

**AIR TRANSPORT AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE PEOPLE'S**  
**REPUBLIC OF CHINA**  
**AND**  
**THE GOVERNMENT OF THE REPUBLIC OF HUNGARY**

The Government of the People's Republic of China and the Government of the Republic of Hungary (hereinafter referred to as “the Contracting Parties”),

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

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

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

**ARTICLE 1**  
**Definitions**

For the purpose of this Agreement and its Annex unless the context otherwise requires:

(a) the term “Chicago 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 and any amendment of the Annexes of the Convention under Article 94 thereof so far as those Annexes and amendments have become effective for or have been ratified by both Parties,

(b) the term “aeronautical authorities” means, in the case of the People's Republic of China, the Civil Aviation Administration of China, and/or any person or body authorized to perform the functions presently exercised by the said Administration, and in the case of the Republic of Hungary, the Ministry of Transport, Communication and Water Management, and/or any person or body authorized to perform the functions presently exercised by the said Ministry,

(c) the term “air service ” means any scheduled air service performed by aircraft for the public transport of passengers, baggage, cargo or mail, separately or in combination for remuneration or hire,

(d) the term “international air service” means an air service which passes through the air space over the territory of more than one State,

(e)the term “stop for non-traffic purposes” means a landing for any purpose other than taking on or discharging passengers, baggage, cargo and/or mail,

(f)the term “airline” means any air transport enterprise offering or operating international air services,

(g)the term “designated airline” means any airline which has been designated and authorized in accordance with Article 3 of this Agreement,

(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 service, but excluding remuneration and conditions for the carriage of mail,

(i)the term “user charge” means a charge made to airlines for the provision of airport, air navigation facilities and services,

(j)the term “Route Schedule” means the Route Schedule annexed to this Agreement or as amended in accordance with the provisions of Article 20 of this Agreement.

## **ARTICLE 2**

### **Grant of Rights**

(1)Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement to enable its designated airline to establish and operate international air services on the route specified in the Route Schedule (hereinafter called “the agreed services” and “the specified route” respectively).

(2)Subject to the provisions of this Agreement, the designated airline of each Contracting Party shall enjoy, while operating an agreed service on a specified route, the following rights;

(a)to fly without landing across the territory of the other Contracting Party along the air routes above its territory 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, and

(c)to make stops at the point on the specified route in the territory of the other Contracting Party for the purpose of taking on board and discharging passengers, baggage, cargo and mail originating in or destined for the first Contracting Party or to or from a third country.

## **ARTICLE 3**

### **Airline Designation and Authorization**

(1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline to operate the agreed services on the specified route, and to withdraw or alter such designation.

(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 the other Contracting Party may require the airline designated by the first 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 the other Contracting Party shall, subject to the provisions of paragraphs (2) and (3) of this Article, grant to the airline so designated the appropriate operating authorization without unreasonable delay.

(5) When an airline has been so designated and authorized, it may commence operation of the agreed services from the date agreed upon between the aeronautical authorities of the two Contracting Parties in accordance with the relevant provisions of this Agreement.

#### **ARTICLE 4**

##### **Revocation, Suspension of Authorization and 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 2 of this Agreement, in any of the following cases;

(a) where it is not satisfied that the substantial ownership and effective control of that airline are vested in the other Contracting Party or its nationals, or

(b) where that airline fails to comply with the laws and regulations of the first Contracting Party, or

(b) where that airline otherwise fails to operate in accordance with the conditions prescribed under this 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 and regulations, such right 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 sixty (60) days from the date of the request.

**ARTICLE 5**  
**User Charges**

Each Party may impose or permit to be imposed reasonable charges for the use of airports and other facilities under its control. Such charges shall not be higher than the charges imposed for use by national aircraft engaged in similar international air services.

**ARTICLE 6**  
**Application of laws and Regulations**

(1) The laws and regulations of one Contracting Party relating to the admission to, stay in and departure from its territory of aircraft engaged in the international operation shall be applicable to the aircraft of the designated airline of the other Contracting Party, while entering, within, and departing from the territory of the first Contracting Party.

(2) The laws and regulations of one Contracting Party relating to the admission to, stay in or departure from its territory of passengers, crew, cargo or mail, such as regulations relating to entry, passports, customs and quarantine, shall be applicable to the passengers, crew, cargo or mail carried by the aircraft of the designated airline of the other Contracting Party while entering, within and departing the territory of the first Contracting Party,

**ARTICLE 7**  
**Simplified Control**

In case of direct transit through the territory of either Contracting Party, passengers, their luggage and cargo shall be subject to a simplified control, unless they leave the area in the airport designated for this purpose.

