

**AGREEMENT BETWEEN THE GOVERNMENT OF MACAU AND
THE GOVERNMENT OF THE FEDERAL REPUBLIC OF BRAZIL
CONCERNING AIR SERVICES**

The Government of Macau, duly authorized by the competent sovereign institution of the Portuguese Republic and with the consent of the Government of The People's Republic of China, and the Government of the Federal Republic of Brazil, hereinafter referred to as the Contracting Parties;

Desiring to contribute for the development of the international civil aviation;

Desiring to conclude an Agreement for the purpose of providing the framework for air services, between Macau and Brazil;

Have agreed as follows:

Article 1 Definitions

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

- a) The term "Aeronautical Authorities" means in the case of Macau, the Civil Aviation Authority, and in the case of the Federal Republic of Brazil, the Minister of Aeronautics, or, in both cases, any person or body authorized to perform any functions at present exercised by the said authorities;
- b) The term "designated airline" means an airline which has been designated and authorized in accordance with Article 4 of this Agreement;
- c) The term "area" in relation to Macau includes the Peninsula of Macau and the Taipa and Coloane Islands and in relation to the Federal Republic of Brazil has the meaning assigned to "Territory" in Article 2 of the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944;
- d) The terms "Air Services", "International Air Services", "Airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the said Convention;
- e) The term "user charge" means a charge made to airlines by the competent authorities or permitted by them to be made for the provision of airport property or facilities or of air navigation and aviation security facilities, including related services and facilities, for aircraft, their crews, passengers and cargo;
- f) The term "Agreement" means this Agreement, the Annex hereto and any amendments to the Agreement or to the Annex;
- g) The term "laws and regulations" of a Contracting Party means the laws and regulations at any time in force in the area of that Contracting Party;

- h) The term "agreed services" means air services on the specified routes for the transportation of passengers, cargo and mail, separately or in combination;
- i) The term "specified route" means one of the routes specified in the Annex to this Agreement;
- j) The term "tariff" means:
 - i) The fare charged by an airline for the carriage of passengers and their baggage on scheduled air services and the charges and conditions for the services ancillary to such carriage;
 - ii) The rate charged by an airline for the carriage of cargo (excluding mail) on scheduled air services;
 - iii) The conditions governing the availability or applicability of any such fare or freight rate including any benefits attaching to it; and
 - iv) The commission paid by an airline to an agent in respect of tickets sold or airwaybills completed by that agent for carriage on scheduled air services.

Article 2 Provisions of the Chicago Convention applicable to International Air Services

In implementing this Agreement, the Contracting Parties shall act in conformity with the provisions of the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, including the Annexes and any amendments to the Convention or to its Annexes, insofar as these provisions are applicable to international air services.

Article 3 Grant of Rights

- 1. Each Contracting Party grants to the other Contracting Party the following rights specified in this Agreement for the purpose of operating international air services on a specified route. While operating an agreed service on a specified route, the designated airlines of each Contracting Party shall be granted:
 - a) The right to fly across the area of the other Contracting Party;
 - b) The right to make stops in the area of the other Contracting Parties for non-traffic purposes.
 - c) The right to embark and disembark in the said area at the points in the specified routes passengers, baggage, cargo and mail destined for or coming from points in the area of the other Contracting Party;
 - d) The right to embark and disembark in the area of third Parties at the points in the specified routes passengers, baggage, cargo and mail destined for or coming from points in the area of the other Contracting Party.

2. Nothing in paragraph 1 of this Article shall be deemed to confer on the designated airline of one Contracting Party the privilege of embarking, in the area of the other Contracting Party, passengers, baggage, cargo and mail carried for remuneration or hire and destined for another point in the area of that Contracting Party.

