

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
AND
THE GOVERNMENT OF THE FEDERATED STATES OF
MICRONESIA
RELATING TO CIVIL AIR TRANSPORT

The Government of the People's Republic of China and the Government of the Federated States of Micronesia (hereinafter referred to as "the Contracting Parties");

Desiring to facilitate friendly contacts between their two peoples and develop mutual relations between the two countries in the field of civil aviation;

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944;

Have agreed on the establishment and operation of air services between and beyond their respective territories as follows:

Article 1
Definitions

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

(1) the term "aeronautical authorities" means, in the case of the People's Republic of China, the Civil Aviation Administration of China, or any person or agency authorized to perform any function presently exercised by the said Administration; and in the case of the Federated States of Micronesia, the Department of Transportation, Communication and Infrastructure, or any person or agency authorized to perform any function presently exercised by the said Administration.

(2) the term "Agreement" means this Agreement and its Annex as well as any

amendment to this Agreement and/or its Annex made in accordance with Article 19 (Amendment and Modification) of this Agreement.

(3) the term "airline" means any air transport enterprise offering or operating international air services.

(4) the term "designated airline" means an airline which has been designated and authorized in accordance with Article 3 (Airline Designation and Authorization) of this Agreement.

(5) the term "aircraft" means civil aircraft.

(6) the term "air service" means any scheduled air service performed by aircraft for the public transport of passengers, baggage, cargo or mail.

(7) the term "international air service" means an air service which passes through the air space over the territory of more than one State.

(8) the term "stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, baggage, cargo or mail.

(9) the term "capacity" means:

(a) in relation to an aircraft, the payload of that aircraft available on a route or section of a route;

(b) in relation to an air service, the capacity of the aircraft used on such service multiplied by the frequency operated by such aircraft over a given period on a route or section of a route.

(10) the term "tariff" means the prices to be paid for the carriage of passengers, baggage and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary service, but excluding prices and conditions for the carriage of mail.

(11) the term "Route Schedule" means the Route Schedule annexed to this Agreement or as amended in accordance with the provisions of Article 19 (Amendment and Modification) of this Agreement. The Route Schedule forms an integral part of this Agreement.

(12) the term "specified route" means the route specified in the Route Schedule.

(13) the term "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 of the Convention under Articles 90 and 94 thereof so far as those

Annexes and amendments have been adopted by both Contracting Parties.

Article 2 Grant of Rights

(1) Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement to enable the designated airline(s) of the other Contracting Party to establish and operate international air services on the route specified in the Annex (hereinafter called "the agreed services").

(2) Subject to the provisions of this Agreement, the designated airlines of 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 along the air route(s) prescribed by the aeronautical authorities of the other Contracting Party;

(b) to make stops for non-traffic purposes at point(s) on the specified route in the territory of the other Contracting Party, subject to the approval of the aeronautical authorities of the other Contracting Party; and

(c) to make stops at the point(s) on the specified route in the territory of the other Contracting Party for the purpose of taking on board and discharging international traffic in passengers, baggage, cargo and mail, originating in or destined for the first Contracting Party.

(3) The right of the designated airlines of one Contracting Party to take on board and discharge at point(s) in the territory of the other Contracting Party international traffic to or from a third country shall be agreed upon between the aeronautical authorities of the two Contracting Parties.

Article 3 Airline Designation and Authorization

(1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines to operate the agreed services on the specified route, and to withdraw or alter such designations.

(2) The substantial ownership and effective control of the airline(s) designated by each Contracting Party shall remain vested in such Contracting Party or its nationals.

(3) The aeronautical authorities of the other Contracting Party may require the airline(s) designated by the first Contracting Party to satisfy them that it is qualified to meet the conditions and the obligations prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities.

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

(5) The designated airline(s) of one Contracting Party may commence, when it has acquired operating authorization, operation of the agreed services in accordance with the relevant provisions of this Agreement from the date prescribed in such authorization.

