

**PROTOCOL TO AMEND THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
RELATING TO CIVIL AIR TRANSPORT**

The Government of the United States of America and the Government of the People's Republic of China (hereinafter, the "Parties") desiring to:

Increase travel and tourism between their countries and promote cultural, business and governmental exchanges between them;

Promote their shared, ultimate objective of full liberalization of their bilateral air transport market; and

Facilitate cooperative agreements between their air carriers so as to enable the mutually beneficial development of their aviation industries;

Have agreed to further amend the Agreement between the Government of the United States of America and the Government of the People's Republic of China Relating to Civil Air Transport, signed September 17, 1980, as amended (hereinafter "the Agreement") as follows:

Article 1

Designations

Subparagraphs (d) and (e) of Paragraph (1) of Article 3 of the Agreement shall be deleted in their entirety and replaced by the following:

- (d) The People's Republic of China may designate an unlimited number of airlines to operate the agreed services on China Routes A and B. Airlines designated pursuant to this subparagraph may begin services as of August 1, 2007.
- (e) The United States may designate one additional airline to operate the agreed services on U.S. Route A or one additional airline to operate the agreed services on U.S. Route B. Airlines designated pursuant to this subparagraph may begin services as of August 1, 2007.
- (f) The United States may designate one additional airline to operate the agreed services on U.S. Route A and one additional airline to operate the agreed services on U.S. Route B. Airlines designated pursuant to this subparagraph may begin services as of March 25, 2009.
- (g) The United States may designate one additional airline to operate the agreed services on U.S. Route A or one additional airline to operate the agreed services on U.S. Route B. Airlines designated pursuant to this subparagraph may begin services as of March 25, 2010.
- (h) The United States may designate an unlimited number of airlines to operate the agreed services on U.S. Route B. Airlines designated pursuant to this subparagraph may begin services as of March 25, 2011.

Article 2

Frequencies

Paragraphs (2) and (3) of Annex V of the Agreement shall be deleted in their entirety and replaced by the following:

(2) In addition to the frequencies available under paragraph (1) above, the designated airlines of each Party shall be entitled to operate weekly frequencies for combination services on Routes I.A or II.A of Annex I on flights to and from Beijing, Shanghai and Guangzhou (hereinafter "China Zone 1") or to and from Fujian, Guangdong (except Guangzhou), Hebei, Jiangsu, Shandong, Tianjin, and Zhejiang (hereinafter "China Zone 2") according to the following schedule:

- (a) Effective August 1, 2004: an additional 14 weekly frequencies

- (b) Effective March 25, 2005: an additional 7 weekly frequencies
- (c) Effective March 25, 2006: an additional 7 weekly frequencies
- (d) Effective March 25, 2007: an additional 7 weekly frequencies
- (e) Effective August 1, 2007: an additional 7 weekly frequencies
- (f) Effective March 25, 2008: an additional 7 weekly frequencies (restricted to nonstop Guangzhou service)
- (g) Effective March 25, 2009: an additional 28 weekly frequencies
- (h) Effective March 25, 2010: an additional 21 weekly frequencies
- (f) Effective March 25, 2011: an additional 14 weekly frequencies
- (g) Effective March 25, 2012: an additional 14 weekly frequencies

Airlines designated by the People's Republic of China may freely convert these frequencies between combination and all-cargo services, and between Route II.A and Route II.B of Annex I. U.S. airlines designated on Route I.A may use these frequencies for combination services only.

(3) In addition to the frequencies available under paragraphs (1) and (2) above, the designated airlines of each Party shall be entitled to operate additional weekly frequencies for all-cargo services on any of the routes provided in Annex I on flights to and from points in China Zone 1 or China Zone 2 according to the following schedule:

- (a) Effective August 1, 2004: an additional 21 weekly frequencies
- (b) Effective March 25, 2005: an additional 18 weekly frequencies
- (c) Effective March 25, 2006: an additional 12 weekly frequencies
- (d) Effective March 25, 2007: an additional 15 weekly frequencies
- (e) Effective March 25, 2008: an additional 15 weekly frequencies
- (f) Effective March 25, 2009: an additional 15 weekly frequencies
- (g) Effective March 25, 2010: an additional 15 weekly frequencies
- (h) Effective March 25, 2011: unlimited frequencies for the airlines designated by each Party

Airlines designated by the People's Republic of China may freely convert the frequencies listed in (a) through (g) between combination and all-cargo services, and between Route II.A and Route II.B of Annex I. U.S. airlines designated for Route I.A may not use these frequencies for combination or passenger services.

