

IN THE NAME OF GOD

**MEMORANDUM OF UNDERSTANDING (MOD) BETWEEN THE
AERONAUTICAL AUTHORITIES OF THE ISLAMIC REPUBLIC OF
IRAN AND THE REPUBLIC OF THE PHILIPPINES**

1. INTRODUCTION

Delegations representing the Aeronautical Authorities of the Islamic Republic of Iran and the Republic of the Philippines met in Manila on 4-5 August 2008 (14-15/5/1387) to finalize bilateral Air Transport Agreement (ATA) and discuss current issues pertaining to further development of air transport and international air sendees between their respective countries. The discussions were held in a friendly and constructive atmosphere. Lists of the two delegations are attached herewith as " Attachment 1". The two delegations reached the understandings set out below:

2. AIR TRANSPORT AGREEMENT

Both sides reviewed the text of the Air Transport Agreement and signed it which is attached hereto as "Attachment 2 ." Each-side undertook to take the necessary steps under the laws and regulations of their respective countries to ratify the ATA, as soon as possible following their respective internal requirements.

3. DESIGNATION OF THE AIRLINES

Pursuant to Article 3 of the ATA,

a) The Government of the Islamic Republic of Iran designated "Iran Air" and "Mahan Air"1 to operate the agreed air. Services on the specified routes and the Government of the Republic of the Philippines accepted these designations. More designations of Iranian Airlines shall be duly accepted by the Philippines side.

b.The Government of the Republic of the Philippines shall designate its airline(s) in due course to operate the agreed air services on the specified routes; and the Government of the I.R. of Iran shall duly accept said designation(s) in the future without delay.

4. FREQUENCY & CAPACITY

a) With immediate effect, the airlines designated by the aeronautical authorities of the I.R of Iran may operate up to 16 services per week in accordance with Route Schedule, using any type of aircraft as provided below:

Passenger Services

I. Points in Iran - Manila v.v.

a maximum of four (4) frequencies per week

II. Points in Iran - Clark v.v.

a maximum of seven (7) frequencies per week

III. Points in Iran - Points in the Philippines (except Manila and Clark) v.v.

a maximum of five (5) frequencies per week

All-cargo services

I. Points in Iran - Clark v.v.

a maximum of 700 tons per week

b) With immediate effect, the airline(s) designated by the aeronautical authorities of the Republic of the Philippines may operate up to 16 services per week in each direction in accordance with Route Schedule, using any type of aircraft as provided below:

Passenger Services

I. Manila ~ Points in Iran v.v.

a maximum of four (4) frequencies per week

II. Clark - Points in Iran v.v.

a maximum of seven (7) frequencies per week

III. Points in the Philippines (except Manila and Clark) - Points in Iran

a maximum of five (5) frequencies per week

All-cargo services

I. Clark - Points in Iran v.v.

a maximum of 100 tons per week

c) Further increase in the frequencies will be subject to the approval of the aeronautical authorities of both countries. ,

d) Both sides agreed that the airlines of the Islamic Republic of Iran and the airline(s) of the Republic of the Philippines will be permitted to operate passenger charter services based on the market demand.

5. FIFTH FREEDOM TRAFFIC RIGHTS

For further enhancement of the air transport relations of the two countries both sides agreed to consider the exercise of fifth freedom traffic rights during the next round of negotiations.

6. CODE - SHARING

For better utilization of market access and response to the market demand both sides have agreed to encourage the designated airlines of each country to enter into marketing alliances arrangements such as code-sharing in both passenger and cargo fields with the designated airlines of the other country. Code-sharing operations by the designated airlines will be conducted after the approval of the aeronautical authorities of both countries.