Article 4

Revocation, Suspension of Authorization or Imposition of Condition

(1) Each Contracting Party shall have the right to revoke or suspend the operating authorization granted to the designated airline(s) of the other Contracting Party or to impose such conditions as it may deem necessary on the exercise by the said designated airline of the rights specified in Article 2 (Grant of Rights) of this Agreement, in any of the following cases:

(a) where it is not satisfied that the substantial ownership and effective control of the said designated airline are vested in the other Contracting Party designating that airline or its nationals; or

(b) where the said designated airline fails to comply with the laws and regulations of the first Contracting Party referred to in Article 5 (Application of Laws and Regulations) of this Agreement; or

(c) where the said designated airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

(2) Unless immediate revocation, suspension of rights or imposition of conditions prescribed in paragraph (1) of this Article is essential to prevent further infringement of laws and regulations by the said designated airline, such rights shall be exercised only after consultation with the other Contracting Party.

Article 5

Application of Laws and Regulations

(1) The laws and regulations of one Contracting Party relating to the admission to, departure from or operation and navigation in its territory of aircraft engaged in the international operation shall be applicable to the aircraft of the designated airline(s) of the other Contracting Party, while entering, departing from or operating and navigating in the territory of the first Contracting Party.

(2) The laws and regulations of one Contracting Party relating to admission to, stay in or departure from its territory of passengers, crew, baggage, cargo or mail, such as laws and regulations relating to entry, clearance, immigration, passports, customs and quarantine, shall be applicable to the passengers, crew, baggage, cargo or mail carried by the aircraft of the designated airline(s) of the other Contracting Party while entering, staying in and departing from the territory of the first Contracting Party.

(3) Other relevant laws and regulations relating to aircraft and provisions in respect of civil aviation of one Contracting Party shall be applicable to the designated airline(s) of the other Contracting Party while operating the agreed services in the territory of the first Contracting Party.

(4) Passengers, baggage, cargo and mail in direct transit and not leaving the area of the airport reserved for such purpose shall be subject to no more than a simplified control.

Article 6 Capacity Provisions

(1) There shall be a fair and equal opportunity for the designated airlines of the Contracting Parties to operate the agreed services on the specified route.

(2) In operating the agreed services the designated airline(s) of each Contracting Party shall take into account the interests of the designated airline(s) of the other Contracting Party so as not to affect unduly the services provided by the latter on the whole or part of the same route.

(3) The agreed services supplied by the designated airlines of the Contracting Parties shall provide at a reasonable load factor capacity adequate to meet the traffic requirements for the carriage of passengers, baggage, cargo and mail between the territories of the Contracting Parties.

(4) Provision for taking on board and discharging passengers, baggage, cargo and mail by the designated airline(s) of one Contracting Party at point(s) on the specified route other than point(s) in the territory of either Contracting Party 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) traffic requirements of the country or region other than the Contracting Parties through which the agreed service passed, taking account of other air services established by airline(s) of the State or that region;

(c) the requirements of through airline operation.

Article 7 **Commercial Arrangements**

(1) Capacity and frequency shall be agreed upon between the aeronautical authorities of the Contracting Parties.

(2) The designated airline(s) of each Contracting Party shall submit its envisaged flight schedules for approval to the aeronautical authorities of the other Contracting Party at least sixty (60) days prior to the operation of the agreed services. Any modification thereof shall be submitted for consideration at least thirty (30) days prior to the operation.

(3) For supplementary flights which the designated airline(s) of one Contracting Party wishes to operate on the agreed services outside the approved timetable, that airline must request prior permission from the aeronautical authorities of the other Contracting Party. Such requests shall usually be submitted at least five (5) working days prior to the operation of such flights.

Article 8 **Tariffs**

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

(2) The tariffs to be applied shall be submitted for the approval to 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.

(3) If the aeronautical authority of one Contracting Party gives to the aeronautical authority of the other Contracting Party a notice of its disapproval of any tariff to be applied by the designated airlines of the other Contracting Party, the aeronautical authorities of the Contracting Parties shall endeavor to determine the tariff by mutual agreement.

(4) If the aeronautical authorities of the Contracting Parties cannot agree on any tariff submitted to them under paragraph (2) of this Article, or on the determination of any tariff under paragraph (3) of this Article, the dispute shall be settled in accordance with the provisions of Article 18 (Settlement of Disputes) of this Agreement.

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

Article 9

Technical Services and Rate of Charge

(1) Each Contracting Party shall provide regular airport(s), alternate airport(s) and air navigation facilities in its territory and relevant services including communications, navigational, meteorological and other auxiliary facilities and services for the operation of the agreed services by the designated airline(s) of the other Contracting Party.

(2) The designated airline(s) of each Contracting Party shall be charged for the use of airports and air navigation facilities of the other Contracting Party at fair and reasonable rates prescribed by the appropriate authorities of the other Contracting Party. Such rate shall not be higher than those applicable to any airline of other States for the services and the use of similar airports and air navigational facilities in the territory of the other Contracting Party.

Article 10

Provision of Statistical Data

The aeronautical authorities of either Contracting Party shall furnish to the aeronautical authorities of the other Contracting Party, at their request, statistical data as may be reasonably required for the purpose of reviewing the capacity provided by the agreed services operated by the designated airline(s) of the first Contracting Party on the specified route. Such data shall include all information required to determine the amount of traffic carried by the said designated airline on the agreed services.

Article 11
Representation and Personnel

(1) For the operation of the agreed services on the specified route, the designated airline(s) of each Contracting Party shall have the right, on the reciprocal basis, to set up representation at the point(s) on the specified route within the territory of the other Contracting Party.

(2) The designated airline(s) of one Contracting Party shall have the right, in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, to bring in and maintain in the territory of the other Contracting Party their representatives and those of its own managerial, technical, operational and other specialist staff at managerial level who are required for the provisions of the agreed services, including third country nationals.

(3) The staff members of the representation of the designated airline(s) of each Contracting Party in the territory of the other Contracting Party shall be subject to the laws and regulations of the other Contracting Party.

(4) Each Contracting Party grants to the designated airlines of the other Contracting Party the right to engage in the sale of air transportation in its territory directly and, at the airlines' discretion, through its agents. The designated airlines of each Contracting Party shall also have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currencies of the other Contracting Party, or in freely convertible currencies in accordance with the provisions of the foreign exchange control regulations of that other Contracting Party.

Article 12
Customs Duties and Taxation

(1) When an aircraft operated on the agreed services by the designated airline(s) of one Contracting Party arrives in the territory of the other Contracting Party, the said aircraft and its regular equipment, spare parts (including engines), fuels, oil (including hydraulic fluids, lubricants) and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt on the basis of reciprocity from all customs duties, taxes, inspection fees and other similar fees and charges, provided such equipment and items remain on board the aircraft up to such time as they are re-exported.

(2) The following equipment and items shall also be exempt on the basis of reciprocity from all customs duties, taxes, inspection fees and other similar fees and

charges, with the exception of charges corresponding to the services provided:

(a) regular equipment, spare parts (including engines), fuels, oil (including hydraulic fluids, lubricants) and aircraft stores (including food, beverages and tobacco) carried into the territory of the other Contracting Party and intended for use on aircraft operated on the agreed services by the designated airline(s), even when such equipment and items are to be used on part of the journey performed over the territory of the other Contracting Party;

(b) spare parts (including engines) introduced into the territory of the other Contracting Party for the maintenance or repair of aircraft operated on the agreed services by the designated airline(s).

(3) The equipment and items referred to in paragraphs (1) and (2) of this Article may be unloaded in the territory of the other Contracting Party with the approval of the Customs authorities of the other Contracting Party. Such equipment and items shall be kept under the supervision or control of the Customs authorities of the other Contracting Party up to such time as they are re-exported, or otherwise disposed of in accordance with the customs regulations of the other Contracting Party.

(4) The exemption provided for in paragraphs (1) and (2) of this Article shall also be available where a designated airline of one Contracting Party has contracted with other airline(s), which similarly enjoy(s) such exemptions in the territory of the other Contracting Party, for the loan or transfer in the territory of the other Contracting Party of the equipment and items specified in paragraphs (1) and (2) of this Article.

