

**AGREEMENT ON CIVIL AIR TRANSPORT
BETWEEN
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
AND
THE GOVERNMENT OF THE MONGOLIAN PEOPLE'S REPUBLIC**

The Government of the People's Republic of China and the Government of the Mongolian People's Republic (hereinafter referred to as " the Contracting Parties "):

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

Have agreed on the establishment and operation of air transportation between the People's Republic of China and the Mongolian People's Republic as follows:

**ARTICLE 1
Definitions**

For the purpose of this Agreement, unless the context otherwise requires:

(1) the term " aeronautical authorities " means, in the case of the People's Republic of China, the Civil Aviation Administration of China and, in the case of the Mongolian People's Republic, the Ministry of Road Building and Transport, or in both cases any other person or body duly authorized to perform the functions presently exercised by the said authorities;

(2) the term "territory" means land area, territorial and inland water and air space above them under the sovereignty of a state;

(3) the term " territory of the Contracting Parties " means the territory of the People's Republic of China and the territory of the Mongolian People's Republic;

(4) the term "airline" means any air transport enterprise offering or operating international air services;

(5) the term "designated airline" means an airline which has been designated and authorized in accordance with Article 3 of this Agreement;

(6) the term "air service" means any scheduled air service performed by aircraft for the public transport of passengers, baggage, cargo or mail;

(7) the term "international air service" means an air service which passes through the air space over the territory of more than one state;

(8) the term " stop for non-traffic purposes " means a landing for any purpose other than taking on or discharging passengers, baggage, cargo or mail;

(9) the term "capacity" means:

a) in relation to an aircraft, the payload of that aircraft available on a route or section of a route.

b) in relation to a specified air service, the capacity of the aircraft used on such service multiplied by frequency operated by such aircraft over a given period on a route or section of a route.

(10) the term "tariff" means the prices to be paid for the carriage of passengers, baggage and

freight and the condition under which those prices apply.

(11) the term "Route Schedule" means the specified air route in the Annex to this Agreement. The Route Schedule is an integral part 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 airline designated by each Contracting Party shall enjoy the following rights:

a) to overfly without landing across the territory of the other Contracting Party from or to a third country 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 said territory at point(s) along the specified route to be agreed upon between the aeronautical authorities of both Contracting Parties.

3. While operating an agreed service on a specified route in accordance with the provisions of this Agreement, the airline designated by each Contracting Party shall enjoy the right 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 in passengers, baggage, cargo and mail between the two Contracting Parties.

4. The traffic right to take up and discharge passengers, baggage, cargo and mail for the operation of the agreed services to a third country of the designated airlines of the Contracting Parties at point(s) on the specified route in the territory of the Contracting Parties shall be agreed upon between the aeronautical authorities of the Contracting Parties.

5. In addition to the operation of the agreed services by the designated airlines of the Contracting Parties, the designated airline or other airline(s) of either Contracting Party may apply for permission from the aeronautical authorities of the other Contracting Party to operate charter flights to, from and/or through the territory of that other Contracting Party. The aeronautical authorities to which such applications are submitted shall promptly consider the applications in accordance with its charterworthiness rules. The application of such charter flights shall be submitted to the aeronautical authorities of the other Contracting Party at least 15 days prior to its proposed operation, and the flights can be operated only after approval has been obtained.

6. The designated airline of a Contracting Party shall not have the right to carry traffic in passenger, baggage, cargo and mail between points in the territory of the other Contracting Party for remuneration (cabotage).

7. The procedures for applying overflights shall be determined by the aeronautical authorities of the Contracting Parties.

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 agreed upon between the aeronautical authorities.

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 fulfill the conditions prescribed by the said authorities under the laws and regulations normally and reasonably applied to the operation of international air services.

4. On receipt of such designation, the other Contracting Party shall with due consideration of provisions of paragraphs 2 and 3 of this Article, grant to the airline so designated the appropriate operating authorization.

5. After an airline has been so designated and authorized, it may commence operation of the agreed service from the date as specified in the operating permit issued by the aeronautical authorities of the other Contracting Party.

ARTICLE 4

Revocation or Suspension of Operating Authorization

1. Each Contracting Party shall have the right to revoke or suspend the operating authorization already 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 Contracting Party designating the airline, or
- b) where that airline fails to comply with the laws and regulations of the Contracting Party granting these rights, or
- c) 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 other Contracting Party.

ARTICLE 5

Provision of Technical Services and Rate of Charges

1. Each contracting Party shall designate in its territory regular airport and alternate airports to be used by the designated airline of the other Contracting Party for operation of the agreed services on the specified route, and shall provide that airline with communications, navigational, meteorological and other auxiliary services in its territory, where necessary, detailed arrangements relating to the above may be agreed upon between the aeronautical authorities of the Contracting Parties.

2. Unless otherwise agreed, 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 paid by airlines of other States engaged in international air services for the use of similar facilities and services.

ARTICLE 6

Customs and Duties

1. Aircraft operated on international 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 all 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 and under customs supervision up to such time as they are re-exported.

