(d) the term "area" in relation to Japan has the meaning assigned to the term "territory" in Article 2 of the Convention and in relation to the Macao Special Administrative Region includes the Macao Peninsula and the Taipa and Coloane Islands;

(e) the terms "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Convention;

(f) the term "Schedule" means the Schedule to the present Agreement as may be amended in accordance with the provisions of Article 18 of the present Agreement;

(g) the term "specified route" means any of the routes specified in the Schedule;

(h) the term "agreed service" means any air service operated on the specified routes; and

(i) the term "laws and regulations" of a Contracting Party means the laws and regulations in force in the area of that Contracting Party.

2. The Schedule forms an integral part of the present Agreement, and all reference to the "Agreement" shall include reference to the Schedule except where otherwise provided.

Article 2

In implementing the present Agreement, the Contracting Parties shall act in conformity with the provisions of the Convention, including any Annex adopted under Article 90 of the Convention and any amendment made to the Convention or to its Annexes under Articles 90 and 94 thereof which apply to both Contracting Parties, insofar as these provisions are applicable to international air services.

Article 3

Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement, particularly to enable its designated airlines to establish and operate the agreed services.

Article 4

1. Each Contracting Party shall have the rights to designate in writing to the other Contracting Party one or more airlines for the purpose of operating the agreed services and to withdraw or alter such designation.

2. The agreed services on any specified route may be inaugurated immediately or at a later date at the option of the Contracting Party to which the rights are granted under Article 3 of the present Agreement, subject to the provisions of Article 12 of the present Agreement, and not before:

(a) the Contracting Party to which the rights have been granted has designated an airline or airlines for that route; and

(b) the Contracting Party granting the rights has given the appropriate operating permission in accordance with its laws and regulations to the airline or airlines concerned; which it shall, subject to the provisions of paragraph 3 of this Article and of paragraph 1 of Article 8 of the present Agreement, be bound to grant without delay.

3. Each of the airlines designated by either Contracting Party may be required to satisfy the aeronautical authorities of the other Contracting Party that it is qualified to fulfil the conditions prescribed by the laws and regulations normally and reasonably applied by those authorities to the operation of international air services.

Article 5

1. The airlines of each Contracting Party shall enjoy the following privileges in respect of their international air services:

(a) to fly across the area of the other Contracting Party without landing; and

(b) to make stops for non-traffic purposes in the area of the other Contracting Party.