(5) Printed ticket stock, air waybills and publicity materials introduced by the designated airline(s) of one Contracting Party into the territory of the other Contracting Party, shall be exempt on the basis of reciprocity from all customs duties, taxes, inspection fees and other similar fees and charges.

(6) Office supplies, vehicles for office use, vehicles for special use at airport, bus-type vehicles (excluding cars) for carriage of crew members and their baggage, as well as computer reservation system and communication equipment including their spare parts of the representation of the designated airline(s) of either Contracting Party shall, when introduced into the said territory of the other Contracting Party, be exempt from customs duties and other duties on importation on the basis of reciprocity provided these supplies are intended for the airline's own use and do not exceed reasonable limit.

(7) Baggage, cargo and mail in direct transit shall be exempt from all customs duties, taxes, inspection fees and other similar fees and charges on the basis of reciprocity with the exception of the charges corresponding to the services provided.

(8) The revenues and profit realized by the designated airline(s) of each Contracting Party within the territory of the other Contracting Party in connection with operation of the agreed services shall be exempt from all taxes.

(9) The property of the designated airline(s) of each Contracting Party within the territory of the other Contracting Party shall exempt from all taxes on the basis of reciprocity.

(10) Wages, salaries and other similar remuneration received by the employees of the representation of the designated airline(s) of either Contracting Party, who are nationals of the first Contracting Party, shall be exempt from all taxes on the basis of reciprocity by the other Contracting Party.

Article 13

Conversion and Remittance of Revenue

(1) The designated airline(s) of each Contracting Party shall have, on the reciprocal basis, the right to remit its revenue received in the territory of the other Contracting Party to the territory of the first Contracting Party.

(2) The conversion and remittance of such revenue shall be effected in convertible currencies at the effective rate of exchange prevailing on the date of remittance.

Article 14

Aviation Security

(1) 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. 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, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971 and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988.

(2) The Contracting Parties shall provide upon request all necessary assistance to each

other to prevent acts of unlawful seizure of 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 Standards and Recommended Practices relating to aviation security established by the International Civil Aviation Organization and designated as Annexes to the Convention on International civil Aviation to the extent that such Standards and Recommended Practices are applicable to the Contracting Parties. They shall require that operators of aircraft of their registry and operators of aircraft who have their principal place of business or permanent residence in their territory and operators of airport in their territory act in conformity with such aviation security provisions.

(4) Both Contracting Parties agree that such operators of aircraft may be required to observe the aviation security provisions established by the other Contracting Party as referred to in paragraph (3) of this Article for entry into, departure from, or while within the territory of that other Contracting Party. Both Contracting Parties shall ensure that adequate measures are effectively applied within its territory to protect the safety of the aircraft prior to and during boarding or loading, and to inspect passengers, crew, baggage, cargo and aircraft stores prior to 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 meet a particular threat.

(5) When an incident or threat of unlawful seizure of 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 15

Aviation Safety

(1) Each Contracting Party may request consultations at any time concerning the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty (30) days of that request.

(2) If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph (1) that meet the Standards established at that time pursuant to the Convention, the other Contracting Party shall be informed of such findings and of the steps considered necessary to conform with the ICAO Standards.

The other Contracting Party shall then take appropriate corrective action within an agreed time period.

(3) Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an airline of one Contracting Party, on service to or from the territory of another Contracting Party, may, while within the territory of the other Contracting Party be the subject of a search by the authorized representatives of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the Standards established at that time pursuant to the Convention.

(4) When urgent action is essential to ensure the safety of an airline operation, each Contracting Party reserves the right to immediately suspend or vary the operating authorization of an airline or airlines of the other Contracting Party.

(5) Any action by one Contracting Party in accordance with paragraph (4) above shall be discontinued once the basis for the taking of that action ceases to exist.

