

**AGREEMENT BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA CONCERNING
AIR SERVICES**

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The Government of the Italian Republic and the Government
of the Republic of Lithuania

hereinafter called in the present Agreement the
«Contracting Parties»,

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

desiring to conclude an Agreement, for the purpose of
regulating the air services between the two Countries;

have agreed as follows:

ARTICLE 1

Definitions

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 Annex adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof insofar as those Annexes and amendments have become effective for or been ratified by both Contracting Parties;

b) the term «Aeronautical Authorities» means: in the case of the Italian Republic, the Ministry of Transport and Navigation - Directorate General of Civil Aviation and any person or body authorized to perform any functions to which this Agreement relates; in the case of the Republic of Lithuania, the Ministry of Transport and any person or body authorized to perform any functions to which this Agreement relates;

c) the term «designated airline» means an airline which has been designated and authorized in accordance with Article 4 of this Agreement.

d) the term «territory» in relation to a State has the meaning assigned to it in Article 2 of the Convention;

e) the terms «air service», «international air service», «airline» and «stop for non-traffic purposes» have the meanings respectively assigned to them 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 a 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.

ARTICLE 2

Applicability of Chicago Convention

The provisions of this Agreement shall be subject to the provisions of the Convention insofar as those provisions are applicable to international air services.

ARTICLE 3

Grant of Rights

Each Contracting Party grants the other Contracting Party the following rights in respect of its scheduled international air services:

(a) the right to fly across its territory without landing;

(b) the right to make stops in its territory for non traffic purposes:

2. Each Contracting Party grants the other Contracting Party the right specified in the present Agreement for the purpose of establishing and operating air services on the routes specified in the Route Schedule hereto (hereinafter called «the agreed services» and the «specified routes»).

3. The airline designated by each Contracting Party, while operating on the specified routes, shall enjoy the privilege to make stops in the territory of the other Contracting Party at the points specified in the Route Schedule for the purpose of taking on board and discharging passengers, cargo and mail coming from or destined to other points so specified.

4. Nothing in paragraph 2) of this Article shall be deemed to confer on the designated airline of one Contracting Party the privilege of taking on board, in the territory of the other Contracting Party, passengers, cargo and mail upon remuneration or hire and destined to another point in the territory of the other Contracting Party.

ARTICLE 4

Designation and Authorization of Airlines

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline 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 the designated airline the appropriate operating authorization.

3. The Aeronautical Authorities of one Contracting Party may require the 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 reasonably applied to the operation of international air services by such Authorities in accordance with the provisions of the Convention.

4. Each Contracting Party shall have the right to refuse to grant the operating authorization referred to in paragraph 2) of this Article, or to impose such conditions as it may deem necessary on the exercise by the designated airline of the rights specified in Article 3 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 the airline of each Contracting Party has been so designated and authorized, it may begin at any time to operate the agreed services, provided that the airline complies with applicable provisions of this Agreement.

6. Each Contracting Party shall have the right to withdraw the designation of any such airline and to designate another one by notification in writing to the other Contracting Party.

ARTICLE 5**Revocation or Suspension of Rights**

1. Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 3 of this Agreement by the airline designated by the other Contracting Party, or to impose such conditions as it may deem necessary on the exercise of these rights in any of the following cases:

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;

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

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 consultation with the other Contracting Party.

ARTICLE 6**Exemption from Customs and Other Duties**

1. Aircraft operated on international air services by the designated airline of one Contracting Party, as well as their regular equipment, spare parts including engines, supplies of fuel and lubricants and aircraft stores (including food, beverage and tobacco) which are on board such aircraft, shall be exempted by the other Contracting Party from all kinds of customs duties, inspection fees and any other similar charges on arriving in the territory of the other Contracting Party, provided that such regular equipment and such other items remain on board the aircraft.

2. There shall also be exempt from the same duties, fees and charges, with the exclusion of charges relating to the service performed, for:

a) fuel, lubricants, aircraft stores, spare parts including engines and regular airborne equipment introduced in the territory of one Contracting Party by the aircraft of the designated airline of the other Contracting Party and exclusively intended for use by aircraft of the said airline;

b) fuel, lubricants, aircraft stores, spare parts including engines and regular airborne equipment, taken on board in the territory of each Contracting Party by the aircraft of the designated airline of one Contracting Party, while operating the agreed

services, within the limits and conditions fixed by the competent Authorities of the said other Contracting Party, and intended solely for use and consumption during the flight.

3. The materials enjoying the exemptions from customs duties and other similar charges, provided for in the preceding paragraphs will not be used for purposes other than international air services and must be re-exported if not used, unless their transfer to other international airline is granted, or their permanent importation is permitted, in accordance with the provisions in force in the territory of the interested Contracting Party.

