

**AIR SERVICES AGREEMENT
BETWEEN
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
AND
THE GOVERNMENT OF THE REPUBLIC OF CHILE**

The government of the People's Republic of China and the government of the Republic of Chile (hereinafter, "the Contracting Parties");

Desiring to conclude an Agreement to regularize air services between the People's Republic of China and the Republic of Chile;

Desiring to promote an international aviation system based on competition among airlines in the marketplace;

Desiring to facilitate the expansion of international air transport;

Desiring to make it possible for airlines of their respective Contracting Parties to offer the traveling and shipping public a variety of service options at reasonable prices that are not discriminatory and do not represent abuse of a dominant position;

Desiring to ensure the highest degree of safety and security in international air transport and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air transportation, and undermine public confidence in the safety of civil aviation; and

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

Have agreed as follows:

Article 1
Definitions

For the purpose of this Agreement, unless otherwise stated, the term:

1. "Aeronautical authorities" means, in the case of Chile, the Civil Aeronautical Board or its successor agency or agencies, and in the case of the People's Republic of China, the Civil Aviation Administration of China or any person or agency authorized to perform the functions exercised by the said Board or Administration;
2. "Agreement" means this Agreement, its Annexes, and any amendments thereto;
3. "Air transportation" means the public carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, for remuneration or hire;
4. "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on December 7, 1944, and includes:
 - a. any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by both Contracting Parties, and
 - b. any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time effective for both Contracting Parties;
5. "Designated airline" means an airline designated and authorized in accordance with Article 3 of this Agreement;
6. "International air transportation" means air transportation that passes through the airspace over the territory of more than one State;
7. "Stop for non-traffic purposes" means a landing for any purpose other than taking up or discharging passengers, baggage, cargo or mail in air transportation;

8. "Territory" in relation to a State means the land areas and territorial waters adjacent and airspace there above under the sovereignty of that State.

9. "User charge" means a charge imposed on airlines for the provision of airport, air navigation, or aviation security goods, facilities and services.

10. "Code sharing" means a business arrangement among designated airlines of both Contracting Parties and/or third country airlines under which they jointly operate either as an operating airline or marketing airline on a specific route, whereby each of the airlines involved has traffic rights. It entails the use of an aircraft by both airlines to carry passengers, cargo and mail, each aircraft using its own code.

11. "Change of gauge" means the operation of any of the services agreed upon by a designated airline, so that any segment or segments of the routes is served by aircraft having a gauge other than the one used in another segment, under the conditions agreed upon by aeronautical authorities of both Contracting Parties.

Article 2

Grant of Rights

1. Each Contracting Party grants to the other Contracting Party the following rights for the conduct of international air transportation by the designated airlines of the other Contracting Party:

- a. the right to fly across its territory without landing, along the airway(s) prescribed by the air traffic control authorities of the other Contracting Party;
- b. to make stops in its territory for non-traffic purposes, on the specified routes; and
- c. the right to make stops in the said territory for the purpose of taking up and discharging passengers, cargo and mail, either separately or in combination, while operating international air traffic from or to the other Contracting Party;

d. the right to make stops in its territory for the purpose of taking up and discharging passengers, cargo and mail, either separately or in combination, while operating international routes from or to third countries, and the right to take up and discharge passengers, cargo, and mail, either separately or in combination in third countries, coming from or bound to the territory of the other Contracting Party, through its own territory, as provided for in the Annex.

2. At points on the specified routes, the designated airlines of one Contracting Party shall have the right to use airways, airports, slots and other facilities in the territory of the other Contracting Party, on a non-discriminatory basis.

3. Nothing in this Article shall be deemed to confer on the designated airline of a Contracting Party traffic rights within the territory of the other Contracting Party.

Article 3

Designation and Authorization

1. Each Contracting Party shall have the right to designate as many airlines as it wishes to conduct international air transportation in accordance with this Agreement and to withdraw or alter such designations. Such designations shall be transmitted to the other Contracting Party in writing through diplomatic channels.

