

CIVIL AIR TRANSPORT AGREEMENT

BETWEEN

THE GOVERNMENT OF THE PEOPLES'S REPUBLIC OF CHINA

AND

THE GOVERNMENT OF THE STATE OF ISRAEL

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

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

Acknowledging the importance of air transport as a means of creating and preserving
friendship, understanding and cooperation between the peoples of China and Israel; and

Desiring to promote the development of air transport between the two countries; and

Desiring to conclude an Agreement for the operation of air services between their territories;

Have agreed as follows:

ARTICLE I

DEFINITIONS

1. For the purpose of the interpretation and application of the Agreement, except as
otherwise provided herein:

a) 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, any amendment of the Annexes or Convention under Articles 90 and 94 thereof so far as those Annexes and amendments have become effective for or have been ratified by both Contracting Parties;

b) the term "aeronautical authorities" means in the case of the State of Israel, The Minister of Transport, and in the case of the People's Republic of China, the General Administration of Civil Aviation of China, or in both cases any person or body duly authorized to perform any functions exercised by the said authorities;

c) the term "air services", "international air services", "airline" and "stop for non-traffic purposes" has the meaning specified in Article 96 of the Convention;

d) the term "designated airline" means the airline which has been designated and authorized to operate the agreed services as specified in the Annex of this Agreement and in accordance with Article III of this Agreement;

e) the term "territory" means the land area, territorial sea and inland water and air space above them under the sovereignty of a state. For the purpose of this Agreement, it means the territory of the People's Republic of China and the territory of the State of Israel respectively;

f) the term "Agreement" means this Agreement, its Annexes and any amendments thereto;

g) the term "agreed services" means the international air services performed by aircraft for public transport of passengers, cargo and mail which are operated, according to the provisions of the Agreement, on the specified routes;

h) 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 services, but excluding remuneration or conditions for the carriage of mail.

i) the term "capacity" means:

- (1) in relation to an aircraft, the payload of that aircraft agreed to be made available on a route or section of a route;

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

2. The Annex to this Agreement and all references to this Agreement shall form an integral part of the Agreement.

ARTICLE II

GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the rights specified in the Agreement, for the purpose of establishing and operating scheduled international air services on the routes specified in the Annex hereto.
2. Subject to the provisions of this Agreement, the designated airline of each Contracting Party shall enjoy 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 in the territory of the other Contracting Party, at point(s) to be agreed upon between the aeronautical authorities of both Contracting Parties; and

(c) while operating the agreed services, 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 originating in or destined for the first Contracting Party.

3. The right of the designated airline 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 III

DESIGNATION OF AIRLINES AND OPERATING 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 routes.
2. The substantial ownership and effective control of the airline designated by each Contracting Party shall remain vested in such contracting Party or its nationals.
3. The aeronautical authorities of each Contracting Party may require the 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 by them to the operation of international air services by the said authorities.
4. On receipt of such designation, each Contracting Party shall, subject to the provisions of paragraphs 2. and 3. of this Article, grant to the airline so designated by the other Contracting Party the appropriate authorization without delay.
5. When an airline has been so designated and authorized, it may begin at any time to operate the agreed services, provided that a tariff established in accordance with the provisions of Article VI of this Agreement is in force in respect of those services.

ARTICLE IV

REVOCATION, SUSPENSION OR IMPOSITION OF CONDITIONS.

1. Each Contracting Party shall have the right to revoke or suspend the operating authorization granted to the designated airline 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 II of this Agreement in any one of the following cases:
 - a) in cases where it is not satisfied that substantial ownership and effective control of the airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party;
 - b) in cases of failure by that airline to comply with the laws and regulations of

the Contracting Party granting these rights; or

- c) in any case in which the airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under the Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article are essential to prevent further infringement of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

ARTICLE V

APPLICATION OF LAWS AND REGULATIONS

1. The laws and regulations of each Contracting Party governing the admission to or departure from its own territory of aircraft engaged in international navigation, or related to the operation of such aircraft while within its territory, shall be applied to the aircraft of the designated airline of the other Contracting party upon entrance into, departure from and while within the said territory.

2. The laws and regulations of each Contracting Party related to the admission to, stay in, transit through and departure from its territory of passengers, crew, baggage, cargo and mail on aircraft, including regulations relating to entry and departure, immigration, passports, customs, currency and sanitary measures, shall be complied with by the designated airline of each Contracting Party upon entrance into or departure from and while within the territory of the other Contracting Party.

ARTICLE VI

DIRECT TRANSIT

Passengers, baggage and cargo in direct transit across the territory of a Contracting Party, not leaving the area of the airport reserved for such purposes, shall be subject to a simplified control. Baggage and freight in direct transit shall be exempt from customs duties and other charges.

