An airline or airlines designated by the Government of the United States of America or the Government of Canada (the Contracting Parties) under this Program shall be licensed automatically by the aeronautical authorities of the other Contracting Party. The provisions of Articles VI (b) and VII of the 1966 Agreement shall apply to such licensing.

An airline or airlines designated by either of the Contracting Parties under this Program shall have the right to operate air services for the carriage of passengers, or passengers, cargo, and mail in combination and to make scheduled landings at the points permitted on the following route: San Jose, California to and from any specified point or points in Canada.[1] Any number of designated airlines may serve a particular city-pair.

Airlines of both Contracting Parties shall have fair and equal opportunity to operate services under this Program. The Contracting Parties agree to exercise their best efforts to assist airlines to obtain the necessary access to airports and airport terminal facilities. This Program shall not impose any obligations on the Contracting Parties to upgrade or expand existing airport facilities or services, including the provision of customs and immigration services.

Flexible pricing provisions shall apply to the carriage of passengers under this Program. Any fare proposed by an airline designated by either Contracting Party shall be filed with the aeronautical authorities of both Contracting Parties at least 15 days before the proposed date of introduction, unless permitted to be filed on shorter notice. Any such fare shall come into effect on the proposed date of introduction unless the aeronautical authorities of both countries, within 10 days of filing, have notified one another of their dissatisfaction with the proposed fare. Should the aeronautical authorities of both Contracting Parties disapprove the fare they shall endeavor to reach agreement on the appropriate fare as soon as practicable and the previous fare in effect shall continue in effect until such agreement is reached. Should the Program be terminated by either Contracting Party, tariffs reflecting such fares shall remain in effect through the period of their validity not to exceed one year from the date of termination of this Program.

Notwithstanding the otherwise applicable provisions of Article XIII (c) of the Air Transport Agreement of 1966, a designated airline of either Contracting Party not operating under the Program that wishes to match fares of a designated airline operating under the Program may file on fifteen days notice, and such applications shall be given sympathetic consideration. Any such fare so filed shall come into effect on the proposed date of introduction unless the aeronautical authorities of one country have notified those of the other of their dissatisfaction with the proposed fare within 10 days of its filing.

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[1] Los Angeles (International) and Honolulu (International) shall not be served behind San Jose except with a change of aircraft and flight number.