance laws and regulations

1. The laws and regulations of a Contracting Party relating to the admission to, stay in, or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of both Contracting Parties without distinction as to nationality, and shall be complied with by such aircraft upon entering or departing from or while within the territory of that Contracting Party.

2. The laws and regulations of a Contracting Party relating to the admission to, stay in, or departure from its territory of passengers, crew, cargo and mail transported on board the aircraft, such as regulations relating to entry, clearance, immigration, passports, customs and sanitary control shall be complied with by or on behalf of such passengers, crew, cargo and mail upon entrance into or departure from or while within the territory of that Contracting Party.

3. Fees and other charges for the use of each airport including its installations, technical and other facilities and services as well as my charges for the use of air navigation facilities, communication facilities and services shall be not higher than these paid by the designated airlines of the other States engaged in similar international air services.

Article 6

Exemption from customs and other duties and taxes

1. Aircraft operated on international air services by the designated airline of either Contracting Party, as well as their regular equipment, supplies of fuel and lubricants, spare parts and aircraft stores (including food, beverages and tobacco) on board, such aircraft shall be exempt from all customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board aircraft up to such time as they are re-exported or they are used on board aircraft on the part of the journey to be performed over that territory.

2. There shall also be exempt from the same duties and taxes, with the exemption of charges corresponding to the service performed:

a) aircraft stores taken on board in the territory of either Contracting Party, within limits fixed by the authorities of said Contracting Party, and for use on board aircraft of the designated airline engaged in an international service of the other Contracting Party,

b) spare parts and regular equipment entered into the territory of either Contracting Party for the maintenance or repair of aircraft used on international services by the designated airline of the other Contracting Party,

c) fuel and lubricants destined to supply aircraft operated on international services by designated airline of the other Contracting Party, even when these supplies are to be used on the part of the journey to be performed over the territory of the Contracting Party in which they are taken on board.

Materials referred to in sub-paragraphs (a), (b) and (c) above may be required to be under Customs supervision or control.

Article 7

Storage of airborne equipment and supplies

The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of the designated airlines of either Contracting Party may be unloaded in the territory of the other Contracting Party only with the approval of the Customs authorities of such territory. In such case, they may be placed under the supervision of said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

Article 8

Direct transit traffic

Passengers, baggage and cargo in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose shall be subject to no more than a simplified control except in respect of security measures against violence, air piracy and smuggling of controlled drugs. Baggage and cargo in direct transit shall be exempt from customs duties and other charges.

Article 9

Financial provisions

1. Each designated airline shall have the right to sell and issue its own transportation documents in the territory of the other Contracting Party directly and, at its discretion, through its agents. Such airlines shall have the right to sell such transportation, and any person shall be free to purchase such transportation.

2. Each designated airline shall have the right to convert and remit to its country on demand, at the official rate of exchange, the excess of receipts over expenditures achieved in connection with the carriage of passengers, cargo and mail. In the absence of the appropriate provisions of a payment agreement between the Contracting Parties, the above mentioned transfer shall be made in convertible currencies and in accordance with the national laws and foreign exchange regulations applicable, and also each designated airline shall have the right to sell in the local currency within the territory of other Contracting Party.

Article 10

Capacity provision

1. There shall be fair and equal opportunity for the designated airlines of both Contracting Parties to operate the agreed services on the specified routes between their respective territories.

2. In operating the agreed services, the designated airlines of each Contracting Party shall take into account the interests of the designated airlines of the other Contracting Party so as not to affect unduly the services which the latter provides on the whole or part of the same routes.

3. The agreed services provided by the designated airlines of the Contracting Parties shall bear a close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to carry the current and reasonably anticipated requirements for the carriage of a traffic originating in or destined for the territory of the Contracting Party which has designated the airlines.

4. The time-table, frequency and capacity shall be subject to the approval of the aeronautical authorities of both Contracting Parties. Such capacity shall be adjusted from time to time depending upon the traffic demand subject to the approval of the aeronautical authorities of both Contracting Parties.