2. The following items shall also be exempt from all customs duties, charges, or taxes and shall be kept under customs supervision or control:

a) Aircraft stores (including food, beverages, tobacco and other commodities in limited volume and intended to be sold to passengers during the flight) taken on board the aircraft in the territory of the other Contracting Party and intended to be used on board of the aircraft operated by the designated airline of the other Contracting Party in operation of international services;

b) Spare parts and regular equipment introduced into the territory of the other Contracting Party and intended solely for use in the operation of international service by the designated airline of the other Contracting Party.

c) Supplies of fuels, oils (including hydraulic fluid) and lubricants taken on the board the aircraft in the territory of the other Contracting Party intended to be used in the aircraft operated by the designated airline of the other Contracting Party in operation of international service.

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 either Contracting Party, may be unloaded in the territory of the other Contracting Party, only with the approval of the customs authorities of that 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. Airline tickets, airway bills as well as airline publicity materials and give-away items of the designated airline of either Contracting Party shall be exempt from all customs duties, inspection fees and other duties and taxes.

5. The exemptions provided for in this Article shall also be available in situation where the designated airline of one Contracting Party has entered into arrangements with other airlines which similarly enjoy such exemptions from the other Contracting Party for loan or transfer in the territory of that other Contracting Party of the regular airborne equipments, spare parts, supplies of fuels, oils (including hydraulic fluids and lubricants).

ARTICLE 7

Representation and Personnel

1. For the purpose of operating the agreed services, 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 referred to in this paragraph shall be subject to 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 shall be nationals of either Contracting Party, unless otherwise agreed. The number of such staff shall be determined 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 members of the designated airline of the other Contracting Party, and safeguard the aircraft, stores and other properties of the said airline within its territory for use in the operation of the agreed services.

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.

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 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 8 **Transfer of Airline Earnings**

Each Contracting Party undertakes to grant the designated airline of the other Contracting Party the right for free transfer, at the official rate of exchange and in accordance with the foreign exchange regulations of the excess of receipt over expenditure achieved on its territory in connection with the carriage of passengers, baggage, cargo and mail by the said designated airline. Whenever the payment system between the Contracting Parties is governed by a special agreement, that agreement shall apply.

ARTICLE 9 **Avoidance of Double Taxation**

1. The revenues and profits achieved by the designated airline of one Contracting Party in connection with the operation of the agreed services in the territory of the other Contracting Party shall be exempt from all taxes and duties.

2. The property of the designated airline of one Contracting Party in the territory of the other Contracting Party shall be exempt from all taxes and duties.

3. The wages and salaries of the staff members of the representation of the designated airline of one Contracting Party being nationals of that Contracting Party shall be exempt from the taxable personal income tax by the other Contracting Party in the territory of that other Contracting Party.

ARTICLE 10 **Entry and Clearance Regulations**

1. The laws and regulations on border, customs and quarantine etc. of either Contracting Party relating to the admission into, stay in, departure from and flight over its territory of aircraft engaged in the operation of international air services, as well as laws and regulations relating to the admission into, stay in and departure from its territory of passengers, crew, baggage, cargo and mail shall be

applicable to the aircraft of the airline designated by the other Contracting Party, its crew as well as the passengers, baggage, cargo and mail carried by such aircraft, while in the territory of the first Contracting Party.

2. Passengers in direct transit across the territory of either Contracting Party shall be subject to no more than very simplified control. Baggage and freight, if in direct transit, shall be exempt from customs duties, inspection fees and other duties and charges.

3. The Contracting Parties shall take, in accordance with international rules, all precautions which may become necessary to prevent the spread of infectious diseases on arrival and departure of aircraft.

ARTICLE 11

Capacity Provisions

1. Each Contracting Party shall, in keeping with the principle of equality and mutual benefit, take all appropriate action to ensure that there shall be reasonably equal opportunity and benefit for the designated airlines of both Contracting Parties in the operation of the agreed services on the specified routes.

2. For the operation of the agreed services on the specified routes, matters relating to frequency, type of aircraft as well as flight schedule, 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 arrangements 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 endeavor to settle the matter through consultation.

3. In the operation of 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 air services which the latter airline operates over the whole route or parts thereof. In case where the right to operate the agreed services is exercised unilaterally by the designated airline of either Contracting Party, that designated airline should make appropriate arrangement to the effect that the interests of the designated airline of the other Contracting Party are reasonably taken care of.

4. The agreed services to be operated by the designated airlines of the Contracting Parties shall retain as their primary objective the provision, at a reasonable load factor, of capacity adequate to meet the traffic requirements between the points in the territories of the two Contracting Parties. The right to embark or disembark from such services international traffic destined for or coming from points in third countries shall be of a supplementary nature.

5. The designated airline of each Contracting Party may, according to traffic requirements, apply for operation of additional flights on the specified route. The application for such flights shall be submitted to the aeronautical authorities of the other Contracting Party no later than 72 hours before the take-off of the said flight, and such flight can be operated only after approval has been obtained.