4. The exemptions set out in this Article, applicable also to the part of the above mentioned materials used or consumed during the flight over the territory of the Contracting Party granting the exemptions, are granted on a reciprocal basis and may be subject to compliance with the specific formalities generally applied in the said territory, including customs controls.

ARTICLE 7

Principles Governing Operation of Agreed Services

1. There shall be fair and equal opportunity for the designated airline of each Contracting Party to operate the agreed services on the specified routes.

2. In operating the agreed services, the designated airline of each Contracting Party shall take into account the interests of the designated 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 routes.

3. The agreed services provided by the designated airline of each Contracting Party shall bear 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 meet the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail between the territories of the Contracting Parties.

4. The designated airline of one Contracting Party shall provide for approval to the Aeronautical Authorities of the other Contracting Party flight schedules including information on the type of aircraft to be used, at least thirty (30) days before each summer or winter season.

ARTICLE 8

Tariffs

1. For the purpose of the following paragraphs, the term «tariff» means the price to be paid for the carriage of passengers and cargo as well as the conditions under which those prices apply, including

prices and conditions for agency and other auxiliary services but excluding remuneration and conditions for the carriage of mail.

2. The tariffs to be charged by the 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 factors, including cost of operation, reasonable profit, and the tariffs of other airlines.

3. The tariffs referred to in paragraph 2) of this Article shall, if possible, be the subject of consultations between the designated airlines of each Contracting Parties.

4. The tariffs 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.

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

6. If a tariff cannot be agreed in accordance with paragraph 3) of this Article, or if, during the period applicable in accordance with paragraph 5) of this Article, one Aeronautical Authority gives the other Aeronautical Authority notice of its disapproval of a tariff agreed in accordance with the provisions of paragraph 3) of this Article, the Aeronautical Authorities of the two Contracting Parties shall endeavour to determine the tariff by mutual agreement.

7. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established.

ARTICLE 9

Laws and Regulations

1. The laws, regulations and administrative directives of one Contracting Party relating to the admission to, the 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 the airline designated by the other Contracting Party and shall be complied with by such aircraft upon entrance into or departure from, or while within, the territory of the first Contracting Party.

2. The laws, regulations and administrative directives of one Contracting Party relating to the admission to, the stay in or departure from its territory of passengers, crew, cargo or mail of aircraft, including regulations relating to entry, clearance, immigration, passports, customs and quarantine, shall be complied with by or on behalf of such passengers, crew, cargo or mail of the airline of the other Contracting Party upon entrance into or departure from, or while within, the territory of the first Contracting Party.

ARTICLE 10

Recognition of Licences and Certificates

1. Certificates of airworthiness, certificates of competency and licences issued or rendered valid by one Contracting Party shall, during the period of their validity subject to the provisions of paragraph 2) of this Article, be recognized as valid by the other Contracting Party.

2. Each Contracting Party reserves the right to refuse to recognize as valid, for the purpose of flight over its territory, certificates of airworthiness, certificates of competency or licences granted to or rendered valid for its own nationals by the other Contracting Party or by a third State.

ARTICLE 11**Airline Representation**

1. Each Contracting Party shall grant the designated airline of the other Contracting Party, on a basis of reciprocity, the right to maintain in the points specified in the route schedule on its territory offices and administrative commercial and technical personnel chosen among nationals from either or both Contracting Parties as may be necessary for the requirements of the designated airline.

2. The employment of the third Country nationals in the territory of either Contracting Party shall be permitted subject to the authorization of the competent Authorities.

3. All the above personnel shall be subject to the laws relating to the admission and stay in the territory of the other Contracting Party as well as the laws, regulations and administrative directives applicable in that territory.

4. The number of such personnel, established on agreement between the designated airlines, shall be submitted for approval to the appropriate Authorities of the two Contracting Parties.

5. Each Contracting Party will provide for any necessary assistance to said offices and personnel.

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 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 and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971 and any other Convention relating to the security of civil Aviation to each both Contracting Parties are parties.

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 Organization and designated as Annexes to the Convention to the extent that such security provisions are applicable to the 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. 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 sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to face a particular threat.

5. 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, airports 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.

ARTICLE 13

Sales and Transfer of Earnings

1. Each Contracting Party grants the designated airline of the other Contracting Party the right to sell freely air transport services, including supplementary services rendered, on the specified routes and all other services of its own network, and on the networks of the other airlines, either directly or through agents.

