

AIR TRANSPORT AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

AND

THE GOVERNMENT OF THE REPUBLIC OF HUNGARY

The Government of the Republic of Indonesia and the Government of the Republic of Hungary (hereinafter referred to as the Contracting Parties)

Desiring to facilitate the expansion of international air transport opportunities,

For the purpose of promoting air transport relation between the Republic of Indonesia and the Republic of Hungary for their mutual benefit,

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

Have agreed as follows;

A r t i c l e 1

Definitions

For the purpose of this Agreement and its Annex unless the context otherwise requires;

- (a) the term "Chicago Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes of the Convention under Article 94 thereof so far as those Annexes and amendments have become effective for or been ratified by both Contracting Parties,
- (b) "Aeronautical authorities" means, in the case of the Republic of Indonesia the minister of Communications and any person or body authorized to perform functions at present exercised by the said Minister or similar functions, and in the case of the Republic of Hungary the Minister of Transport, Communication and Water Management and any person or body authorized to perform the function of the aeronautical authority,
- (c) "Agreement" means this Agreement, its Annex and any amendments thereto,
- (d) "Annex" means the Annex attached to this Agreement and any amendments thereto,
- (e) "Air transportation" means any operation performed by aircraft for the public carriage of traffic in passengers, baggage, cargo and mail, separately or in combination for remuneration or hire,
- (f) "International air transportation" means air transportation which passes through the air space over the territory of more than one State,

- (g) "Stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, baggage, cargo and/or mail in air transportation,
- (h) "Designated airline" means any airline which has been designated and authorized in accordance with Article 3 of this Agreement,
- (i) "Price" means any fare, rate or charge for the carriage of passengers (and their baggage) and/or cargo (excluding mail) in air transportation charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge,
- (j) "Territory" means in case of the Republic of Indonesia, the territory of the Republic of Indonesia, and the adjacent areas over which it has sovereignty, sovereign rights or jurisdiction in accordance with the international law, and, in case of the Republic of Hungary and the adjacent areas over which it has sovereignty, sovereign rights or jurisdiction in accordance with the international law.
- (k) "User charge" means a charge made to airlines for the provision of airport, air navigation of aviation security facilities and services.

A r t i c l e 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 the Annex thereto. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively.
2. The airline 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,
 - c) the right to make stops in the said territory at the points specified in the Annex for the purpose of taking on and discharging international traffic in passengers cargo and mail originating in or destined for the territory of the other Contracting Party or of a third country,
3. Nothing in this Agreement and in the Annex, forming its integral part shall be deemed to grant the right for one Contracting Party's airline to participate in air transportation between points in the territory of the other Contracting Party.

A r t i c l e 3

Operating Authorizations

1. Each Contracting Party shall have the right to designate an airline for the purpose of operating the agreed services on the specified routes. This designation shall be notified by the aeronautical authorities of one contracting Party to the aeronautical authorities of the other Contracting Party.
2. The Contracting Party having received the notification of designation shall, subject to the provisions of paragraphs 3 and 4 of this Article, without delay grant the appropriate operating authorization to the airline designated by the other Contracting Party. The granted operating authorization shall not be transferred or transmitted to another airline without consent of this Contracting Party which granted such authorization.
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 applied to the operations of international air services by such authorities in conformity with the provisions of the Convention on International Civil Aviation opened for signature at Chicago on 7th December 1944, with the later amendments thereto.
4. On receipt of such a designation, and of applications in the form and manner prescribed from the designated airlines for operating authorizations and technical permissions, the other Contracting Party shall grant appropriate authorizations and permissions with minimum procedural delay, provided:
 - (a) substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline, nationals of that Contracting Party, or both,

(b) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air transportation by the Contracting Party considering the application or applications.

5. When a designated airline has been so authorized under paragraph 2 of this Article, it may begin at any time to operate each agreed service provided that a tariff established in accordance with the provision of Article 10 of this Agreement is in force in respect of that service.

A r t i c l e 4

Suspension and Revocation of Rights

1. Each Contracting Party shall have the rights 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) 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 nationals of such Contracting Party, 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 fails to operated in accordance with the conditions prescribed in this Agreement and the Annex thereto.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringement of laws or regulations such right shall be exercised only after consultation with the other Contracting Party.

A r t i c l e 5

Capacity and Schedule

1. The designated airline of each Contracting Party shall, in all respects, enjoy fair and equal opportunity for the carriage of international traffic between and beyond the territories of the two Contracting Parties.
2. In operating the agreed services, the airline of each Contracting Party shall take into account the interest of the airline 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 route.
3. Air services provided by a designated airline under this Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such designated airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such air services, international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both Contracting Parties subscribe and shall be subject to the general principle that capacity should be related to:
 - (a) traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
 - (b) the requirements of through airline operations; and
 - (c) the traffic requirements of the area through which the designated airline passes, after taking account of local and regional services.
4. As long in advance as practicable, but not less than thirty days before the introduction of an agreed service or any modification thereof, or within thirty days after receipt of

a request from the aeronautical authorities, the designated airline of one Contracting Party shall provide to the aeronautical authorities of the other Contracting Party information regarding the nature of service, time-tables, types of aircraft including the capacity provided on each of the specified routes, any further information as may be required to satisfy the aeronautical authorities of the other Contracting Party that the requirements of this Agreement are being duly observed.

