

AIR TRANSPORT AGREEMENT

BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

The Government of the People's Republic of China and the Government of the Democratic People's Republic of Korea (hereinafter referred to as "the Contracting Parties"),

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

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

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

ARTICLE 1 DEFINITIONS

1. For the purpose of the present Agreement, unless the context otherwise requires:
 - a) the term "aeronautical authorities" means in the case of the Government of the People's Republic of China, the General Administration of Civil Aviation of China, in the case of the Government of the Democratic People's Republic of Korea, the General Administration of Civil Aviation of the Democratic People's Republic of Korea, or in both cases any body authorized to perform the functions of the said authorities;
 - b) the term "airline" means any air transport enterprise offering or operating an international air service;
 - c) the term "designated airline" means an airline which has been designated and authorized in accordance with article 3 of the present Agreement;

- d) the term “air service” means any scheduled air service performed by aircraft for the public transport of passengers, baggage, cargo or mail;
 - e) the term “international air service” means an air service which passes through the air space over the territory of more than one State;
 - f) the term “stop for non-traffic purposes” means a landing for any purpose other than taking on or discharging passengers, baggage, cargo or mail;
 - g) the term “capacity” means:
 - 1) in relation to an aircraft, the payload of that aircraft available on a route or section of a route.
 - 2) In relation to an agreed air service, the capacity of aircraft used on such air service multiplied by frequency operated by such aircraft over a given period on a route or section of a route.
 - h) the term “tariff” means the prices to be paid for carriage of passengers, baggage and cargo and the condition under which those prices apply, including prices and conditions for agency and other auxiliary services, but excluding remuneration or conditions for the carriage of mail.
2. The Annexes form an integral part of the present Agreement.

ARTICLE 2 GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement to enable its designated airline to establish and operate international air services on the route specified in the Annex to the present Agreement. Such services and routes are hereinafter called “the agreed services” and “the specified routes” respectively.
2. Subject to the provisions of this Agreement, the airline designated by each Contracting Party shall enjoy, while operating agreed service on

the 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 in the said territory for non-traffic purpose;
 - 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 of passengers, baggage, cargo and mail. No fifth freedom traffic rights are however granted in this paragraph.
3. The designated airline of each Contracting Party shall not be entitled to carry traffic between two points in the territory of the other Contracting Party.

ARTICLE 3 DESIGNATION AND AUTHORIZATION

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 route.
2. The substantial ownership and effective control of the airline designated by each Contracting Party shall remain vested in such Contracting Party.
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 service by the said authorities.
4. On receipt of such designation, the aeronautical authorities of the other Contracting Party shall, subject to the provisions of paragraphs 2 and 3 of this Article, without delay grant to the designated airline the appropriate operating authorizations.
5. When an airline has been so designated and authorized, it may begin

at any time to operate the agreed service, provided that tariffs and schedules established in accordance with the provisions of Articles 10 and 11 of the present Agreement are in force in respect of that service.

6. The designated airline of either Contracting Party may operate the agreed services on the specified route(s) with aircraft leased from a third country, provided that prior notice shall be furnished to the aeronautical authorities of the other Contracting Party at least 30 days before the commencement of the proposed operation. Under special circumstances, this period may be reduced subject to the concurrence of the said authorities.

ARTICLE 4 REVOCATION, SUSPENSION OF RIGHTS AND IMPOSITION OF CONDITIONS

1. The aeronautical authorities of each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of the present Agreement by an airline designated by the other Contracting Party, or to impose such conditions as they may deem necessary on the exercise of these rights:
 - a) in any case where they are not satisfied that the substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline; or
 - b) in case of failure by that airline to comply with the laws and regulations of the other Contracting Party; or
 - c) in case the airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under the present 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 rights shall be exercised only after consultation with the aeronautical authorities of the other Contracting Party. Such consultation between the aeronautical authorities shall begin within a period of thirty (30) days from the date of

the request.