ARTICLE VII

EXEMPTION FROM CUSTOMS DUTIES AND TAXES

1. Aircraft operated on international air services by the designated airline of one Contracting Party, as well as their regular equipment, spare parts (including engines), 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 on arriving in the territory of the other Contracting Party, 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 the same 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) introduced by or on behalf of the designated airline of one Contracting Party into the territory of the other Contracting Party or taken on board the aircraft in the territory of the other Contracting Party and exclusively intended for use or consumption by aircraft engaged in international services, 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 one Contracting Party by or on behalf of the designated airline of the other Contracting Party for the maintenance or repair of aircraft engaged in operation of international services;

3. Printed ticket stock, airway bills and publicity materials introduced into the territory of one Contracting Party by or on behalf of the designated airline of the other Contracting Party, shall be exempt on the basis of reciprocity from all the customs duties, taxes, inspection fees and other similar fees and charges.

4. 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.

5. 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 another airline, which similarly enjoys such exemptions in the territory of the other Contracting Party, for the loan or transfer in the said territory of the items specified in paragraphs 1. and 2. of this Article.

ARTICLE VIII

CHARGES

Each Contracting Party may impose or permit to be imposed just and reasonable charges for the use of airports and other aviation facilities, provided that these charges shall not be higher than those paid by other airlines engaged in similar international air services.

ARTICLE IX

TARIFFS

1. The tariffs to be charged by the designated airline of one Contracting Party for carriage of traffic between the territories of the two Contracting Parties shall be established at reasonable levels, due regard being paid to all relevant factors, including cost of operation, reasonable profit and tariffs of other airlines.

2. The tariffs referred to in paragraph 1 of this Article, shall be agreed between the designated airlines of both Contracting Parties, after consultation with other airlines operating over the whole or part of the route.

3. The tariffs so agreed shall be submitted for the approval of the aeronautical authorities of both Contracting Parties at least 45 days before the proposed date of their introduction. In special cases, this period may be reduced, subject to the agreement of the said authorities.

4. The approval may be given expressly. If neither of the aeronautical authorities has expressed disapproval within 30 days from the date of submission, in accordance with paragraph 3 of this Article, these tariffs shall be considered approved. In the event of the period for submission being reduced, as provided for in paragraph 3, the aeronautical authorities may agree that the period within which any disapproval must be notified shall be less than 30 days.

5. If a tariff cannot be agreed in accordance with the provisions of paragraph 2 of this Article, or if during the period applicable in accordance with paragraph 4 of this Article, one aeronautical authority gives the other aeronautical authority notice of its disapproval of any tariff agreed upon in accordance with the provisions of paragraph 2 the aeronautical authorities of the two Contracting Parties shall endeavour to determine the tariff by mutual agreement.

6. If the aeronautical authorities cannot agree on any tariff submitted to them in accordance with paragraph 3 of this Article, or on the determination of any tariff as specified in paragraph 5 of this Article, the dispute shall be settled in accordance with the provisions of Article XVIII of this Agreement.

7. 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 X

CAPACITY AND SCHEDULES

1. There shall be fair and equal opportunity for both designated airlines to operate the agreed services as specified in the Annex to this Agreement.

2. While operating the agreed services, the designated airline of each Contracting Party shall take into account the interest 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 route, or on other routes of its network.

3. The capacity to be provided on the agreed services by the designated airlines shall bear a close relationship to the estimated air transport requirements of the traveling public between the territories of the Contracting Parties.

4. The capacity and schedules for the operation of the agreed services shall be established by mutual agreement between the two designated airlines and submitted to the aeronautical authorities for approval prior to the operation of the said agreed services and at least 45 days prior to their entry into force. In case such agreement cannot be reached between the designated airlines, the matter shall be referred to the aeronautical authorities of the Contracting Parties.

ARTICLE XI

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(s) of call on the specified route within the territory of the other Contracting Party.

2. The staff members of the representation of the designated airline of each Contracting Party shall be nationals of either Contracting Party. Such staff shall be subject to the laws and regulations in force of the other Contracting Party.

3. Each Contracting Party shall 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. The Contracting Parties shall do all efforts to grant, where necessary, without undue delay the permits and authorizations required for the functioning of the representation and for the employment and residence of the representatives and staff referred to in this Article.

4. 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 first Contracting Party. If a 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 XII

RECOGNITION OF CERTIFICATES AND LICENCES

1. 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 provided that the requirements under which such certificates and licences were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention.

2. Each Contracting Party reserves the right, however, of refusing to recognize the validity of the certificates of competency and the licences granted or rendered valid to its own nationals by the other Contracting Party for the purpose of flights to, from and through the territory of

the first Contracting Party.

