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) 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) 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 consultation between the aeronautical authorities of both Contracting Parties in accordance with the principles laid down in Articles 9, 10, and paragraphs 1 and 2 of this Article.

ARTICLE 12

1. The tariffs on any agreed service shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of services (such as standards of speed and accommodation) and the tariffs of other airlines for any part of the specified route.

2. These tariffs shall be fixed in accordance with the following provisions and the aeronautical authorities of each Contracting Party shall, in accordance with the procedures in each Contracting Party, ensure that the designated airlines conform to the tariffs thus fixed.

(a) Agreement on the tariffs shall, wherever possible, be reached by the designated airlines concerned through the appropriate international tariff coordination mechanism. When this is not possible, tariffs in respect of each of specified routes and sectors thereof shall be agreed between the designated airlines concerned. In any case the tariffs shall be submitted for the approval of the aeronautical authorities of both Contracting Parties in accordance with the procedures applicable in each Contracting Party.

(b) If the designated airlines concerned cannot agree on the tariffs, or if the aeronautical authorities of either Contracting Party do not approve the tariffs submitted, in accordance with the provisions of paragraph 2 (a) of this Article, the aeronautical authorities of the Contracting Parties shall endeavour to reach agreement on the appropriate tariffs.

(c) If the agreement between the aeronautical authorities under the provisions of paragraph 2 (b) of this Article cannot be reached, the dispute shall be settled in accordance with the provisions of Article 18 of the present Agreement.

(d) No new tariff shall come into effect if the aeronautical authorities of either Contracting Party are dissatisfied with it, except under the terms of paragraph 3 of Article 18 of the present Agreement. Pending determination of the tariffs in accordance with the provisions of this Article, the tariffs already in force shall prevail.

Article 13

1. The designated airlines of either Contracting Party shall be permitted in accordance with the applicable laws and regulations of the other Contracting Party within the territory of the other Contracting Party to establish and maintain their branches and to engage in activities necessary for the operation of the agreed services.

2. The designated airlines of either Contracting Party shall be entitled in accordance with the applicable laws and regulations of the other Contracting Party to bring in and maintain at their branches in the territory of the other Contracting Party their own managerial, technical, operational and other specialist staff who are required for the provision of air services.