ARTICLE 5 EXEMPTION FROM CUSTOMS DUTIES AND OTHER CHARGES

1. Aircraft operated on international air services by the designated airline of one Contracting Party, as well as their regular equipment, spare parts, supplies of fuels, oils (including hydraulic fluids), lubricants and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.
2. Supplies of fuels, oils (including hydraulic fluids), lubricants, spare parts, regular equipment and aircraft stores introduced into the territory of each Contracting Party by or on behalf of the designated airline of the other Contracting Party or taken on board the aircraft of such designated airline in the said territory shall be exempt from all duties and charges including customs duties, inspection fees and other duties or taxes imposed in the territory of the first Contracting Party even when those supplies are to be used on parts of the journey performed over the territory of the Contracting Party in which they are taken on board. The materials referred to above shall be kept under customs supervision or control.
3. The regular airborne equipment, spare parts, aircraft stores, and supplies of fuels, oils (including hydraulic fluids), and lubricants retained on board the aircraft of the designated airline of either Contracting Party may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that other Contracting Party, who may require that those materials be placed under customs supervision and control up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.
4. Passenger tickets, airway bills, timetables, publicity materials and give-aways introduced into the territory of either Contracting Party by the designated airline of the other Contracting Party shall be exempt from customs duties, inspection fees and other duties or taxes.

5. Furnitures and equipment for office use as well as communications facilities and vehicles required by the representative office of the designated airline of either Contracting Party in the territory of the other Contracting Party for the operation of the agreed services shall also be exempt from customs duties and other duties or taxes.

ARTICLE 6 COMPLIANCE WITH LAWS AND REGULATIONS

1. The laws and regulations of either Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air services, or to the operation and navigation of such aircraft therein, shall be complied with by the aircraft of the designated airline of the other Contracting Party while entering, within and departing from the territory of that other Contracting Party.
2. The laws and regulations of either Contracting Party relating to immigration, customs and quarantine shall be applied to the crews, passengers, baggage, cargo and mail carried by aircraft of the designated airline of the other Contracting Party upon their arrival in, presence within and departure from the territory of the first Contracting Party.
3. Passengers in direct transit across the territory of either Contracting Party shall be subject to no more than very simplified formalities. Baggage and cargo, if in direct transit, shall be exempt from customs duties, inspection fees and other duties or charges.

ARTICLE 7 CERTIFICATES AND LICENSES

1. Aircraft of the designated airline of either Contracting Party operating on the specified route shall bear its nationality and registration marks and carry on board appropriate documents.
2. Certificates of the airworthiness, certificates of competency and licenses issued, or validated, by one Contracting Party and

unexpired shall be recognized as valid by the other Contracting Party.

3. Each Contracting Party, however, reserves the right to refuse to recognize, for flights above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting party.

ARTICLE 8

PROVISION OF TECHNICAL SERVICES AND USER CHARGES

1. Each Contracting Party shall designate in its territory regular airports and alternate airports to be used by the designated airline of the other Contracting Party for the operation of the specified route, and shall provide that airline with such communications, navigational, meteorological and other auxiliary services in its territory as are required for the operation of the agreed services. Detailed arrangements relating to above may be agreed upon between the aeronautical authorities of both Contracting Parties.
2. The designated airline of each Contracting Party shall be charged for the use of airports, facilities and technical services of the other Contracting Party at fair and reasonable rates prescribed by the appropriate authorities of the other Contracting Party. Such rates shall not be higher than those imposed on airlines of other States engaged in international air services for the use of similar facilities and services.

ARTICLE 9

REPRESENTATION AND PERSONNEL

1. For the operation of the agreed services on the specified route, the designated airline of each Contracting Party shall have the right, on reciprocal basis, to set up representation at the point of call on the specified route within the territory of the other Contracting Party. The staff of the representation shall comply with the laws and regulations in force in the country where such representation is located.
2. The staff members of the representation of the designated airline of

each Contracting Party in the territory of the other Contracting Party shall be nationals of either Contracting Party. The number of such staff shall be determined on reciprocal basis between the aeronautical authorities of both Contracting Parties.