It is not allowed to impose customs duties and other charges on luggage or cargo transported in direct transit,

**ARTICLE 8**  
**Capacity Provisions**

(1) There shall be fair and equal opportunity for the designated airlines of the Contracting Parties to operate the agreed services on the specified routes.

(2) 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 the latter provides on the whole or part of the same routes.

(3)The agreed services provided by the designated airlines of the Contracting Parties shall bear a close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision at a reasonable load factor of capacity adequate to meet the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail between the territories of the Contracting Parties.

(4)Provision for the carriage of passengers, cargo and mail, both taken on board and discharged at points on the specified routes other than points in the territory of the Contracting Party 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 region through which the agreed services pass, taking account of other air services established by airlines of the States comprising that region, and

(c)the requirements of through airline operation.

## **ARTICLE 9**

### **Timetable**

The designated airline of either Contracting Party shall, not later than ninety (90) days prior to the date of operation of any agreed services, submit its proposed timetables to the aeronautical authorities of the other Contracting Party for their approval, Such timetables shall include the type of aircraft to be used, the frequency of service and the flight schedules.

## **ARTICLE 10**

### **Tariffs**

(1)The tariffs applicable 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, characteristics of services (such as speed and standard of accommodation) and in accordance with the following principles:

(a) prevention of unreasonably discriminatory prices or practices,

(b) protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position, and

(c) protection of airlines from prices that are artificially low and jeopardize the market competition in the air transportation.

(2)The tariffs referred to in paragraph (1) of this Article shall be agreed upon between the designated airlines of both Contracting Parties, in consultation when necessary and possible with other airlines operating over the whole or part of the same route. The tariffs so agreed shall be submitted to their respective aeronautical authorities at least sixty (60) days prior to the proposed date of introduction of these tariffs and become effective after their approval by the aeronautical authorities of both Contracting Parties.

(3)If the designated airlines cannot agree on any of these tariffs, the aeronautical authorities of the Contracting Parties shall try to determine the tariffs through consultation.

(4)If the aeronautical authorities cannot agree on the approval of any tariff submitted to them under paragraph (2) of this Article or on the determination of any tariff under paragraph (3) of this Article, the matter shall be referred to the Contracting Parties for settlement in accordance with the provisions of Article 21 of this Agreement.

(5)Pending determination of a new tariff in accordance with the provisions of this Article, the tariffs already in force shall prevail.

## **ARTICLE 11**

### **Representation and Commercial Opportunities**

(1)The airline of each Contracting Party may, with prior notification to the aeronautical authorities of the other Contracting Party, establish offices in the territory of the other Contracting Party for the promotion and sale of air transportation.

(2)In compliance with the laws and regulations of the other Contracting Party, each designated airline may engage in the sale of air transportation in the territory of the other Contracting Party.

(3)The designated airline of one Contracting Party may, in accordance with the laws and regulations of the other Contracting Party relating to entry, residence and employment, bring in and maintain in the office referred to in paragraph (1) of this Article, managerial, sales, technical, operational and other specialist staff required for the provision of air transportation.

(4)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.

(3)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.

**ARTICLE 12**  
**Nationality of crew**

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 13**  
**Conversion and Remittance of Revenue**

(1)The designated airline of each Contracting Party shall have on the reciprocal basis the right to remit to the Contracting Party designating the airline its revenue received in the territory of the other Contracting Party.

(2) The conversion and remittance of such revenue shall be effected in convertible currencies at the effective rate of exchange prevailing on the date of remittance.

(3)Each Contracting Party shall facilitate the conversion and remittance of the 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.

**ARTICLE 14**  
**Customs Duties**

(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, air waybills 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 equipment and items specified in paragraphs (1) and (2) of this Article.

(6) Office supplies, vehicles for special use at airport or vehicles for carriage of crew members between the city and airport, as well as electronic booking and communication equipment including their spare parts of the representation of the designated airline of one Contracting Party in the territory of the other Contracting Party, when introduced into the said territory, shall be exempt on the basis of reciprocity from customs duties and other duties and taxes on importation.

## **ARTICLE 15**

### **Taxation**

(1) The revenues and profit received by the designated airline of each Contracting Party within the territory of the other Contracting Party in connection with operation of international services shall be exempt from all taxes by the other Contracting Party.