ARTICLE XIII

MARKET ACCESS

Based on the principles of reciprocity, the designated airline of either Contracting Party may engage, in the territory of the other Contracting Party, in the sales of air transportation including interlining where necessary. These sales shall be effectuated directly in its own sales offices or at its discretion through duly licensed agents of its own appointment. Each designated airline may use its own transportation documents for such sales. These sales could be effected in local currency or, where applicable, in any freely convertible currency.

ARTICLE XIV

TAXATION

On reciprocal basis, the revenues and profit derived from the operation of international air services by the designated airline of each Contracting Party within the territory of the other Contracting Party shall be exempt from all taxes by that other Contracting Party.

ARTICLE XV

CONVERSION AND REMITTANCE OF REVENUE

Based on the principle of reciprocity:

- a. The designated airline of each Contracting Party shall have the right to remit to its home territory its excess of receipts over expenditure received in the territory of the other Contracting Party.
- b. The conversion and remittance of such revenue shall be effectuated in convertible currencies. The rate of exchange shall be the one prevailing on the date of remittance.
- c. Each Contracting Party shall facilitate the conversion and remittance of the above revenue received in its territory by the designated airline of the other Contracting Party and assist the said airline in attending to the relevant formalities. The said remittance shall be effectuated as early as possible and not later than 15 days from the date of request of such remittance.

ARTICLE XVI

AVIATION SECURITY

1. The Contracting Parties reaffirm their obligation to each other to protect the security of civil aviation against acts of unlawful interference. The Contracting Parties shall in particular act in conformity with the provisions of the Convention of Offences and certain Other Acts Committed on Board Aircraft, signed in 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.
2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention to the extent that such security provisions are applicable to the Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.
4. Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions referred to in paragraph 3 above required by the other Contracting party for entry into, departure from, or while within, the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to 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 XVII

EXCHANGE OF INFORMATION AND STATISTICS

The aeronautical authorities of either Contracting Party shall supply to the aeronautical authorities of the other Contracting Party, at their request, such statistical information as may be reasonably required for the purpose of determining the capacity provided by the designated airline including the amount of traffic carried on the agreed services.

ARTICLE XVIII

CONSULTATIONS

1. In the spirit of close cooperation, the aeronautical authorities of the Contracting Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement.
2. Either Contracting Party may at any time request consultation with the other Contracting Party concerning the Agreement. Such consultation shall begin as soon as possible and at least within sixty days from the date of receipt of the request by the other Contracting Party, unless otherwise agreed.

ARTICLE XIX

AMENDMENTS AND MODIFICATIONS

1. If either Contracting Party considers it desirable to amend any provision of this Agreement, it may at any time request consultation with the other Contracting Party and such consultation, which may be between the aeronautical authorities and may be through discussion or by correspondence, shall begin within a period of sixty 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. Modifications of the Annex to this Agreement may be made by direct agreement between the competent aeronautical authorities of the Contracting Parties and confirmed by exchange of diplomatic notes.

ARTICLE XX

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 endeavour to settle the dispute by negotiation.
2. If the aeronautical authorities of the Contracting Parties fail to reach a settlement of the said dispute, it shall be settled through diplomatic channels.

ARTICLE XXI

REGISTRATION

This Agreement shall be registered with the International Civil Aviation Organization.

ARTICLE XXII

TERMINATION

Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate the Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate 12 months after the date of receipt of the notice by the other Contracting Party, unless the notice of termination is withdrawn by mutual agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received 14 days after the receipt of the notice by the International Civil Aviation Organization.

ARTICLE XXIII

ENTRY INTO FORCE

This Agreement shall enter into force when both Contracting Parties have given written notification to each other by exchange of diplomatic notes that their respective internal requirements for entry into force have been fulfilled.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

DONE in BEIJING, this 11th day of OCTOBER 1993 which corresponds, in the case of Israel to the 26 of TISHREI 5753

in two originals in the Hebrew, Chinese and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government of
the People's Republic of China.

For the Government of
the State of Israel.

ANNEX

to the Civil Air Transport Agreement between the Government of the State of Israel and the Government of the People's Republic of China.

1. Route on which air services may be operated by the designated airline of the State of Israel:

Point of origin : Tel-Aviv

Intermediate points: One point - see note below (*)

Point in China : Beijing

2. Routs on which air services may be operated by the designated airline of the people's Republic of China:

Point of origin : Beijing

Intermediate points: One point - see note below (*)

Point in Israel : Tel-Aviv

3. The above air services shall be operated without fifth freedom traffic rights as provided for in Article II paragraph 3 of the Agreement.

4. Any or all of the beyond points may, at the opinion of the designated airlines, be omitted on any or all flights provided that the services begin or terminate in the territory of the Party designating the airline.

(*) The intermediate point for each designated airline shall be agreed upon between the aeronautical authorities of the Contracting Parties.