3. Each Contracting Party shall to the maximum extent practicable ensure the safety of the representation and its staff members of the designated airline of the other Contracting Party, and safeguard the aircraft, stores and other properties of the said airline in its territory for use in the operation of the agreed services.
4. Each Contracting Party shall to the maximum extent possible extend assistance and facilities to the representation and its staff members of the designated airline of the other Contracting Party necessary for the efficient operation of the agreed services.
5. The crew members of the designated airline of either Contracting Party on flights into and out of the territory of the other Contracting Party shall be nationals of the Contracting Party designating such airline. If the designated airline of either Contracting Party desires to employ crew members of any other nationality on flights into and out of the territory of the other Contracting Party, prior approval shall be obtained from that other Contracting Party.

ARTICLE 10 CAPACITY PROVISIONS

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. Matters relating to frequency, type of aircraft as well as flight schedule, sales representation, ground handling and other matters pertaining to the operation of the agreed services shall be agreed upon through consultation between the designated airlines of both Contracting Parties in the light of the principle of equality and mutual benefit, and on a reciprocal basis. The arrangement so agreed shall be subject to the approval of the aeronautical authorities of both Contracting Parties. If the designated airlines of both Contracting Parties fail to reach agreement on frequency, type of aircraft and flight schedule, the aeronautical authorities of both Contracting

Parties shall endeavour to settle the matter through consultations.

3. 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.
4. The agreed services provided by the designated airlines of the Contracting Parties shall bears 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, baggage, cargo and mail originating from or destined for the territory of the Contracting Party which has designated the airline. Provision for the carriage of passengers, baggage, cargo and mail both taken up and put down at points on the specified route in the territories of States other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:
 - a) traffic requirements to and from the territory of the Contracting Party which has designated the airline;
 - b) traffic requirements of the area through which the airline passes; and
 - c) the requirements of an economical operation of through services.
5. The capacity and the frequency to be operated by the designated airlines shall be agreed upon between the aeronautical authorities of the Contracting Parties reasonably in advance of the inauguration of the agreed services.

ARTICLE 11 ESTABLISHMENT OF TARIFFS

1. The tariffs to be charged by the designated airline of one Contracting Party for the carriage to or from the territory of the other Contracting Party shall be fixed at reasonable levels, due regard being paid to all relevant factors, including cost of operation, reasonable profit,

characteristics of service and the tariffs of other airlines.

2. The tariffs referred to in paragraph 1 of this Article shall be agreed upon in the first instance between the designated airlines of the Contracting Parties, where necessary and possible, in consultation with other airlines operating the whole and part of the same route.
3. Any tariff so agreed shall be submitted to the aeronautical authorities of the Contracting Parties for approval at least sixty (60) days before the proposed date of their introduction. This period may be reduced in certain cases upon agreement between the said authorities.
4. If neither of the aeronautical authorities has expressed disapproval within thirty (30) days from the date of submission, in accordance with paragraph 3 of this Article, these tariffs shall be considered as approved.
5. If the designated airlines of the Contracting Parties can not agree, or if the tariffs are not approved by the aeronautical authorities of one Contracting Party, the aeronautical authorities of both Contracting Parties shall endeavour to determine the tariffs by mutual agreement through negotiation.
6. A tariff established in accordance with the provisions of this Article shall remain in force until a new tariff has been established. Nevertheless, a tariff shall not be prolonged by virtue of this paragraph for more than 12 months after the date on which it otherwise would have expired.

ARTICLE 12 PROVISION OF STATISTICS

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

ARTICLE 13
TRANSFER OF AIRLINE EARNINGS

1. Each Contracting Party shall grant to the designated airline of the other Contracting Party the right to transfer, at the official rate of exchange published by its financial authorities, the excess of the receipt over expenditure achieved on its territory in connection with the carriage of passengers, baggage, cargo by the said designated airline in any freely convertible currencies.
2. If payments system between the Contracting Parties are regulated by a special agreement, this special agreement shall be applied.

ARTICLE 14
AVOIDANCE OF DOUBLE TAXATION

1. The revenue and profits achieved by the designated airline of either Contracting Party in the territory of the other Contracting Party shall be exempt from all taxes.
2. The properties of the designated airline of either Contracting Party in the territory of the other Contracting Party shall be exempt from all taxes.
3. The income of the staff members of the representation of the designated airline of either Contracting Party who are nationals of that Contracting Party shall be exempt from all taxes in the territory of the other Contracting Party.

