

March 24, 1973

AIR TRANSPORT AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE REPUBLIC OF INDONESIA

Note: The Agreement entered into force, April 18, 1973.

Reference: This Agreement is also published in XI DFA TS No. 1, p. 23.

The Government of the Republic of the Philippines and the Government of the Republic of Indonesia, hereinafter described as the Contracting Parties,

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the 7th day of December, 1944, and

Desiring to conclude an agreement for the purpose of establishing and operating air services between and beyond their respective territories,

Hereby agree as follows;

ARTICLE 1

For the purpose of the present Agreement, unless the context otherwise requires:

(a) the term "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944 and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof;

(b) the term "aeronautical authorities" means, in the case of the Republic of the Philippines, the Civil Aeronautics Board and/or any person or body authorized to perform any function exercised at present by said Civil Aeronautics Board of similar functions, and, in the case of the Republic of Indonesia, the Minister of Communications and/or any person or body authorized to perform any function exercised at present by said Minister of Communications or similar functions;

(c) the term "designated airline" means an airline which one Contracting Party shall have designated, by written notification to the other Contracting Party, in accordance with Article 3 of the present Agreement, for the operation of the air services on the routes specified in the Annex hereto;

(d) the term "territory" in relation to a State shall have the meaning assigned to it in Article 2 of the Convention;

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

(f) the term "agreed services" means any scheduled air service operated on the routes specified in the Annex to this Agreement.

ARTICLE 2

(1) Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the purpose of establishing the agreed services.

(2) Subject to the provisions of the present Agreement, the airline designated by each Contracting Party shall enjoy the following privileges:

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

(b) to make stops in the said territory for non-traffic purposes; and

(c) while operating an agreed service to make stops in the said territory at the points enumerated on any route specified in the Annex to the present Agreement for the purpose of putting down and taking on international traffic in passengers, cargo and mail coming from or destined for other points so specified.

(3) Nothing in paragraph (2) of this Article shall be deemed to confer on the airline of one Contracting Party the privilege of taking up, in the territory of the other Contracting Party, passengers, cargo or mail carried with or without remuneration or hire and destined for another point in the territory of that other Contracting Party.

(4) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, the operation of agreed services in areas of hostilities or military occupation, or in areas affected thereby, shall, in accordance with Article 9 of the Convention, be subject to the approval of the competent military authorities.

ARTICLE 3

(1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline for the purpose of operating the agreed services.

(2) On receipt of such designation, the other Contracting Party, through its aeronautical authorities shall, subject to the provisions of paragraph (3),

(4) and (5) of this Article, grant without delay to the airline designated the appropriate operating authorization.

(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 fulfill the conditions prescribed under the laws and regulations normally and reasonably applied by them in a manner not inconsistent with the Convention to the operation of international commercial air services

(4) Each Contracting Party shall have the right to refuse to accept the designation of an airline and to withhold or revoke the grant to an airline of the operating authorization referred to in paragraph (2) of this Article or to impose such conditions as it may deem necessary in the exercise by an airline of the privileges specified in such authorization in any case where it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.

(5) The exercise by the designated airline of the privileges granted in the appropriate operating authorization as mentioned in paragraph (2) of this Article, shall be subject to the statutory powers of the aeronautical authorities of the

Contracting Parties in order to ensure the implementation by the said authorities of the pertinent provisions of the present Agreement.

(6) At any time after the provisions of paragraphs (1) and (2) of this Article have been complied with, the airline so designated and granted the appropriate operating authorization may begin to operate the agreed services, provided that a service shall not be operated unless a tariff is in force in respect of it established in accordance with the provisions of Article 9 of the present Agreement.

(7) Each Contracting Party shall have the right to suspend the exercise by an airline of the privileges specified in paragraph (2) of Article 2 or to impose such conditions as it may deem necessary on the exercise by an airline of those privileges in any case where the airline fails to comply with the laws and regulations of the Contracting Party granting those privileges or otherwise fails to operate in accordance with the conditions prescribed in the present Agreement; provided that, unless immediate suspension or imposition of conditions is essential to prevent further infringements of laws or regulations, this right shall be exercised only after consultation with the other Contracting Party.

ARTICLE 4

(i) Aircraft operated on the agreed services by the designated airline of either Contracting Party, as well as their regular equipment, spare parts, supplies of fuels and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.

(2) Fuel, lubricants, spare parts, regular equipment and aircraft stores introduced into the territory of one Contracting Party by, or on behalf of, a designated airline of the other Contracting Party and intended solely for use in the operation of the agreed services shall be exempt from the same customs duties, inspection fees and other duties or taxes imposed in the territory of the first Contracting Party, even when these supplies are to be used on the parts of the journey performed over the territory of the Contracting Party in which they are introduced into. The materials referred to above may be required to be kept under customs supervision and control until they are actually used or re-exported.

(3) Fuel and lubricants taken on board aircraft in the territory of one Contracting Party by, or on behalf of, a designated airline of the other Contracting Party and intended solely for use in the operation of the agreed services shall be exempt from the same customs duties, inspection fees and other duties or taxes imposed in the territory of the first Contracting Party, even when these supplies are to be used on the parts of the journey performed over the territory of the Contracting Party in which they are taken on board.

(4) The exemptions granted under this Article may be subject to compliance with particular formalities normally applicable in the territory of the Contracting Party granting the exemptions.

ARTICLE 5

The designated airline of either Contracting Party is authorized to maintain in the territory of the other Contracting Party its own technical and administrative personnel for the purpose of operating the agreed services, without prejudice to the national regulations of the respective Contracting Parties.

ARTICLE 6

Either Contracting Party undertakes to grant to the order Party free transfer, in United States dollars at the prevailing official rate of exchange at the time of remittance, of the excess of receipts over expenditure achieved in its territory in connection with the carriage of passengers, baggage, mail shipments and freight by the designated airline of the other Party. Whenever the payments system between the Contracting Parties is governed by a special agreement, said agreement shall apply.

ARTICLE 7

(1) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air services, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airline designated by the other Contracting Party, and shall be complied with by such aircraft upon entering or departing from or while within the territory of the first party.

(2) The laws and regulations of one Contracting Party as to the entrance into, stay within or departure from its territory of passengers, crew, or cargo of aircrafts, such as regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be complied with upon entrance into or departure from, or while within the territory of the first party.

ARTICLE 8

For the purpose of achieving and maintaining equilibrium between the capacity of the specified air services and the requirements of the public for air transportation, as determined by the aeronautical authorities of the Contracting Parties, pursuant to the statutory powers, it is agreed that;

(1) The designated airline of each Contracting Party shall enjoy fair and equal opportunity for the operation of the agreed services for the carriage of traffic between the territories of the two parties;

(2) In the operation of the agreed services by the designated airline of either Contracting Party, the interest of the designated airline of the other Contracting Party shall be taken into consideration so as not to affect unduly the services which the latter provides on all or part of the same route;

(3) The air transport service offered by the designated airline of each Contracting Party on different sections of the specified air routes or segments thereof shall bear a close relationship to the needs of the public for air transport and to the traffic interests of the designated airlines concerned as provided in this Agreement;

(4) The services provided by a designated airline on the specified routes 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 of the designated airline of either Contracting