5. In the case where the designated airlines of one Contracting Party operate points in third countries along the specified route, a capacity additional to that established in accordance with paragraphs 3 and 4 above may be operated by those airlines subject to agreement between the aeronautical authorities of the Contracting Parties.

Article 11

Representation

Each Contracting Party shall grant the designated airlines of the other Contracting Party the right to establish representations and to bring and maintain on its territory, for the performance of the agreed services, the technical and commercial personnel as may be required by the extent of such services. The above personnel shall be subject to the regulations of that Contracting Party for admission to and stay in the territory of that Contracting Party.

Article 12

Aviation security

1. Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of Civil Aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offenses and Certain Other Acts Committed on board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at the Hague on 16 December 1970 and the Convention for the

Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal on 23 September 1971.

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

3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation, to the extent that such security provisions are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 3 above, required by the other Contracting Party for entry into, departure from, or while within, the territory of that other Contracting Party.

5. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give positive consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

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

7. Should one Contracting Party have problems with regard to the aviation security provisions of this Article, the aeronautical authorities of either Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party.

Article 13

Establishment of tariffs

1. The tariffs to be charged by the airlines of one Contracting Party for carriage to or from the territory of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit and the tariffs of other airlines.

2. The tariffs referred to in Article 1 of this Agreement and in paragraph (1) of this Article shall, if possible, be agreed by the designated airlines of both Contracting Parties after consultation with the other airlines operating over the

whole or part of the route, and such agreement shall, wherever possible, be reached by the use of the procedures of the International Air Transport Association for the working out of tariffs.

3. The tariffs so agreed shall be submitted for the approval of the aeronautical authorities of both Contracting Parties at least sixty (60) days before the proposed date of their introduction. In special cases, this period may be reduced, subject to the agreement of the said authorities.

4. This approval may be given expressly. If neither of the aeronautical authorities has expressed disapproval within thirty (30) days from the date of submission, in accordance with paragraph (3) of this Article, these tariffs shall be considered as approved. In the event of the period for submission being reduced, as provided for in paragraph (3), the aeronautical authorities may agree that the period within which any disapproval must be notified shall be less than thirty (30) days.

5. If a tariff cannot be agreed in accordance with paragraph (2) of this Article, or one aeronautical authority gives the other aeronautical authority notice of its disapproval of any tariff agreed in accordance with the provision of paragraph (2), the aeronautical authorities of the Contracting Parties shall, endeavor to determine the tariff by mutual agreement.

6. If the aeronautical authorities cannot agree on any tariff submitted to them under paragraph (3) of this Article, or on the determination of any tariff under paragraph (5) of this Article, the dispute shall be settled in accordance with the provisions of Article 19 of this Agreement.

7. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established. Nevertheless, a tariff shall not be prolonged by virtue of this paragraph for more than twelve (12) month after the date on which it otherwise would have expired.

Article 14

Information and statistics

The aeronautical authorities of either Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, at their request, such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airlines of the first Contracting Party. Such statements shall include all information required to determine the amount of traffic carried by those airlines on the agreed services.

Article 15

Consultation

In a spirit of close co-operation, the aeronautical authorities of the Contracting Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement and the Annex thereto. Such consultation shall begin within a

period of thirty (30) days from the date of receipt of request for consultation, unless the aeronautical authorities of the Contracting Parties agree to an extension of this period.

Article 16 Modifications

1. If either of the Contracting Parties considers it desirable to modify any provision of this Agreement, it may request consultation with the other Contracting Party; such consultation, which may be between the aeronautical authorities and which may be through discussion or by correspondence, shall begin within a period of sixty (60) days of the date of the request. Any modifications so agreed shall come into force when they have been confirmed by an exchange of diplomatic notes.

2. Modifications to Annex may be made by direct agreement between the aeronautical authorities of the Contracting Parties.