ARTICLE 15
SEARCH AND RESCUE

In case the aircraft of the designated airline of one Contracting Party is in distress or meets with an accident in the territory of the other Contracting Party, the other Contracting Party shall:

- a) inform without delay the first Contracting Party of the accident;

- b) immediately start search and rescue operation;
- c) render assistance to the passengers and crew;
- d) provide all security measures for the aircraft and its contents;
- e) carry out investigation into the accident;
- f) permit the representatives of the first Contracting Party access to the aircraft and participate in the investigation as observers;
- g) give clearance to the aircraft and its contents as soon as they are no longer necessary for the investigation;
- h) communicate in writing to the first Contracting Party its conclusions and the final report concerning the investigation.

ARTICLE 16 CONSULTATION

1. The contracting Parties shall ensure the correct implementation of, and satisfactory compliance with, the provisions of this Agreement in a spirit of close cooperation and mutual support. To this end, the aeronautical authorities of the Contracting Parties shall consult each other from time to time.
2. Either Contracting Party may request consultation with the other Contracting Party, which may be either oral or in writing, and which shall begin within a period of sixty (60) days from the date of receipt of the request, unless both Contracting Parties jointly determine an extension of this period.
3. If any difference of opinion arises in respect of the interpretation or implementation of this Agreement, the designated airlines of both Contracting Parties shall, where appropriate, endeavour to settle it directly through consultation in a spirit of friendly cooperation and mutual understanding. If the designated airlines fail to reach a settlement, or if the matter at issue does not lie within their competence, the aeronautical authorities of the Contracting Parties shall endeavour to settle it between themselves. If a settlement still can not be reached, the Contracting Parties shall endeavour to settle it

through diplomatic channels.

ARTICLE 17 AMENDMENTS

1. The Contracting Parties shall modify or amend any provision of this Agreement through discussion or by correspondence.
2. Any modifications so agreed shall come into force when they have been confirmed by an exchange of Diplomatic Notes.
3. Any modification to this Annex of the present Agreement may be agreed between the aeronautical authorities of the Contracting Parties.

ARTICLE 18 TERMINATION

Either Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate the present Agreement. In such 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 agreement before expiry of that period.

ARTICLE 19 ENTRY INTO FORCE

1. This Agreement shall supersede the Air Transport Agreement signed on February 18, 1959 between the two Governments.
2. This Agreement shall be applicable provisionally from the date of its signature.
3. This Agreement shall come into force definitively on the date when the Contracting Parties have notified each other through diplomatic channels of the completion of their respective legal procedures.

Done in Pyongyang on 8th day of November 1993 in the Chinese, Korean and English languages in duplicate. All the three texts are equally authentic.

For the Government of the
People's Republic of China

For the Government of the Democratic
People's Republic of Korea

ANNEX 1

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

Points of origin	intermediate points	destination	points beyond
Beijing		Pyongyang	Tokyo and/or Osaka and Points of third countries

2. The route of the agreed services operated by the airline designated by the Government of the Democratic People's Republic of Korea shall be as follows in both directions:

Points of origin	intermediate points	destination	points beyond
Pyongyang		Beijing	Islamabad and/or Karachi and points of third countries

3. The intermediate and beyond points and the matters of traffic rights shall be specified by mutual agreement between the aeronautical authorities of the Contracting Parties.
4. Any point or points on the specified route may be omitted on any or all flights at the discretion of the designated airline of each Contracting Party, provided that such operation originates in the territory of the Contracting Party designating the airline.

ANNEX 2

1. If the designated airline or other airlines desire to operate non-scheduled flight to, from or through the territory of the other Contracting Party, application for the purpose may be made to the aeronautical authorities of the other Contracting Party. The said authorities shall process without delay the application in accordance with its national regulations concerning non-scheduled operation. Application shall be made at least three (3) working days before the proposed date of the flight, which may be operated only after approval has been obtained.
2. The designated airline of each Contracting Party may, according to traffic requirement, apply for operation of additional flight(s) on the specified route. The application for such flight(s) shall be submitted to the aeronautical authorities of the other Contracting Party at least three (3) working days before the take-off of the said flight. Such flight(s) can be operated only after approval has been obtained.