Article 4 Designation and Authorisation

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes and to withdraw or alter such designations.
2. On receipt of such a designation the Aeronautical Authorities of each of the Contracting Parties shall, according to their laws and regulations, without delay grant to the airline or airlines designated the appropriate authorisations for the operation of the agreed services.
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 fulfil the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities.
- 4.a) The Government of Macau shall have the right to refuse to grant the operating authorisation referred to in paragraph 2 of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 3.1 of this Agreement, in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Federal Republic of Brazil or in its nationals.
b) The Government of the Federal Republic of Brazil shall have the right to refuse to grant the operating authorisations referred to in paragraph 2 of this Article or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 3.1 of this Agreement, in any case where it is not satisfied that that airline is incorporated and has its principal place of business in Macau.
5. When an airline has been so designated and authorised it may begin to operate the agreed services, provided that the airline complies with the applicable provisions of this Agreement.

Article 5 Application of Laws and Regulations

1. The laws and regulations of one Contracting Party relating to the admission to or departure from its area of aircraft engaged in international air services, or to the operation and navigation of such aircraft while within this area shall be applied to the aircraft of the airline or airlines designated by the other Contracting Party without distinction as to nationality, and shall be complied with by such aircraft upon entry into, departure from or while within the area of the first Contracting Party.

2. The laws and regulations of one Contracting Party relating to the admission to or departure from its area of passengers, crew, cargo or mail on aircraft such as 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 or airlines designated by the other Contracting Party upon entry into, departure from, or while within the area of the first Contracting Party.
3. In the application to the designated airline or airlines of the other Contracting Party of the laws and regulations referred to in this Article a Contracting Party shall not grant more favourable treatment to its own airline or airlines.

Article 6 Revocation or Suspension of Authorisation

1. Each Contracting Party shall have the right to revoke or suspend an authorisation or to suspend the exercise of the rights specified in Article 3.1 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 those rights:
 - a.a. In the case of the Government of Macau, in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Federal Republic of Brazil, or its nationals;
 - a.b. In the case of the Federal Republic of Brazil, in any case where it is not satisfied that that airline is incorporated and has its principal place of business in Macau; or
 - b) In the case of failure by that airline to comply with the laws and regulations of the Contracting Party granting those rights; or
 - c) If that airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.
2. Unless immediate revocation or suspension of operating authorisation or suspension of the exercise of the rights mentioned in paragraph 1 of this Article or imposition of conditions therein is essential to prevent further infringements of laws and regulations, such rights shall be exercised only after consultation with the other Contracting Party.

Article 7 Recognition of certificates and licences

Certificates of airworthiness, certificates of competency and licences issued or rendered valid by one Contracting Party and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the agreed services on the specified routes, provided that such certificates or licences were issued or rendered valid pursuant to, and in conformity with, the standards established under the Convention referred to in Article 2.

Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flights above its own area, certificates of competency and licences granted to its own nationals in the case of the Federal Republic of Brazil or its own residents in the case of Macau by the other Contracting Party.

Article 8 Operation of Agreed Services

1. There shall be fair and equal opportunity for the designated airlines of both Contracting Parties to operate the agreed services on the specified routes.
2. In operating the agreed services, the designated airlines of each Contracting Party shall take into account the interests of the designated airlines of the other Contracting Party so as not to affect unduly the services which the latter provide on the whole or part of the same routes.
3. The agreed services provided by the designated airlines of the Contracting Parties shall bear a close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision at reasonable load factor of capacity adequate to meet the current and reasonably anticipated requirements for the carriage of passengers and cargo, including mail to or from the area of the Contracting Party which has designated the airline. Provision for the carriage of passengers and cargo, including mail taken on board and discharged at points on the specified routes other than points in the area of the Contracting Party which designated the airline shall be made in accordance with the general principles that capacity shall be related to:
 - a) Traffic requirements to and from the area of the Contracting Party which has designated the airlines;
 - b) Traffic requirements of the region through which the agreed service passes, after taking into account the other transport services established by the airlines of the States comprising the region; and
 - c) The requirements of through airline operation.

Article 9 Approval of Schedules

1. The designated airlines of the Contracting Parties shall submit their proposed schedules for the agreed services and any amendments thereto for the approval of the Aeronautical Authorities of both Contracting Parties no later than forty five (45) days before their proposed effective date.
2. The designated airlines of the Contracting Parties may operate on an "ad hoc" basis flights supplementary to the agreed services. Applications for the approval of such flights shall be submitted to the Aeronautical Authorities of both Contracting Parties no later than three (3) working days before the proposed date of operation.

Article 10 Tariffs

1. The tariffs to be applied on the agreed services for carriage between the areas of the Contracting Parties shall be established at reasonable levels, due regard being paid to all relevant factors, including the interest of users, the cost of operation, reasonable profit, the characteristics of each service and where it is deemed suitable, the tariffs charged by other airlines over all or part of the same route.

f.



2. The tariffs referred to in paragraph 1 of this Article shall be agreed, whenever possible, by the designated airlines of the Contracting Parties. However, the designated airlines shall not be precluded from proposing nor the Aeronautical Authorities from approving, any tariff, if those airlines shall have failed to obtain the agreement of the other designated airlines to such tariff, or because no other designated airline is operating on the same route. In this context "the same route" means the route operated, not the specified route.
3. The tariffs thus agreed shall be submitted for approval to the Aeronautical Authorities of the Contracting Parties at least sixty (60) days before the proposed date of their introduction. In special cases a shorter period may be accepted by the Aeronautical Authorities. Upon submission of the tariffs the Aeronautical Authorities will appreciate them with no unnecessary delay. No tariff shall come into force unless the Aeronautical Authorities of either Contracting Party have approved it. The Aeronautical Authorities may communicate to the other Aeronautical Authorities the postponement of the date of introduction of a proposed tariff.
4. If a tariff cannot be approved in accordance with paragraph 2 of this Article or if, within the period referred to in paragraph 3 of this Article, a notice of disapproval has been given, the Aeronautical Authorities of both Contracting Parties shall endeavour to determine the tariff by agreement between themselves holding consultations in accordance with Article 17 of this Agreement.
5. If the Aeronautical Authorities cannot agree on a tariff submitted to them under paragraph 3 of this Article or on the determination of any tariff under paragraph 4 of this Article, the dispute shall be settled in accordance with the provisions of Article 18 of this Agreement.
6. (a) No tariff shall come into force if the Aeronautical Authorities of either Contracting Party do not agree with it except under Article 18.4 of this Agreement;

(b) When tariffs have been established in accordance with the provisions of this Article, those tariffs shall remain in force until new tariffs have been established in accordance with the provisions of this Article or Article 18 of this Agreement, but no longer than twelve (12) months from the date of disapproval by the Aeronautical Authorities of one of the Contracting Parties.
7. If the Aeronautical Authorities of one Contracting Party become dissatisfied with an established tariff, they shall notify the Aeronautical Authorities of the other Contracting Party and the designated airlines shall attempt, where required, to reach an agreement. If within the period of ninety (90) days from the date of receipt of a notice of disapproval, a new tariff cannot be established in accordance with the provisions of paragraphs 2 and 3 of this Article, the procedures as set out in paragraphs 4 and 5 of this Article shall apply.
8. The Aeronautical Authorities of both Contracting Parties shall endeavour to ensure that:
 - a) The tariffs charged and collected conform to the tariffs approved by them;
 - b) No airline rebates on those tariffs.

Article 11 Customs Duties

1. Aircraft operated in international air services by the designated airlines of either Contracting Party, their regular equipment, fuel, lubricants, spare parts including engines, and aircraft stores (including but not limited to such items as food, beverages and tobacco) which are on board such aircraft shall be relieved by the other Contracting Party on the basis of reciprocity from all customs duties, excise taxes and similar fees and charges not based on the cost of services provided on arrival, provided such equipment and supplies remain on board the aircraft.
2. Regular equipment, spare parts, supplies of fuels and lubricants, aircraft stores, printed ticket stock, airwaybills, any printed materials which bears the insignia of a designated airline of either Contracting Party and usual publicity material distributed without charge by that designated airline, introduced into the area of the other Contracting Party by or on behalf of that designated airline or taken on board the aircraft operated by that designated airline and intended only for use on board such aircraft in the operation of international services shall be relieved by the other Contracting Party on the basis of reciprocity from customs duties, excise taxes and similar fees and charges not based on the cost of services provided on arrival, even when these supplies are to be used on any part of the journey performed over the area of the Contracting Party in which they are taken on board.
3. The items referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities.
4. Regular air borne equipment, spare parts, supplies of fuels and lubricants and aircraft stores on board the aircraft of a designated airline of either Contracting Party may be unloaded in the area of the other Contracting Party only with the approval of the customs authorities of that Contracting Party who may require that these materials be placed under their supervision up to such time as they are reexported or otherwise disposed of in accordance with customs regulations.
5. The reliefs provided for by this Article shall also be available in situations where a designated airline of either Contracting Party has entered into arrangements with another airline or airlines for the loan or transfer in the area of the other Contracting Party of the items specified in paragraph 1 and 2 of this Article, provided such other airline or airlines similarly enjoy such reliefs from such other Contracting Party.
6. Passengers, baggage and cargo in direct transit across the area of either Contracting Party and not leaving the area of the airport reserved for such purpose shall, unless security measures against violence, air piracy and smuggling of narcotic drugs require differently, be subject to no more than a very simplified control. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

Article 12 Aviation Security

1. The Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against unlawful interference forms an integral part of this Agreement. The Contracting Parties shall in particular act in conformity with the aviation security provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft,

J.



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.

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 applicable aviation security provisions established by the International Civil Aviation Organisation designated as Annexes to the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944. They shall require that operators of aircraft of their registry or operators of aircraft having their principal place of business or permanent residents in their area, and the operators of airports in their area, 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 of this Article required by the other Contracting Party for entry into, departure from, or while within the area of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its area 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 meet 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 thereof.

Article 13 Statistics

The Aeronautical Authorities of the Contracting Parties shall mutually supply at their request such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airlines of both Contracting Parties. Such statements shall include all information required to determine the amount of traffic carried by those airlines on the agreed services.

Article 14 Transfer of Earnings

The designated airlines of Macau shall have the right to convert and remit to Macau on demand local revenues in excess of sums locally disbursed. The designated airlines of the Federal Republic of Brazil shall have the right to convert and remit to Brazil on demand local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted without restrictions at the rate of exchange applicable to current transactions which is in effect at the time such revenues are presented for conversion and remittance. Such transfers shall not be subject to any charges except normal service charges collected by banks for such transaction.

f.

Article 15 Airline Representation

1. The designated airlines of one Contracting Party shall be entitled, in accordance with the laws and regulations of the other Contracting Party, relating to entry, residence and employment to bring in and maintain in the area of the other Contracting Party those of their own managerial, technical, operational and other specialist staff who are required for the provision of agreed services.
2. The designated airlines of each Contracting Party shall have the right to engage in the sale of air transportation in the area of the other Contracting Party directly and, at its discretion, through its agents. Each airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in local currency or, subject to the laws and regulations of the other Contracting Party, in any freely convertible currency.

Article 16 User Charges

1. Neither Contracting Party shall impose or permit to be imposed on the designated airline or airlines of the other Contracting Party user charges higher than those imposed on its own airlines operating similar international air services.
2. Each Contracting Party shall encourage consultation between its competent charging Authorities and airlines using the services and facilities, where practicable through the airlines representative organisations. Reasonable notice should be given to users of any proposals for changes in user charges to enable them to express their views before changes are made. Each Contracting Party shall further encourage the competent charging Authorities and airlines to exchange appropriate information concerning user charges.

Article 17 Consultation

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement. Such consultations, which will be between Aeronautical Authorities, shall begin within a period of sixty (60) days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

Article 18 Settlement of Disputes

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place try to settle it by negotiation.
2. If the Contracting Parties fail to reach a settlement of the dispute by negotiation, it may be referred by them to such person or body as they may agree on or, at the request of either Contracting Party, shall be submitted for decision to a tribunal of three arbitrators which shall be constituted in the following manner:

f.

- a) Within thirty (30) days after receipt of a request for arbitration, each Contracting Party shall appoint one arbitrator. A national of a State which can be regarded as neutral in relation to the dispute, who shall act as President of the tribunal, shall be appointed as the third arbitrator by agreement between the two arbitrators, within sixty (60) days of the appointment of the second;
 - b) If within the time limits specified above any appointment has not been made, either Contracting Party may request the President of the Council of the International Civil Aviation Organization to make the necessary appointment within thirty (30) days. If the President considers that he is a national of a State which cannot be regarded as neutral in relation to the dispute, the most senior Vice President who is not disqualified on that ground shall make the appointment.
3. Except as hereinafter provided in this Article or as otherwise agreed by the Contracting Parties, the tribunal shall determine the limits of its jurisdiction and establish its own procedure.
 4. The Tribunal shall decide by a majority vote and the decision shall be binding on the Contracting Parties, under their own law.
 5. The costs of the tribunal, including the cost of the arbitrators, shall be beared equally by the Contracting Parties.

Article 19 Amendment

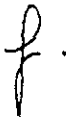
1. Any amendment or modification to this Agreement, agreed by the Contracting Parties, shall enter into force on the date, to be determined by writing, on which all the necessary internal procedures have been completed by both Contracting Parties.
2. Any amendment or modification to the Annex to this Agreement shall be agreed upon by the Aeronautical Authorities and shall come into force when confirmed, by writing, by both Contracting Parties.

Article 20 Termination

Either Contracting Party may, at any time, after this Agreement has entered into force, give written notice to the other Contracting Party of its decision to terminate the present Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate one (1) year after the date of receipt of the notice by the other Contracting Party, unless the notice to terminate is withdrawn by agreement before the expiry of this period. In the absence of acknowledgment 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 21 Registration

This Agreement and any amendment thereto shall be registered with the International Civil Aviation Organisation.



Article 22 Entry into Force

This Agreement shall enter into force as soon as the Contracting Parties have given notice in writing to each other that any necessary procedures have been completed.

IN WITNESS WHEREOF the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

Done in duplicate at in the Portuguese and Chinese languages, both texts being equally authoritative.

f.
FOR THE GOVERNMENT
OF MACAU

FOR THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF BRASIL



ANNEX

ROUTE SCHEDULE

- I. Routes to be operated by the designated airline(s) of Macau:
Macau-intermediate points - one point in Brazil (*) - points beyond
* (to be chosen by the designated airline(s) of Macau)
- II. Routes to be operated by the designated airline(s) of the Federal Republic of Brazil:
Points in Brazil - intermediate points - Macau - points beyond

NOTES

1. The airline(s) designated by Macau may, on any or all flights, omit stops on routes referred above and may serve points on the routes in any order, provided the agreed services on these routes begin in Macau.
2. The airline(s) designated by the Federal Republic of Brazil may, on any or all flights, omit stops on routes referred above and may serve points on the routes in any order, provided the agreed services on these routes begin in points in Brazil.
3. No point in Hong Kong, Taiwan or in the mainland of China may be served as an intermediate or beyond point.
4. The designated airlines of both Contracting Parties are entitled to serve up to a maximum of two intermediate points and one point beyond, with traffic rights, which may be changed, on a season basis, according to IATA periods.
5. No point in Portugal or in Japan may be served as an intermediate or beyond point, with traffic rights, by the designated airlines of both Contracting Parties.