

ANNEX

SECTION I

The Government of Canada grants to the Government of the United States of America the right to conduct, by one or more airlines of United States nationality designated by the latter country, the international air services specified in Schedule One hereof.

SECTION II

The Government of the United States of America grants to the Government of Canada the right to conduct, by one or more airlines of Canadian nationality designated by the latter country, the international air services specified in Schedule Two hereof.

SECTION III

One or more airlines designated by each of the contracting parties under the conditions provided in this Agreement will enjoy, in the territory of the other contracting party, rights of transit and of stops for non-traffic purposes, as well as the right to pick up and discharge international traffic in passengers, cargo and mail at the points enumerated in the Schedules hereof.

SECTION IV

The air transport facilities available to the traveling public under this Agreement and Annex shall bear a close relationship to the requirements of the public for such transport.

SECTION V

There shall be a fair and equal opportunity for the airlines of the contracting parties to operate between their respective territories (as defined in the Agreement) the international air services covered by this Agreement and Annex.

SECTION VI

In the operation by the airlines of either contracting party of the services described in the present Annex, the interest of the airlines of the other contracting party shall be taken into consideration so as not to affect unduly the services which the latter provide on all or part of the same routes.

SECTION VII

It is the understanding of both contracting parties that services provided by a designated airline under this Agreement and Annex shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the country of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Annex shall be applied in