A r t i c l e 6

Exemption from Customs and other Duties

1. Aircraft engaged in international services by the designated airline of either Contracting Party, as well as their regular equipment, supplies of fuel and lubricants and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt on the basis of reciprocity from customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided this aircraft is re-exported and such equipment, supplies and stores remain on board this aircraft up to such time as they are re-exported.
2. There shall also be exempt on the basis of reciprocity from the same duties, fees and taxes with the exception of charges corresponding to the performed service:
 - (a) aircraft stores taken in the territory of either Contracting Party, within limits fixed by the authorities of the said Contracting Party, and destined for use on board outbound aircraft operated on an international service by the designated airline of the other Contracting Party,
 - (b) spare parts and regular equipment entered into the territory of one of the Contracting Parties and destined for the maintenance or repair of aircraft engaged in an international service by the designated airline of the other Contracting Party,
 - (c) fuel and lubricants destined to supply aircraft engaged in an international service by the designated airline of the other Contracting Party even when these supplies are to be used on the part of the flight performed over the territory of the Contracting Party in which they are taken on board.

3. The regular airborne equipment, as well as the materials and supplies retained on board of the aircraft operated by the designated airline of either Contracting Party may be unload 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 the said authorities up to such time as they are re-exported or otherwise disposed of with the consent of the same authorities.

A r t i c l e 7

User Charges

Each Contracting Party may impose or permit to be imposed reasonable charges for the use of airports and other facilities under its control. Such charges shall not be higher than the charges imposed for use by national aircraft engaged in similar international air transportation.

A r t i c l e 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 only be subject to a very simplified control. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

A r t i c l e 9

Application of Laws

1. The laws and regulations of each Contracting Party governing the admission, to remaining in and departure from its territory of aircraft engaged in international navigation and operation and navigation of aircraft while within the limits of its territory, shall also be applied to the aircraft of the designated airline of the other Contracting Party.

2. The laws and regulations of each Contracting Party governing the admission to, remaining in and departure from its territory of passengers, crews, mail and cargo transported on board of aircraft and in particular these regarding passport, customs, and sanitary control shall be applied to passengers, crews, mail and cargo taken on board of the aircraft of the designated airline of the other Contracting Party.

A r t i c l e 10

Tariffs

1. The tariffs to be charged by the designated airline 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 factor including cost of operation, reasonable profit and the tariffs of other airlines.
2. The tariffs referred to in paragraph 1 of this Article shall, if possible, be agreed by the designated airlines concerned of both Contracting Parties, in consultation with other airlines operating over whole or part of the route. Such agreement shall, where possible, be reached through the rate-fixing machinery established by the international Air Transport Association.
3. The tariffs so agreed shall be submitted for the approval of the aeronautical authorities of the Contracting Parties at the least forty-five days before the proposed date of their introduction. In special cases, this time limit may be reduced , subject to the agreement of the said authorities.
4. If the designated airlines cannot agree on any of these tariffs or if for some reason a tariff cannot be fixed in accordance with the provision of paragraph 2 of this Article the aeronautical authorities of both Contracting Parties shall try to determine the tariff by agreement between themselves. If the designated airlines agreed on tariffs but during the first thirty days of the forty-five days period referred to in paragraph 3 of this Article the aeronautical authorities of one Contracting Party give the aeronautical authorities of the other Contracting Party notice of their dissatisfaction with any tariff agreed in accordance with the provision of paragraph 2 of this Article.
5. No tariff shall come into force if the aeronautical authorities of the Contracting Parties have not approved it.

6. The tariffs established in accordance with the provision of this Article shall remain in force until new tariffs have been established in accordance with provisions of this Article.

A r t i c l e 11

Commercial Activities and Airline Representation

1. The designated airline of a Contracting Party shall be allowed:
 - (a) to establish in the territory of the other Contracting Party offices for the promotion of air transport and sale of air services, including air tickets, the issuance of own tickets and airway bills, as well as other facilities required for the provision of air transport;
 - (b) in the territory of the other Contracting Party to engage in the sale of air transport either directly or, its own discretion, through its agents.
2. The designated airline of one Contracting Party shall be allowed to bring in and maintain in the territory of the other Contracting Party such managerial, commercial, operational and technical staff as it may require in connection with the provision of air transport.
3. The staff requirements referred to at paragraph 2 of this Article may, at the option of the designated airline, be satisfied by its own personnel or by using the services of any other organization, company or airline operating in the territory of the other Contracting Party and authorized to perform such service in the territory of that Contracting Party.
4. The activities referred to at paragraph 1 (a), 1 (b), 2 and 3 of this Article shall be carried out in accordance with the laws and regulations of the other Contracting Party.