

ARTICLE 4

Designation and Authorisation of Airlines

(1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines for the purpose of operating the agreed services on the specified routes and to withdraw or alter such designations.

(2) On receipt of such a designation the aeronautical authorities of the other Contracting Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay grant to the airline or airlines designated the appropriate operating authorisations.

(3) The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfil the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities.

(4) (a) The aeronautical authorities of Hong Kong shall have the right to refuse to grant the operating authorisations referred to in paragraph (2) of this Article, or to impose such conditions as they may deem necessary on the exercise by a designated airline of the rights specified in Article 3(2) of this Agreement, in any case where they are not satisfied that substantial ownership and effective control of that airline are vested in the Government of Canada or its nationals.

(b) The aeronautical authorities of Canada shall have the right to refuse to grant the operating authorisations referred to in paragraph (2) of this Article, or to impose such conditions as they may deem necessary on the exercise by a designated airline of the rights specified in Article 3(2) of this Agreement, in any case where they are not satisfied that that airline is incorporated and has its principal place of business in Hong Kong.

(5) When an airline has been so designated and authorised it may begin to operate the agreed services, provided that the airline complies with the applicable provisions of this Agreement.

ARTICLE 5

Revocation or Suspension of Operating Authorisations

(1) The aeronautical authorities of either Contracting Party shall have the right to revoke or suspend an operating authorisation for the exercise of the rights specified in Article 3(2) of this Agreement by an airline designated by the other Contracting Party, or to impose such conditions as they may deem necessary on the exercise of those rights:

(a) (i) in the case of Hong Kong, in any case where they are not satisfied that substantial ownership and effective control of that airline are vested in the Government of Canada or its nationals;