Article 17 Conformity with multilateral conventions

This Agreement and its Annex will be amended so as to conform with any multilateral convention which may become binding on both Contracting Parties.

Article 18 Termination

Either Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate this Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by agreement before the expire of this period. In the absence of the acknowledgment of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

Article 19 Settlement of disputes

1. Any dispute arising in connection with the interpretation or implementation of this Agreement or its Annex has to be settled by the aeronautical authorities of the Contracting Parties through direct negotiations.

In case the dispute can not be settled by the authorities mentioned above or in a diplomatic way, the dispute shall at the request of either Contracting Party be submitted to arbitration in accordance with the procedures set forth below.

2. Arbitration shall be by a tribunal of three arbitrators to be constituted as follows:

a) within 30 days after the receipt of a request for arbitration, each Contracting Party shall name one arbitrator. Within 60 days after these two arbitrators have been named, they shall by agreement appoint a third arbitrator, who shall act as President of the arbitral tribunal,

b) if either Contracting Party fails to name an arbitrator, or if the third arbitrator is not appointed in accordance with subparagraph a) of this paragraph, either Contracting Party may request the President of the Council of the International Civil Aviation Organization to appoint the necessary arbitrator or arbitrators within 30 days. If the President of the Council is of the same nationality as one of the Contracting Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.

3. Except as otherwise agreed, the arbitral tribunal shall determine the limits of its jurisdiction in accordance with this Agreement and shall establish its own procedure. At the discretion of the tribunal or at the request of either of the Contracting Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held no later than 30 days the tribunal is fully constituted.

4. Except as otherwise agreed, each Contracting Party shall submit a memorandum within 45 days of the time the tribunal is fully constituted. Replies shall be due 60 days later. The tribunal shall hold a hearing at the request of either Contracting Party or at its discretion within 30 days after replies are due.

5. The tribunal shall attempt render a written decision within 30 days after completion of the hearing or, if no hearing is held, after the date both replies are submitted. The decision of the majority of the tribunal shall prevail.

6. The Contracting Parties may submit request for clarification of the decision within 30 days it is rendered and any clarification given shall be issued within 30 days of such request.

7. Each Contracting Party shall, consistent with its national law, give full effect to any decision or award of the arbitral tribunal.

8. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrator, shall be shared equally by the Contracting Parties. Any expenses incurred by the President of the Council in connection with the procedures of paragraph 2 b) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

Article 20

Titles

Titles are inserted in this Agreement at the head of each Article for the purpose of reference and convenience only and in no way define, limit, or describe the scope or intent of this Agreement.

**Article 21
Registration**

This Agreement shall be registered with the International Civil Aviation Organization by both Contracting Parties.

**Article 22
Entry into force**

This Agreement shall enter into force on the date when the Contracting Parties notify each other through diplomatic channels of completion of their legal requirements.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done in this day 19 of April of the 1995 year in duplicate, in the Moldovan, Hungarian and English languages, all the texts being equally authentic. However, in case of dispute the English text shall prevail.

**For the Government
of the Republic of Moldova**

**For the Government
of the Republic of Hungary**

ANNEX

1. The airline designated by the Government of the Republic of Moldova shall be entitled to operate air services on the routes specified thereunder:

Points in Moldova	Intermediate points	Points in Hungary	Points beyond
Chisinau	to be agreed later	Budapest	to be agreed later

2. The airline designated by the Government of the Republic of Hungary shall be entitled to operate air services on the routes specified thereunder:

Points in Hungary	Intermediate points	Points in Moldova	Points beyond
Budapest	to be agreed later	Chisinau	to be agreed later

Notes:

1. Any or all of the points on the specified routes, may, at the option of the designated airline, be omitted on any or all of the flights.

2. Each designated airline shall have the right to exercise full fifth freedom traffic rights on all intermediate and beyond points in its respective route schedule subject to the approval of the aeronautical authorities of the Contracting Parties.