Article 3

Special Aviation Area

Annex V of the Agreement shall also be amended by deleting paragraph (6) in its entirety and replacing it with the following:

(6) All U.S. and Chinese airlines may be designated to operate services between the United States and points in China Zone 3 notwithstanding the limitation on the number of designations provided in Article 3 of this Agreement. Such services may be operated without frequency limitations. China Zone 3 consists of the points in the following areas: Anhui, Chongqing, Gansu, Guangxi, Guizhou, Hainan Island, Heilongjiang, Henan, Hubei, Hunan, Inner Mongolia, Jiangxi, Jilin, Liaoning, Ningxia, Qinghai, Shaanxi, Shanxi, Sichuan, Tibet, Xinjiang, and Yunnan. Notwithstanding any other provisions of the Agreement, each Party may choose 5 points in China Zone 3 that its airlines may serve without limitations on the number of designations and without frequency limitations on: 1) services carrying fifth-freedom traffic between such points and intermediate or beyond points in third countries on the specified routes, and 2) combination services carrying fifth-freedom traffic between such points and Japan. Each Party shall notify the other Party of the five points it has selected, with not less than 30 days' written notice. The points selected may, at the discretion of each Party, be changed with not less than 30 days' written notice to the other Party. However, service to a point in China Zone 3 via a point in China Zone 1 or Zone 2 shall be subject to the designation, frequency and Japan fifth-freedom traffic rights limitations set forth in Annex V of this Agreement.

Article 4

Code Sharing

Subparagraphs (1)(b) and (c) of paragraph 5 of Article 11 of the Agreement shall be deleted in their entirety and replaced by the following:

- (b) Airlines of each Party may code share with airlines of the same Party, on the specified routes, without an airline of the other Party, according to the following:
 - (i) Each Party shall be permitted one such code share arrangement as of January 1, 2006; and

- (ii) Each Party shall be permitted one additional such code share arrangement as of January 1, 2008; and
 - (iii) Each Party shall be permitted one additional such code share arrangement as of March 25, 2009; and
 - (iv) One of the three arrangements under this subparagraph (b) may include two airlines and the other two may include up to three airlines.
- (c) If a code share arrangement permitted under subparagraph (b) above is expanded to include an airline of the other Party, such code share arrangement shall be governed by subparagraph (a) above and therefore shall no longer count against the limit of three such arrangements permitted in subparagraph (b).

Article 5

Future Negotiations

The Parties acknowledge that their mutual, ultimate objective is the full liberalization of their bilateral air transport market. The Parties agree to begin no later than March 25, 2010, to negotiate an agreement and timetable for the full liberalization of their bilateral air transport market and to work together to complete the new agreement as soon as possible.

Article 6

Guam and the Northern Mariana Islands

A new Annex VI shall be added to the Agreement and read as follows:

ANNEX VI

Service to Guam and the Northern Mariana Islands

1. Notwithstanding any other provision of this Agreement, the airlines of the People's Republic of China may provide unlimited scheduled air services between the People's Republic of China and Guam and the Northern Mariana Islands.
2. Notwithstanding any other provision of this Agreement, the airlines of the United States may provide unlimited scheduled air services between three points in the People's Republic of China and Guam and the Northern Mariana Islands. The points selected by the United States in the People's Republic of China shall not include either Beijing or Shanghai. The United States shall notify the

People's Republic of China in writing of the points it has selected with at least 30 days' advance notice. The points selected may be changed at the discretion of the United States with not less than 30 days' written notice.

3. Air services provided pursuant to paragraphs (1) and (2) of this Annex shall not be subject to limitations as to the number of designations or frequencies.

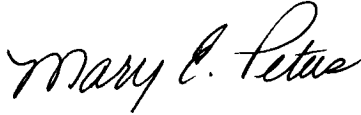
Article 7

Entry into Force

This Protocol shall enter into force upon completion of an exchange of notes through diplomatic channels confirming that each Party has completed its necessary internal procedures.

IN WITNESS WHEREOF, the undersigned being duly authorized by their respective governments, have signed the present Protocol.

DONE at Seattle, in two originals, this 9th day of July, 2007, in the English and Chinese languages, both texts being equally authentic.



FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA: