

**AGREEMENT BETWEEN
THE GOVERNMENT OF MACAU
AND
THE SWISS FEDERAL COUNCIL
RELATING TO SCHEDULED 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 Swiss Federal Council

Desiring to develop international co-operation in the field of air transport, and

Desiring to establish the necessary basis for the operation of scheduled air services,

have appointed plenipotentiaries who, duly authorized to that effect, have agreed as follows:

Article 1

Definitions

1. For the purpose of the present Agreement and its Annex:
 - a) The term "area" in relation to Macau includes the Macau Peninsula and the Taipa and Coloane Islands and in relation to Switzerland has the meaning assigned to "territory" in Article 2 of the Convention on International Civil Aviation, opened for signature at Chicago on the seventh day of December, 1944 (hereinafter referred to as the Convention);
 - b) The term "aeronautical authorities" means, in the case of Macau, the Civil Aviation Authority and, in the case of Switzerland, the Federal Office for Civil Aviation or in both cases any person or body, authorized to exercise the functions presently assigned to the said authorities;

- c) The term "designated airline" means an airline which one Contracting Party has designated, in accordance with Article 7 of the present Agreement, for the operation of the agreed air services;
 - d) The term "tariff" means the prices to be paid for the carriage of passengers, baggage and cargo and the conditions under which these prices apply, including commission charges and other additional remuneration for agency or sale of transportation documents but excluding remuneration and conditions for the carriage of mail.
2. The Annex forms an integral part of the present Agreement. All references to the Agreement shall include the Annex unless explicitly agreed otherwise.

Article 2

Provisions of the Convention

In implementing this Agreement, the Contracting Parties shall act in conformity with the provisions of the Convention including the Annexes and any amendments to the Convention or to the Annexes insofar as these provisions are applicable to both Contracting Parties.

Article 3

Grant of Rights

1. Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the purpose of operating air services on the routes specified in the schedules for the Annex. Such services and routes are hereafter called "agreed services" and "specified routes" respectively.
2. Subject to the provisions of the present Agreement the airline designated by each Contracting Party shall enjoy, while operating international air services:
 - a) the right to fly without landing across the area of the other Contracting Party;
 - b) the right to make stops in the said area for non-traffic purposes;
 - c) the right to embark and disembark in the said area at the points specified in the Annex of the present Agreement 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 specified in the Annex of the present Agreement passengers, baggage, cargo and mail destined for or coming from points in the area of the other Contracting Party, specified in the Annex of the present Agreement.
3. Nothing in 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

Exercise of Rights

1. The designated airlines shall enjoy fair and equal opportunities to operate the agreed services between the areas of the Contracting Parties.
2. The designated airline of each Contracting Party shall take into consideration the interests of the designated airline of the other Contracting Party so as not to affect unduly the agreed services of the latter airline operated over the whole or part of the same routes.
3. The main objective of the agreed services shall be to provide capacity corresponding to traffic demand between the area of the Contracting Party which has designated the airline and the points served on the specified routes.
4. The right of each of the designated airlines to carry international traffic between the area of the other Contracting Party and the area of third Parties, shall be exercised in conformity with the general principles of normal development to which both Contracting Parties subscribe and subject to the condition that the capacity shall be adapted:
 - a) to traffic demand to and from the area of the Contracting Party which has designated the airline;
 - b) to traffic demand of the geographic areas through which the service passes, local and regional services being taken into account;
 - c) to the requirements of an economical operation of the agreed services.
5. Neither Contracting Party shall unilaterally restrict the operations of the designated airline of the other Contracting Party except according to the terms of the present Agreement or by such uniform conditions as may be contemplated by the Convention.

Article 5

Application of Laws and Regulations

1. The laws and regulations of one Contracting Party governing entry into and departure from its area of aircraft engaged in international air navigation or flights of such aircraft over that area shall apply to the designated airline of the other Contracting Party.
2. The laws and regulations of one Contracting Party governing entry into, sojourn, and departure from its area of passengers, crew, baggage, cargo or mail, such as formalities regarding entry, exit, emigration and immigration, as well as customs and sanitary measures shall apply to passengers, crew, baggage, cargo and mail carried by the aircraft of the designated airline of the other Contracting Party while they are within the said area.
3. Neither Contracting Party may grant preference to its own airline with regard to the designated airline of the other Contracting Party in the application of the laws and regulations provided for in this Article.