2. On receipt of such a designation, and of applications from the designated airline, in the form and manner prescribed for operating authorizations and technical permissions, the other Contracting Party shall, grant appropriate authorizations with minimum procedural delay, provided that:

- (a) the substantial ownership and effective control of that airline is vested in the Contracting Party designating the airline, nationals of that Party, or both;
- (b) the airline is qualified to meet the conditions prescribed under the laws, regulations and rules normally applied to the operation of international air transport by the Contracting Party considering the application or applications; and

- (c) the Contracting Party designating the airline is maintaining and administering the standards set forth in Article 6 (Recognition of Certificates and Licenses) and Article 7 (Aviation Security).

Article 4

Revocation, Suspension or Limitation of Authorization

1. Either Contracting Party may revoke, suspend or limit the operating authorizations or technical permissions of an airline designated by the other Contracting Party where:

- (a) the substantial ownership and effective control of that airline is not vested in the Contracting Party designating the airline, nationals of the Contracting Party, or both;
- (b) that airline has failed to comply with the laws, regulations and rules referred to in Article 5 (Applications of Laws) of this Agreement; or
- (c) the other Contracting Party is not maintaining and administering the standards as set forth in Article 6 (Recognition of Certificates and Licenses).

2. Unless immediate action is essential to prevent further non-compliance with sub-paragraphs 1(b) and 1(c) of this Article, the rights established by this Article shall be exercised only after consultations with the other Contracting Party.

3. This Article does not limit the rights of either Contracting Party to withhold, revoke, limit or impose conditions on the operating authorization or technical permission of an airline or airlines of the other Contracting Party in accordance with the provisions of Article 7 (Aviation Security).

Article 5

Application of Laws

1. The laws and regulations of each Contracting Party governing the entry into, staying within and leaving the country by aircraft engaged in international air navigation and those governing immigration, customs and quarantine matters,

shall also be complied with by the designated airline of the other Contracting Party, and the said designated airline shall not be treated in a discriminatory manner.

2. The laws and regulations of a Contracting Party governing the provision of statistical information shall be complied with, on a reciprocal basis, by the airlines of the other Contracting Party.

Article 6

Recognition of Certificates and Licenses

1. For operating the air transportation provided under this Agreement, each Contracting Party shall recognize as valid certificates of airworthiness, certificates of competency, and licenses issued or validated by the other Contracting Party and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards that may be established pursuant to the Convention. Each Contracting Party may, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party.

2. Either Contracting Party may request consultations concerning the safety standards maintained by the other Contracting Party relating to aeronautical facilities, aircrews, aircraft, and operation of the designated airlines. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards that may be established pursuant to the Convention, the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards, and the other Contracting Party shall take appropriate corrective action. Each Contracting Party reserves the right to withhold, revoke, or limit the operating authorization or technical permission of an airline or airlines designated by the other Contracting Party in the event the other Contracting Party does not take such appropriate corrective action within a reasonable time.

Article 7

Aviation security

1. In accordance with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.
2. The Contracting Parties shall, at the request of either of them, provide all necessary assistance to prevent acts of unlawful seizure of aircraft and other unlawful acts against the safety of such aircraft, of their passengers, crew, aircraft, airports and air navigation facilities, and to address any other threat to the security of civil air navigation.
3. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall act in conformity with the provisions of the Convention on Offenses and other Certain Acts Committed on Board Aircraft, signed at Tokyo on September 14, 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 September 23, 1971, and the Protocol for the Suppression of Unlawful Acts of Violence in Airports Operating in International Civil Aviation, signed at Montreal on February 24, 1988, provided both Contracting Parties are parties to said Conventions.
4. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions set by the International Civil Aviation Organization and designated as Annexes to the Convention, insofar as said regulations are applicable to the Contracting Parties. They shall require that operators of aircraft of their registry, 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.
5. Each Contracting Party stresses that such operators of aircraft may be required to observe the security provisions required by the other Contracting Party for entry into, for departure from, and while within the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are applied within its territory to protect aircraft and to inspect passengers, crew, carry on items, cargo and aircraft stores, prior to and during boarding or loading.