Article 16 **Recognition of Certificates and Licenses**

(1) Each Contracting Party shall recognize the valid certificate of air worthiness, certificate of competency and licenses issued or validated by the other Contracting Party for the operation of the agreed services on the specified route, provided that the standards of such certificates and licenses are equivalent to or above the minimum standards established from time to time in accordance with the Convention on International Civil Aviation.

(2) Each Contracting Party may, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party or by a third country.

Article 17 **Consultation**

(1) The Contracting Parties shall, in the spirit of close cooperation and mutual support,

ensure the correct implementation of and satisfactory compliance with the provisions of this Agreement. To this end, the aeronautical authorities of the Contracting Parties shall consult each other from time to time.

(2) Either Contracting Party may at any time request consultation with the other Contracting Party concerning this Agreement. Such consultation shall begin as soon as possible, and at least within sixty (60) days from the date of receipt of the request by the other Contracting Party unless otherwise agreed to.

Article 18 Settlement of Disputes

(1) If any dispute arises between the Contracting Parties relating to the interpretation or implementation of this Agreement, the aeronautical authorities of the two Contracting Parties shall in the first place settle the dispute by negotiation.

(2) If the aeronautical authorities of the Contracting Parties fail to reach a settlement of the said dispute, the Contracting Parties shall settle such dispute through diplomatic channels.

Article 19 Amendment and Modification

(1) If either of the Contracting Parties considers it desirable to amend any provision of this Agreement or its Annex, it may at any time request consultation with the other Contracting Party, and such consultation, which may be through discussion or by correspondence, shall begin within a period of ninety (90) days from the date of receipt of the request by the other Contracting Party, unless both Parties agree to an extension of this period.

(2) The consultation referred to in paragraph (1) of this Article may also be held between the aeronautical authorities of the Contracting Parties.

(3) Any amendment to this Agreement shall come into force when it has been confirmed by an exchange of notes through diplomatic channels.

(4) If the Amendment relates only to the provisions of the annexed Schedules, it may be agreed upon between the aeronautical authorities of both Contracting Parties and shall become effective from the date of the agreement between both aeronautical authorities.

Article 20
Termination

(1) Either Contracting Party may at any time give notice to the other Contracting Party through diplomatic channels of its decision to terminate this Agreement. This Agreement shall then terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party unless such notice is withdrawn by agreement between the Contracting Parties before the expiry of this period. Such notice shall simultaneously be communicated to the International Civil Aviation Organization.

(2) In default of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the date on which the International Civil Aviation Organization will have received communication thereof.

Article 21
Registration with International Civil Aviation Organization

This Agreement or any amendment thereto shall be registered with the International Civil Aviation Organization.

Article 22
Entry Into force

This Agreement shall enter into force on the date of receipt of the last notification through diplomatic notes by either Contracting Party to the other Contracting Party that it has fulfilled its internal legal procedures for the entry into force of this Agreement.

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

Done in Beijing on May 4, 2015 in duplicate in the Chinese and English languages, both texts being equally authentic.

For the Government of

For the Government of

the People's Republic of China

the Federated States of

Micronesia

李家祥

Akillino H. Susaia

Annex
Route Schedule

1. The route of the agreed services operated by the airlines designated by the Government of the People's Republic of China shall be as follows in both directions:

Points of origin: Any points

Intermediate points: Any points

Points of destination: Three (3) points to be freely decided by the Chinese side

Points beyond: Any points

2. The route of the agreed services operated by the airlines designated by the Government of _____ the Federated States of Micronesia shall be as follows in both directions:

Points of origin: Any points

Intermediate points: Any points

Points of destination: Three (3) points to be freely decided by the Micronesian side

Points beyond: Any points

Notes:

1. The designated airline(s) of either Contracting Party may omit on any or all flights, any point on the specified routes and may serve them in any order, provided the agreed service begin and terminate in the territory of the Contracting Party designating the airline.

2. The exercise of fifth freedom traffic rights by the designated airline(s) of both Contracting Parties on the above routes shall be agreed upon between the aeronautical authorities of the two Contracting Parties.