(2) The property of the designated airline of each Contracting Party within the territory of the other Contracting Party shall be exempt from all taxes by the other Contracting Party.

(3) Wages, salaries and other similar remuneration received by the employees of the representation of the designated airline of either Contracting Party in the territory of the other Contracting Party,



who are nationals of the first Contracting Party, shall be exempt from all taxes by the other Contracting Party.

## **ARTICLE 16**

### **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. The Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft signed at Tokyo on 14 September 1963,the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at the Hague on 16 December 1970,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 and technical requirements established by the International Civil Aviation Organization and designated as Annexes to the Convention on International Civil Aviation, 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 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 and requirements established 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 safety of the aircraft prior to and during boarding or loading, and to inspect passengers, crew, baggage, cargo and aircraft stores prior to 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 17**

### **Safety and Airworthiness**

Each Contracting Party shall recognize as valid, for the purpose of operating the agreed services provided for in this Agreement, 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 which may be established pursuant to the Chicago Convention. Each 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.

## **ARTICLE 18**

### **Provision of Statistical Data**

The aeronautical authorities of either Contracting Party shall furnish to the aeronautical authorities of the other Contracting Party, at their request, statistical data as may be reasonably required for the purpose of reviewing the capacity provided by the agreed services operated by the designated airline of the first Contracting Party on the specified route. Such data shall include all information required to determine the amount of traffic carried by the said airline on the agreed services.

## **ARTICLE 19**

### **Consultation**

(1)The Contracting Parties shall, in the spirit of close cooperation and mutual support, ensure the correct implementation of and satisfactory compliance with the provisions of the Agreement. To this end, the aeronautical authorities of the Contracting Parties shall consult each other from time to time.

(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 (60) days from the date of receipt of the request by the other Contracting Party unless otherwise agreed to.

## **ARTICLE 20**

### **Amendment and Modification**

(1)If either of the Contracting Parties considers it desirable to amend any provision of this Agreement or its Annexes, it may at any time request consultation with the other Contracting Party, and such consultation, which may be between aeronautical authorities and which may be through discussion or by correspondence, shall begin within a period of ninety (90) 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) Any amendment to this Agreement or its Annex agreed upon as a result of the consultation referred to in paragraph (1) of this Article shall come into force when it has been confirmed by an exchange of notes through diplomatic channels.

## **ARTICLE 21**

### **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, or if the Contracting Parties so agree, by mediation, conciliation or arbitration.

## **ARTICLE 22**

### **Registration with ICAO**

The Agreement and its amendment shall be registered with the International Civil Aviation Organization.

## **ARTICLE 23**

### **Termination**

Either Contracting Party may at any time give notice to the other Contracting Party through diplomatic channels of its decision to terminate this Agreement. This Agreement shall then terminate twelve months after the date of receipt of the notice by the other Contracting Party unless such notice is withdrawn by agreement between the Contracting Parties before the expiry of this period.

## **ARTICLE 24**

### **Entry Into Force**

This Agreement shall come into force on the day when the Contracting Parties notify each other through diplomatic channels of the completion of their respective legal procedures for entry into force of this Agreement.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done on this 15th day of September 1993, at Budapest, in duplicate, in the Chinese, Hungarian and English languages, each of which shall be of equal authenticity, 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  
Republic of Hungary

**Annex**  
**Route Schedule**

(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:

Point in the People's Republic of China-intermediate points-Budapest in the Republic of Hungary-one point beyond

Note 1:All the points on the above route shall be agreed between the aeronautical authorities of the Contracting Parties.

Note 2: The conditions and arrangement for exercising the fifth freedom traffic rights shall be subject to agreement between the aeronautical authorities of the Contracting Parties.

(2)The route of the agreed services operated by the airline designated by the Government of Republic of Hungary shall be as follows in both directions:

Point in the Republic of Hungary-intermediate points-point in the People's Republic of China-one point beyond

Note 1:All the points on the above route shall be agreed between the aeronautical authorities of the Contracting Parties.

Note 2: The conditions and arrangement for exercising the fifth freedom traffic rights shall be subject to agreement between the aeronautical authorities of the Contracting Parties.

(3) The designated airline of either Contracting Party may omit on any or all flights, any point on the specified route, provided the agreed service begin and terminate in the territory of the Contracting Party designating the airline.