Article 6

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 the present Agreement. In that regard 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 on 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 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 Contracting 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 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 7

Designation and Operating Authorization

1. Each Contracting Party shall have the right to designate one airline for the purpose of operating the agreed services. Such designation shall be effected by virtue of a written notification between the aeronautical authorities of both Contracting Parties.
2. The aeronautical authorities which have received the notification of designation shall, subject to the provisions of paragraphs 3 and 4 of this Article, grant without delay to the designated airline of the other Contracting Party the necessary operating authorization.
3. The aeronautical authorities of one Contracting Party may require the airline designated by the other Contracting Party to prove that it is qualified to fulfill the conditions prescribed under the laws and regulations normally applied to the operation of international air services by the said authorities in conformity with the provisions of the Convention.
4. Macau 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 of the rights specified in Article 3 of the present Agreement in any case where the other Contracting Party has no proof that a

preponderant part of the ownership and effective control of that airline are vested in Switzerland or in Swiss nationals.

Switzerland 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 of the rights specified in Article 3 of the present Agreement in any case where the other Contracting Party has no proof that its designated airline is incorporated and has its principal place of business in Macau.

5. Having received the operating authorization, provided for under paragraph 2 of this Article, the designated airline may at any time operate the agreed services, provided that tariffs established in accordance with the provisions of Article 14 of the present Agreement are in force.

Article 8

Revocation and Suspension of Operating Authorization

1. Each Contracting Party shall have the right to revoke or suspend an operating authorization for the exercise of the rights specified in Article 3 of the present Agreement by the designated airline of the other Contracting Party or to impose such conditions as it may deem necessary on the exercise of such rights, if:
 - a) in the case of Macau, in any case where it is not satisfied that a preponderant part of that airline's ownership and effective control are vested in Switzerland or in Swiss nationals, and

in the case of Switzerland, in any case where it is not satisfied that that designated airline is incorporated and has its principal place of business in Macau,
 - b) the said airline fails to comply with or has seriously infringed the laws or regulations of the Contracting Party granting these rights, or
 - c) the said airline fails to operate the agreed services in accordance with the conditions prescribed under the present Agreement.
2. Such a right shall be exercised only after consultation with the other Contracting Party, unless immediate revocation, suspension or imposition of the conditions provided for under paragraph 1 of this Article is essential to prevent further infringements of laws and regulations.

Article 9

Recognition of Certificates and Licenses

1. Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one of the Contracting Parties shall, during the period of their validity, be recognized as valid by the other Contracting Party.
2. Each Contracting Party reserves the right, however, to refuse to recognize as valid, for the purpose of flights over its own area, certificates of competency and licenses granted to or rendered valid for its own residents, in the case of Macau by the other Contracting Party, or for its own nationals in the case of Switzerland by the other Contracting Party, or by a third Party.

Article 10

Exemption of Duties and Taxes

1. Aircraft operated on international services by the designated airline of one Contracting Party, as well as their normal equipment, supplies of fuel and lubricants, aircraft stores including food, beverages and tobacco carried on board such aircraft, shall, on entering into the area of the other Contracting Party, be exempt from all duties or taxes, provided such equipment, supplies and stores remain on board the aircraft until they are re-exported.
2. Following items shall also be exempt from the same duties and taxes, with exception of charges corresponding to the services rendered:
 - a) aircraft stores taken on board in the area of one Contracting Party, within the limits fixed by the authorities of the said Contracting Party, and intended for use on board the aircraft operated on an international service by the designated airline of the other Contracting Party;
 - b) spare parts and normal board equipment imported into the area of one Contracting Party for the maintenance or repair of aircraft operated on international services;
 - c) fuel and lubricants destined for the designated airline of one Contracting Party to supply aircraft operated on international services, even when these supplies are to be used on any part of a journey performed over the area of the Contracting Party in which they have been taken on board;
 - d) the necessary documents used by the designated airline of one Contracting Party including transportation documents, airway bills and advertising

material, as well as motor vehicles, material and equipment which may be used by the designated airline for commercial and operational purposes within the airport area provided such material and equipment serve the transportation of passengers and freight.

3. The normal board equipment, as well as the materials and supplies retained on board the aircraft operated by the designated airline of one Contracting Party may be unloaded in the area of the other Contracting Party only with the approval of the customs authorities of that area. In such a case, they may be placed under the supervision of the said authorities until they are re-exported or otherwise disposed of in accordance with customs regulations.
4. The exemptions provided for by this Article shall also be available in situations where the 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 paragraphs 1 and 2 of this Article provided such other airline or airlines similarly enjoy such exemptions from such other Contracting Party.

Article 11

User Charges

1. Each Contracting Party shall use its best efforts to ensure that user charges imposed or permitted to be imposed by its competent authorities on the designated airline of the other Contracting Party are just and reasonable. They shall be based on sound economic principles.
2. Charges for the use of airport and air navigation facilities and services offered by one Contracting Party to the designated airline of the other Contracting Party shall not be higher than those which have to be paid by its aircraft operating on scheduled international services.

Article 12

Commercial Activities

1. The designated airline of one Contracting Party shall be permitted to maintain adequate representations in the area of the other Contracting Party. These representations may include commercial, operational and technical staff, which may consist of transferred or locally engaged personnel.

2. For the commercial activities the principle of reciprocity shall apply. The competent authorities of each Contracting Party will take all necessary steps to ensure that the representations of the airline designated by the other Contracting Party may exercise its activities in an orderly manner.
3. In particular, each Contracting Party grants to the designated airline of the other Contracting Party the right to engage in the sale of air transportation in its area directly and, at the airline's 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 the currency of that area or in freely convertible currencies of other Parties.

Article 13

Conversion and Transfer of Revenues

Each designated airline shall have the right to convert and remit to its area, at the official rate of exchange, receipts in excess of sums locally disbursed in due proportion to the carriage of passengers, baggage, cargo and mail. If payments between the Contracting Parties are regulated by a special agreement, this special agreement shall apply.

Article 14

Tariffs

1. The tariffs to be applied by the designated airline of a Contracting Party for services covered by this Agreement shall be established at reasonable levels, due regard being paid to all relevant factors, including interests of users, cost of operation, characteristics of service, commission rates, reasonable profit, tariffs of other airlines, and other commercial considerations in the market-place.
2. The aeronautical authorities shall give particular attention to tariffs which may be objectionable because they appear unreasonably discriminatory, unduly high or restrictive because of the abuse of a dominant position, artificially low because of direct or indirect subsidy or support, or predatory.
3. The tariffs shall be filed at least 24 hours before the proposed date of their introduction. The aeronautical authorities may approve or disapprove tariffs

filed for one-way or round-trip carriage between the areas of the two Contracting Parties which commences in their own area. In case of disapproval they shall give notice of disapproval to the aeronautical authorities of the other Contracting Party as soon as possible or at least within 14 days of the filing being received.

4. Neither of the aeronautical authorities shall take unilateral action to prevent the inauguration of proposed tariffs or the continuation of effective tariffs for carriage between the areas of the two Contracting Parties commencing in the area of the other Party.
5. Notwithstanding paragraph 4 above, where the aeronautical authorities of either Contracting Party believe that a tariff for the carriage to its area falls within the categories described in paragraph 2 above, they shall give notice of disapproval to the aeronautical authorities of the other Contracting Party as soon as possible or at least within 14 days of the date of filing being received by them.
6. The aeronautical authorities of each Contracting Party may request consultations regarding any tariff which was subject of disapproval. Such consultations shall be held not later than 30 days after receipt of the request. If the Contracting Parties reach agreement, each Contracting Party shall use its best efforts to put that agreement into effect. If no agreement is reached, the decision of the Contracting Party in whose area the carriage originates shall prevail.
7. For carriage between the areas of the Contracting Parties, the aeronautical authorities shall permit the designated airline of the other Contracting Party to match any tariff on the same city pair currently authorized for application by an airline of either Contracting Party or of a third Party.