ARTICLE 12

Provision of Information and Statistics

1. The designated airline of either Contracting Party shall submit in writing to the aeronautical authorities of the other Contracting Party, as far in advance as practicable prior to the inauguration of

the agreed services, information concerning the type of service, the type of aircraft to be used, the flight schedule and all other relevant information as may be required to satisfy the aeronautical authorities that the requirements of this Agreement are being duly observed.

2. 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 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.

ARTICLE 13 **Establishment of Tariffs**

1. The tariffs on any agreed services shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operations, reasonable profit, characteristics of service and the tariffs of other airlines for any part of the specified route. These tariffs shall be fixed in accordance with the following provisions of this Article.

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 that route. The tariffs so agreed shall be subject to the approval of the aeronautical authorities of both Contracting Parties and shall be submitted to their respective aeronautical authorities at least 90 days prior to the proposed date of introduction of these tariffs. This period can be reduced in certain cases upon agreement between the said authorities.

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 by agreement between themselves.

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, the matter shall be referred to the Contracting Parties for settlement in accordance with the provisions of Article 17 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. 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 14 **Documents**

1. The aircraft of the designated airline of either Contracting Party operating on the specified route shall bear nationality and registration marks and carry on board the following certificates and documents:

- a) certificate of registration;
- b) certificate of airworthiness;
- c) journey log sheet;
- d) aircraft radio station licence;
- e) licenses or certificates for each member of the crew;
- f) list of passengers giving the places of departure and destination;
- h) manifest of cargo and mail;

i) general declaration.

Each Contracting Party shall recognize as valid the above-mentioned certificates and licences issued or rendered valid by the other Contracting Party.

2. 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 and relevant information regarding the leased aircraft shall be furnished to the aeronautical authorities of the other Contracting Party 30 days before the commencement of the proposed operation.

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 operations,
- 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 Aviation Security

1. Each Contracting Party shall take all necessary precautions in its territory and in accordance with its national laws and regulations to prevent unlawful acts against civil aircraft of the other Contracting Party, their crews, passengers, baggage, cargo and mail.

2. Each Contracting Party shall in the case of an unlawful act against a civil aircraft of the other Contracting Party committed in its territory immediately inform that other Contracting Party and take all measures which it considers necessary against that unlawful act and for the security of the aircraft and its passengers, crew, baggage, cargo and mail.

3. Unless circumstances do not permit, there shall be coordination between the Contracting Parties before taking the measures mentioned in paragraph 2 of this Article.

ARTICLE 17 Consultations

1. The Contracting Parties shall ensure the correct implementation of, and satisfactory compliance with, the provisions of this Agreement in a spirit of 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 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 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 through consultation. If a settlement still cannot be reached, the Contracting Parties shall endeavour to settle it by direct consultation or through diplomatic channels.

ARTICLE 18

Amendment

If either of the Contracting Parties considers it desirable to amend or supplement any provision of this Agreement including the Route Schedule, it may request consultation with the other Contracting Party. This consultation, which may be between the aeronautical authorities or by correspondence, shall begin within a period of 60 days from the date of receipt of the request. No amendments so negotiated shall come into force unless they have been confirmed by way of an exchange of notes through diplomatic channels.

ARTICLE 19

Termination

Either Contracting Party may at any time notify the other Contracting Party of its decision to terminate this Agreement. If such notice is given, this Agreement shall terminate 12 months after the date of receipt by the other Contracting Party of the notice to terminate, unless the notice under reference is withdrawn before the expiry of that period. Notice shall be deemed to have been received 14 days after the date of the notice, or at the date of handing the notice to the diplomatic mission of the other Contracting Party in the territory of the first Contracting Party.

ARTICLE 20

Titles

Titles are inserted in this Agreement at the head of each article for the purpose of reference and convenience and in no way define, limit or describe the scope or intent of this Agreement.

ARTICLE 21

Entry into Force

1. The provisions of this Agreement shall be applied provisionally on the date of its signature.
2. This Agreement shall enter into force on the date of exchange of diplomatic notes confirming that the Contracting Parties have completed their respective legal procedures.
3. This Agreement shall, from the date of its entry into force, supercede the Agreement between the Government of the Mongolian People's Republic and the Government of the People's Republic of China Relating to Civil Air Transport signed on 17 January 1958.

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

Done at Beijing, on this eighth day of April 1989, in duplicate, each copy in the Chinese, Mongolian and English languages, all texts being equally authentic.

FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA

FOR THE GOVERNMENT OF THE
MONGOLIAN PEOPLE'S REPUBLIC

Annex to the Agreement on Civil Air Transport between the Government of the Mongolian People's Republic and the Government of the People's Republic of China

ROUTE SCHEDULE

(1) The airline designated by the Government of the Mongolian People's Republic shall be entitled to operate scheduled air services in both directions on the following route:

Ulan Bator..... Beijing

(2) The airline designated by the Government of the People's Republic of China shall be entitled to operate scheduled air services in both directions on the following route:

Beijing.....Ulan Bator

(3) The aeronautical authorities of the Contracting Parties can, through consultations, make amendments or additions to this Route Schedule.