

SECTION 2

Progressive Availability of Traffic Rights

1. When exercising the traffic rights set out in paragraph 2 of this Section, the airlines of the Parties shall enjoy the operational flexibilities permitted in paragraph 2 of Annex 1.
2. Notwithstanding the traffic rights set out in Annex 1 of this Agreement:
 - (a) when the national laws and regulations of both Parties permit nationals of the other Party to own and control up to a total of 25 per cent of the voting interests of their airlines, the following rights shall apply:
 - (i) for passenger-combination and all-cargo services, for Canadian airlines, the right to provide international transportation between any Points in Canada and any Points in Member States; for Community airlines, the right to provide air services between any Points in Member States and any Points in Canada. In addition, for passenger-combination and all-cargo services, for airlines of a Party, the right to provide international transportation to and from Points in third countries via any points in the territory of that Party with or without change of aircraft or flight number and hold out and advertise such services to the public as through services;
 - (ii) for all-cargo services, for airlines of both Parties, the right to provide international transportation between the territory of the other Party and points in third countries in conjunction with services between points in its territory and points in the territory of the other Party;
 - (iii) for passenger-combination and all-cargo services, for airlines of both Parties, operating rights that are provided for in bilateral air transport agreements between Canada and Member States listed in Section 1 of Annex 3, and the operating rights in arrangements that were being applied between Canada and individual Member States, as specified in Section 2 of Annex 3. With respect to beyond fifth freedom rights specified in this subparagraph, all limitations other than geographic limitations, limitations as to the number of points and specified frequency limitations shall no longer apply; and