Each Contracting Party shall also give positive considerations to any request from the other Contracting Party for special security measures to meet a particular threat.

6. When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, aircraft, 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 therefrom.

7. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Failure to reach a satisfactory agreement on the issues involved within 15 days from the date of such request shall constitute grounds to withhold, revoke, limit, or impose conditions on the operating authorization and technical permissions of an airline or airlines of that Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the expiry of 15 days.

Article 8

Commercial Opportunities

1. The airlines of each Party shall have the right to establish offices in the territory of the other Contracting Party for the promotion and sale of air transportation.

2. The designated airlines of each 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 territory of the other Contracting Party managerial, sales, technical, operational, and other specialist staff required for the provision of air transportation.

3. Each designated airline shall have the right to perform its own ground-handling in the territory of the other Contracting Party ("self-handling") or, at its

option, select among competing agents for such services in whole or in part. The rights shall be subject only to physical constraints resulting from considerations of airport safety. Where such considerations preclude self-handling, ground services shall be available on an equal basis to all airlines; charges shall be based on the costs of services provided; and such services shall be comparable to the kind and quality of services as if self-handling were possible.

4. Any airline of each Contracting Party may engage in the sale of air transportation in the territory of the other Contracting Party 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 territory.

5. Each airline shall have the right to convert and remit to its country, on demand, local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted promptly at the rate of exchange applicable to current transactions and remittance on the date of the remittance.

6. The airlines of each Contracting Party shall be permitted to pay for local expenses, including purchases of fuel, in the territory of the other Contracting Party in local currency. At their discretion, the airlines of each Contracting Party may pay for such expenses in the territory of the other Contracting Party in freely convertible currencies according to local currency regulation.

7. In operating or holding out the authorized services on the agreed routes, any designated airline of one Contracting Party may enter into cooperative marketing arrangements such as blocked-space, code-sharing or leasing arrangements, with

(a) an airline or airlines of either Contracting Party; and

(b) an airline or airlines of a third country, provided that such third country authorizes or allows comparable arrangements between the airlines of the other Contracting Party and other airlines on services to, from and via such third country;

provided that all airlines in such arrangements (1) hold the appropriate authority and (2) meet the requirements normally applied to such arrangements.

8. Notwithstanding any other provision of this Agreement, airlines and indirect providers of cargo transportation of both Contracting Parties shall be permitted, without restriction, to employ in connection with international air transportation any surface transportation for cargo to or from any points in the territories of the Contracting Parties or in third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customs processing and facilities. Airlines may elect to perform their own surface transportation or to provide it through arrangements with other surface carriers, including surface transportation operated by other airlines and indirect providers of cargo air transportation. Such intermodal cargo services may be offered at a single, through price for the air and surface transportation combined, provided that shippers are not misled as to the facts concerning such transportation.

9. The designated airline of either Contracting Party may, according to traffic requirements, apply for operation of extra section on the specified route. The application for such flight shall be submitted to the aeronautical authorities of the other Contracting Party, at least five working days before its proposed operation, and the flight can be operated only after approval has been obtained.

Article 9 **Customs Duties**

1. Aircraft operated on the agreed services by the designated airline of either Contracting Party and also their regular equipment, spare parts (including engines), fuel, oil (including hydraulic fluids, lubricants), aircraft stores (including food supplies, drinks and tobacco) which are on board the aircraft shall be exempted on the basis of reciprocity from all custom duties, inspection fees and other similar fees and charges, upon arrival at the territory of the other Contracting Party provided that such equipment and items shall be left on board the aircraft up to the moment of their back export.

2. The following equipment and items shall also be exempt on the basis of reciprocity from all customs duties, inspection fees and other similar fees and charges, with 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) taken on board from the territory of either Contracting Party and intended for use on board the aircraft operated on the agreed services by a designated airline of the other Contracting Party, 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 either Contracting Party for maintenance or repair of the aircraft operated on the agreed services by the designated airline of the other Contracting Party.

3. The equipment and items referred to in paragraphs 1 and 2 of this Article can be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that Contracting Party. In this case they can be placed under supervision of the aforesaid authorities up to the moment until they are re-exported or otherwise disposed of in accordance with the customs regulations of the other Contracting Party.

4. Exemption stipulated in paragraphs 1 and 2 of this Article shall be applied in the cases when any airline of either Contracting Party concluded a contract with the other airline(s) for the loan or transfer of the equipment and items stipulated in paragraphs 1 and 2 of this Article provided that the other airline has the same right for exemption in the territory of the other Contracting Party.

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

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

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

Article 10
User Charges

1. User charges that may be imposed by the competent charging bodies on airlines of the other Contracting Party shall be just, reasonable, not unjustly discriminatory.

2. Each Contracting Party shall encourage consultations between the competent charging bodies in the territory and the airline using the services and facilities and shall encourage the competent charging bodies and the airlines to exchange information as may be necessary to permit an accurate review of the reasonableness of the charges.

Article 11
Competition among Airlines

1. Each Contracting Party shall allow a fair and equal opportunity for the designated airlines of both Contracting Parties to compete in providing the international air transportation governed by this Agreement.

2. Neither Contracting Party shall unilaterally limit the volume of traffic within the frequency entitlements, or regularity of service, or the aircraft type or types operated by the designated airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

3. Both Contracting Parties shall adopt all such measures as required within their jurisdiction to prevent any form of discrimination or unfair competition practices affecting the competitiveness of the airlines of the other Contracting Party.

4. Each Contracting Party shall reduce the administrative burdens of filing requirements and procedures on designated airlines of the other Contracting Party and ensure that such burdens and procedures are applied upon a non-discriminatory basis.

Article 12

Tariff

Each Contracting Party shall respect the tariff legislation of the other Contracting Party. However, either Contracting Party shall have the right to intervene in order to avoid unfair competition in this connection.

Article 13

Consultations and Amendments

1. Either Contracting Party may, at any time, request consultations relating to this Agreement, including its Annexes. Such consultations shall begin at the earliest possible date, but not later than 60 days from the date the other Contracting Party receives the request, unless otherwise agreed.
2. Any amendment to this Agreement, except for the Annex, shall become effective upon the exchange of notes.
3. Any amendment to the Annex to this Agreement shall be valid upon agreement of aeronautical authorities from both Contracting Parties, ratified in writing.

Article 14

Settlement of Disputes

Any dispute arising between the Contracting Parties as to the construction or implementation of this Agreement shall be settled by the Parties by formal consultations.

Article 15

Termination

Either Contracting Party may, at any time, give notice in writing to the other Contracting Party of its decision to terminate this Agreement through diplomatic channels. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate twelve months after receipt by the other Contracting Party of the relevant notice, unless such notice is withdrawn before the expiry of the above term by mutual agreement of the Contracting Parties. Should the Contracting Party fail to acknowledge receipt of the notice of termination, such notice shall be deemed to have been received fourteen (14) days after the date ICAO acknowledge receipt thereof.

Article 16 **Multilateral Agreement**

Should a multilateral agreement adopted by both Contracting Parties with regard to any matter referred to herein become effective, this Agreement, shall be adjusted to the provisions of the multilateral agreement, upon consultation between the Contracting Parties.

Article 17 **Registration with ICAO**

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

Article 18 **Entry into Force**

This Agreement shall enter into force on the date of the last exchange of notes whereby a Contracting Party communicates the other Contracting Party, through the diplomatic channels, that all necessary internal procedures have been complied with.

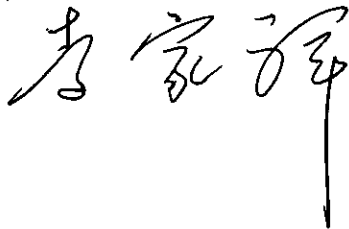
This Agreement shall supersede the Agreement between the Government of People's Republic of China and the Government of Republic of Chile on Civil Air Transport signed on June 3rd, 1996.

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

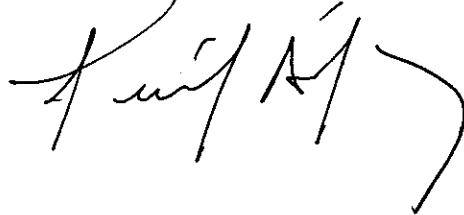
DONE in duplicate at *Singapore* on this 13th day of November, 2009 in the Chinese, Spanish and English languages, each text being equally authentic.

In case of any divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF
THE PEOPLE'S REPUBLIC OF CHINA



FOR THE GOVERNMENT OF
REPUBLIC OF CHILE



ANNEX
Route Schedule

Airlines of each Contracting Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform scheduled international air transportation between points on the following routes:

A. Routes for the airline or airlines designated by the Government of the People's Republic of China:

Points Behind	Points of Origin	Intermediate Points	Points of Destination	Points Beyond
Any	Any points in China	Any	Any points in Chile	Any

B. Routes for the airline or airlines designated by the Government of Chile:

Points Behind	Points of Origin	Intermediate Points	Points of Destination	Points Beyond
Any	Any points in Chile	Any	Any points in China	Any

In operating the agreed services on the specified route, point behind is defined as to feed the agreed services originating in the territory of one Contracting Party by a separate connecting flight to be operated by the same designated airline.

The designated airlines of each Contracting Party may, on any or all flights in either or both directions:

- (i) omit at their own discretion, any points on the above routes provided that the

agreed services begin and terminate in the territory of the Contracting Party designating the airline;

(ii) combine different flight numbers within the one aircraft operation;

(iii) serve the intermediate, beyond points and points in the territories of the Contracting Parties in any order.

Change of Gauge

On any segment or segments of the routes above, any designated airline may perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated; provided that, in the outbound direction, the transportation beyond such point is a continuation of the transportation from the territory of the Contracting Party that has designated the airline and, in the inbound direction, the transportation to the territory of the Contracting Party that has designated the airline is a continuation of the transportation from beyond such point, insofar as those aircraft used in change of gauge does not involve third party wet-leasing arrangement, excluding the ones between the designated airlines and their affiliates.

Charter Air Transportation

Airlines of each Contracting Party shall have the right to operate non-scheduled international air transport in compliance with the charter air transportation regulations of the other Contracting Party.

Arrangements for wet-leasing

1. The designated airlines of each Contracting Party will be able to operate with wet-leased aircraft the agreed services on the specified routes. The operation of such services will be confined within the existing capacity and frequency as stipulated in the Air Services Agreement between China and Chile.

2. If the wet-leased aircraft are registered in a third state, the lessee airline will submit the following documents for approval to the aeronautical authorities of the other Contracting Party:

- Air Operator's Certificate
- aircraft type and registration numbers
- valid airworthiness certificate and maintenance certificates
- valid licences for crew members
- the name of the lessor airline

3. The leased aircraft will bear a sticker of the lessee airline's logo and lettering on both sides of the aircraft so that it can clearly be recognized. The lessor airline's logo and lettering may remain in use if it is not convenient to modify it, in which case this will be notified to and approved by the aeronautical authorities of the other Contracting Party.

4. The lessee airline will provide proper and adequate insurance and liability coverage for its operation of the agreed services on the specified routes, including loss or damage to the leased aircraft, baggage, cargo or mail, and for injury, damage or death to passengers or third parties.

5. No lessor airline of a third country will have access to the traffic rights granted under the Air Services Agreement to the designated airlines of either contracting party.

Frequency Entitlements

1. The designated airlines of each Contracting Party are entitled to unlimited number of frequencies of 3rd and 4th freedom traffic rights, including connecting traffic, for the carriage of passenger, cargo and mail, separately or in combination.

2. The designated airlines of each Contracting Party are entitled to 7 weekly frequencies of 5th freedom traffic rights for the operation of passenger or combination services.

3. The designated airlines of each Contracting Party are entitled to 14 weekly frequencies of 5th freedom traffic rights for the operation of all cargo services.