Article 15

Time-table Submission

1. Not later than thirty days prior to the operation of the agreed services the designated airline shall submit the envisaged time-table for approval to the aeronautical authorities of the other Contracting Party. The same procedure shall apply to any modification thereof.
2. For supplementary flights which the designated airline of one Contracting Party wishes to operate on the agreed services outside the approved time-table it has to request prior permission from the aeronautical authorities of the other Contracting Party. Such request shall usually be submitted at least two working-days before operating such flights.

Article 16

Provision of Statistics

The aeronautical authorities of both Contracting Parties shall supply each other, on request, with periodic statistics or other similar information relating to the traffic carried on the agreed services.

Article 17

Consultations

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

Article 18

Settlement of Disputes

1. Any dispute arising under the present Agreement, which cannot be settled by direct negotiations or through appropriate channels, shall, at the request of either Contracting Party, be submitted to an arbitral tribunal.
2. In such a case, each Contracting Party shall nominate an arbitrator and the two arbitrators shall appoint a president, who is not a resident of Macau or a national of Switzerland. If within two months after one of the Contracting Parties has nominated its arbitrator, the other Contracting Party has not nominated its own, or, if within the month following the nomination of the second arbitrator, both arbitrators have not agreed on the appointment of the president, each Contracting Party may request the President of the Council of the International Civil Aviation Organization to proceed with the necessary nominations.
3. The arbitral tribunal shall determine its own procedure and decide on the distribution of the cost of the procedure.
4. The Contracting Parties shall comply with any decision delivered in application of this Article.

Article 19

Modifications

1. If either of the Contracting Parties considers it desirable to modify any provisions of the present Agreement, such modifications, if agreed between the Contracting Parties, shall be applied provisionally from the date of its signature and enter into force when the Contracting Parties will have notified to each other the fulfillment of their necessary procedures.
2. Modifications to the Annex of the present Agreement may be agreed directly between the aeronautical authorities of the Contracting Parties. They shall be applied provisionally from the date they have been agreed upon and enter into force when confirmed by an exchange of letters.

Article 20

Termination

1. Each Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate the present Agreement. Such notice shall simultaneously be communicated to the International Civil Aviation Organization.
2. The Agreement shall terminate at the end of a time-table period during which twelve months after the date of receipt of the notice will have elapsed, unless the notice is withdrawn by mutual agreement before the expiry of this period.
3. In default of acknowledgment of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen days after the date on which the International Civil Aviation Organization will have received communication thereof.

Article 21

Registration with International Civil Aviation Organization

The present Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

Article 22


Entry into Force

The present Agreement shall enter into force when the Contracting Parties will have notified to each other in writing that any necessary procedures have been fulfilled.


In witness whereof the plenipotentiaries of the two Contracting Parties have signed the present Agreement.

Done in duplicate at Bern this day of 5th September 1995 in the Portuguese, French, Chinese and English languages, all four texts being equally authentic. In case of any divergence of implementation, interpretation or application, the English text shall prevail.

For the Government of Macau


Vasco Rocha Vieira
Governor

For the Swiss Federal Council


Adolf Ogi
Minister of Federal Department of Transport,
Communications and Energy

A N N E X
ROUTE SCHEDULES

1. Route Schedule I

Routes on which air services may be operated by the designated airline of Macau in both directions:

From Macau via intermediate points to one point in Switzerland and points beyond

2. Route Schedule II

Routes on which air services may be operated by the designated airline of Switzerland in both directions:

From Switzerland via intermediate points to Macau and points beyond

No points in mainland of China, Taiwan and Hongkong may be served either as intermediate points or beyond points.

3. Notes

Intermediate points and points beyond on any of the specified routes may, at the option of the designated airlines, be omitted on any flights, provided that the flight(s) originate or end in the area of the Contracting Party which has designated the airline concerned.

Fifth freedom traffic rights are agreed upon separately.