2. The designated airline of each Contracting Party shall be free to effect the actual transfer abroad of the excess of receipts over expenditure in relation to sales for the transportation of passengers, cargo and mail including the related banking interests without any delay or limitation.

3. Each Contracting Party shall permit the designated airline of the other Contracting Party the execution of transfers into a freely convertible currency at the airlines own discretion, within a maximum of sixty (60) days from the date of the application.

Such transfers shall be effected on the basis of official exchange rates, or, where there are no official exchange rates, at the prevailing foreign exchange market rates for current payments.

4. The privileges specified in the above-mentioned paragraphs shall be granted only on the basis of strict reciprocity. If one of the Contracting Parties imposes limitation or delays on the transfers of the designated airline of the other Contracting Party, the latter shall be entitled to suspend the exercise by the designated airline of the former Contracting Party of the rights specified in paragraphs 2) and 3) of this Article.

5. Whether the payment system between the Contracting Parties is governed by a special agreement, this agreement shall apply.

ARTICLE 14

Consultations

1. In a spirit of close cooperation, 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 attached thereto.

2. If either of the Contracting Parties considers it desirable to modify any provisions of this Agreement, it may at any time propose in writing such

modification to the other Contracting Party. Consultations between the two Contracting Parties concerning such proposed modification may be either oral or in writing and shall, unless otherwise agreed, begin within a period of sixty (60) days of the date of the written request received by one of the Contracting Parties.

3. Any modification to this Agreement in accordance with paragraph 2) of this Article shall come into effect when such modification has been confirmed by an Exchange of Notes through the diplomatic channels.

4. In the event that either of the Contracting Parties considers it desirable to modify the Annex to this Agreement such modification may be agreed upon in consultation between the Aeronautical Authorities of the two Contracting Parties and shall be confirmed in writing.

ARTICLE 15

Settlement of Disputes

If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall endeavour to settle it by negotiation.

ARTICLE 16

Adaptation to Multilateral Conventions

In the event of the conclusion of a multilateral Convention or Agreement concerning air transport to which both Contracting Parties adhere, this Agreement

shall be modified to conform to the provisions of such Convention or Agreement, by consultations between the two Contracting Parties.

ARTICLE 17

Provision of Statistics

The Aeronautical Authorities of one Contracting Party shall provide the Aeronautical Authorities of the other Contracting Party, on request, with periodic statistics or other similar information relating to the traffic carried on the agreed services by the respective designated airlines, to/from the territory of the other Contracting Party.

ARTICLE 18

Registration with the International Civil Aviation Organisation

This Agreement and any subsequent amendments shall be registered with the International Civil Aviation Organization.

ARTICLE 19

Termination

Either Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate this Agreement; such a notice shall be

simultaneously communicated to the International Civil Aviation Organization. In such a 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 mutual consent before the end of this period. In the absence of acknowledgement of receipt by the other Contracting Party, notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

ARTICLE 20

Validity

This Agreement shall be concluded for an initial period of five (5) years. Thereafter it shall remain in force indefinitely, unless denounced by one of the Contracting Parties in accordance with Article 19 of this Agreement. The terms of Article 19 of this Agreement shall also apply during the initial period of five years.

ARTICLE 21

Entry into Force

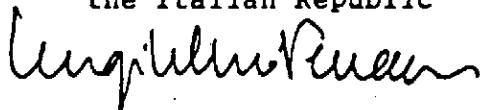
This Agreement shall enter into force from the date, when the Contracting Parties will have notified each other by Diplomatic channels that all the

requirements under national law of the Contracting Parties for the entering into force of this Agreement have been complied with.

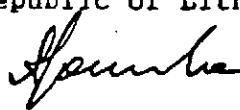
In witness whereof, the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

Done, in duplicate, at this day of *April, 4th, 1996* at *Vilnius*, in the English, Italian and Lithuanian languages, all texts being equally authentic. In case of any divergence of implementation, interpretation or application, the English text shall prevail.

For the Government of
the Italian Republic



For the Government of
the Republic of Lithuania



ANNEX**ROUTE SCHEDULE****Section 1**

Routes to be operated by the designated airline of the Republic of Lithuania:

Points in Lithuania - one intermediate point, in Europe - Rome - one point beyond, in Europe.

Section 2

Routes to be operated by the designated airline of the Italian Republic:

Points in Italy - one intermediate point, in Europe - Vilnius - one point beyond, in Europe.

Footnotes

- The designated airline of each Contracting Party may on any or all flights omit calling at intermediate and/or beyond point mentioned above provided that the agreed services on the route begin or terminate in the territory of the Contracting Party which has designated the airline.

- The routes will be operated with full third and fourth freedom traffic rights.