2. In exercising its right under paragraph 1 of this Article, and without prejudice to its rights under subparagraphs (b)(v) and (vi) of paragraph 1 of this Article, Japan shall not discriminate between airlines designated by the Grand Duchy of Luxembourg, of which majority ownership and effective control are vested in Member States or States listed in Annex II, or in nationals of such States, on the basis of their ownership and control.

3. Each Contracting Party reserves the right to suspend the exercise by a designated airline of the other Contracting Party of the privileges referred to in paragraphs 1 and 2 of Article 4, or to impose such conditions as it may deem necessary on the exercise by the airline of those privileges, in any case where such airline fails to comply with the laws and regulations of the Contracting Party granting those privileges or otherwise fails to operate in accordance with the conditions prescribed in this Agreement; provided that, unless immediate suspension or imposition of conditions is essential to prevent further infringements of such laws and regulations, or unless immediate action is required for reasons of aviation security or of the safety of air navigation in accordance with the provisions of paragraph 6 of Article 13 or paragraph 3 of Article 14 of this Agreement respectively, this right shall be exercised only after consultations with the other Contracting Party.

ARTICLE 8
Fair and equal opportunity

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.

ARTICLE 9
Capacity

1. The agreed services provided by the designated airlines of the Contracting Parties shall bear a close relationship to the requirements of the public for such services.

2. The agreed services provided by a designated airline shall retain as their primary objective the provision at a reasonable load factor of capacity adequate to current and reasonably anticipated requirements for the carriage of passengers, cargo and mail originating from or destined for the territory of the Contracting Party which has designated the airline. Provision for the carriage of passengers, cargo and mail both taken on and discharged at points on the specified routes in the territories of States other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:

(a) the traffic requirements to and from the territory of the Contracting Party which has designated the airline;

(b) the requirements of through airline operation; and

(c) the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

3. Capacity to be provided by the designated airlines of the Contracting Parties in respect of the agreed services shall be agreed through consultations between the aeronautical authorities of both Contracting Parties in accordance with the principles laid down in Article 8, and paragraphs 1 and 2 of this Article.

ARTICLE 10
Tariffs

1. The tariffs on any agreed service shall be established by the designated airlines of both Contracting Parties at reasonable levels based upon commercial considerations, due regard being paid to all relevant factors including cost of operation, reasonable profit and characteristics of services (such as standards of speed and accommodation).

2. The aeronautical authorities of each Contracting Party may require the designated airlines of the Contracting Parties to provide information relating to the establishment of the tariffs.