

**AIR SERVICES AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF  
MACAU**

The Government of the Republic of the Philippines and the Government of Macau, the latter being duly authorized by the competent sovereign institution of the Portuguese Republic and with the consent of the Government of the People's Republic of China,

hereinafter described as the Contracting Parties,

Desiring to conclude an agreement for the purpose of establishing and operating air services between the areas of the Philippines and of Macau,

Agree as follows:

**ARTICLE I  
DEFINITIONS**

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

a) the term "aeronautical authorities" means, in the case of the Republic of the Philippines, the Civil Aeronautics Board and, in the case of Macau, the Civil Aviation Authority, or in both cases, any person or body authorized to perform any functions exercised at present by the said authority or similar functions;

b) 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 IV of the present Agreement, for operation of air services on the routes specified in the Annex thereto;

c) the term "the 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;

d) the term "Larea" in relation to the Philippines, with reference to Article 2 of the Convention, includes the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection or mandate of the Philippines; and in relation to Macau, includes Macau peninsula and Taipa and Coloane Islands;

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

f) the term "agreed services" means scheduled air services on the routes specified in the Annex to this Agreement for the transport of passengers, cargo and mail;

g) the term "specified route" means a route specified in the Annex to this Agreement;

h) the term "Annex" means the Annex to this Agreement or as amended in accordance with the provisions of Article XIII of this Agreement. The Annex forms an integral part of this Agreement and all references to the Agreement shall include the Annex except where explicitly agreed otherwise.

i) the term "appropriate channels" means in the case of the Republic of the Philippines, through the Department of Foreign Affairs, and in the case of Macau, through the Aeronautical Authorities.

## **ARTICLE II APPLICABILITY OF THE CHICAGO CONVENTION**

In implementing this Agreement, the Contracting Parties shall act in conformity with the provisions of the Convention including the Annexes, and any amendment to the Convention or to the Annexes, in so far as these provisions are applicable to the Contracting Parties.

## **ARTICLE III GRANT OF RIGHTS**

1) Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the purpose of establishing and operating air services specified in the Annex to this Agreement.

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-area of the other Contracting Party;
- b) to make stops in the said area for non-traffic purposes; and
- c) to make stops in the said area at the points specified for that route in the

Annex 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 area of the other Contracting Party, passengers, cargo or mail carried for remuneration or hire and destined for another point in the area of that other Contracting Party.

## **ARTICLE IV PRINCIPLES GOVERNING THE DESIGNATION OF AIRLINES AND THE REVOCATION OR SUSPENSION OF OPERATING AUTHORIZATION**

1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party not more than two airlines for the purpose of operating the agreed services on the specified routes.

2) On receipt of the designation, the other Contracting Party shall, subject to the provisions of paragraphs 3) and 4) of this Article, without unnecessary delay, grant 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 provisions of the Convention to the operation of international commercial air services.

4) (a) The Government of the Republic of the Philippines shall have the right to refuse to accept the designation of an airline and withhold or revoke the grant to an airline of the operating authorization specified in paragraph 2) of this Article or to impose such conditions as it may deem necessary on the exercise by an airline of the operating authorization in any case where it is not satisfied that that airline is incorporated and has its principal place of business in Macau;

(b) The Government of Macau shall have the right to refuse to accept the designation of an airline and withhold or revoke the grant to an airline of the operating authorization specified in paragraph 2) of this Article or to impose such conditions as it may deem necessary on the exercise by an airline of the operating authorization in any case where it is not satisfied that the substantial ownership and effective control of that airline are not vested in the Government of the Republic of the Philippines or its nationals.

5) Subject to the provisions of Article VIII of the present Agreement, at any time after the provisions of paragraphs 1), 2) and 3) of this Article have been complied with, an airline so designated and authorized may begin to operate the agreed services.

6) Each Contracting Party shall have the right to suspend the exercise by an airline of

the operating authorization specified in paragraph 2) of this Article or to impose such condition as it may deem necessary on the exercise by an airline of the operating authorization in any case where the airline fails to comply with the laws and regulations of the Contracting Party granting the operating authorization 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 consultations with the other Contracting Party.

## **ARTICLE V EXEMPTION FROM CUSTOMS DUTIES AND OTHER CHARGES**

1) Aircraft operated on international services by the designated airline of either Contracting Party, as well as their regular equipment, supplies of fuel 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 area 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) There shall be also exempt from the same duties and taxes, with exception of charges corresponding to the services performed:

a) aircraft stores taken on board in the area of either Contracting Party, and for use on board aircraft engaged in an international air service of the other Contracting Party;

b) spare parts entered into the area of either Contracting Party for the maintenance or repair of aircraft used on international air services by the designated airline of the other Contracting Party;

c) fuel and lubricants destined to supply aircraft operated on international air services by the designated airline of the other Contracting Party, even when these supplies are to be used on the part of the journey performed over the area of the Contracting Party in which (they are taken on board;

Material referred to in sub-paragraph a), b) and c) may be required to be kept under customs supervision or control.

3) The exemptions provided by paragraph 2) of this Article shall also be available where the airline of one Contracting Party has contracted with another airline, which similarly enjoys such exemption from the other Contracting Party, for loan or transfer in the area of the other Contracting Party of the items specified in paragraph 2) of this Article.

## **ARTICLE VI MAINTENANCE OF TECHNICAL AND ADMINISTRATIVE PERSONNEL**

The designated airline of one Contracting Party shall be entitled, in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, to bring into and maintain in the area of the other Contracting Party its own technical and administrative personnel required for the operation of the agreed services.

## **ARTICLE VII REMITTANCE OF EARNINGS**

Either Contracting Party undertakes to grant the other Contracting Party free transfer, in any freely convertible currency at the official rate of exchange at the time of transfer or remittance, of the excess of receipts over expenditure and taxes achieved on its area in connection with the carriage of passengers, baggage, mail shipments and freight by the designated airline of the other Contracting Party. Whenever the payment system between Contracting Parties is governed by a special agreement, that agreement shall apply.

## **ARTICLE VIII APPLICABILITY OF LAWS AND REGULATIONS**

1) The laws and regulations of one Contracting Party relating to the admission to or departure from its area of aircraft engaged in international air services, or to the operation and navigation of such aircraft while within its area, 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 area of the first Contracting Party.

2) The laws and regulations of one Contracting Party as to the admission to or departure from its area of passengers, crew, or cargo of aircraft such as regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be complied with by or on behalf of such passengers, crew or cargo by the airline designated by the other Contracting Party upon entrance into or departure from, or while within the area of the first Contracting Party.

**ARTICLE IX**  
**PRINCIPLES GOVERNING OPERATION OF AGREED SERVICES**

In order to develop the air transport services along the routes or section thereof in the schedule made part of the Annex and for the purpose of achieving and maintaining

equilibrium between the capacity of the specified requirements of the public for air transportation, as determined by the aeronautical authorities of the Contracting Parties, the following principles shall apply:

1) The designated airline of each Contracting Party shall enjoy fair and equal opportunity to operate the agreed services on the specified routes between their respective areas;

2) In the operation by the designated airline of either Contracting Party of the specified air services, the interests of the 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 agreed services provided by the designated airlines of the Contracting Parties shall bear close relationship to the requirements of the public for transportation on the specific routes and shall have as their primary objective the provision, at a reasonable load factor, of capacity adequate to carry the current and reasonably anticipated requirements of passengers and cargo including mail between the areas of the Contracting Parties. Provisions for the carriage of passengers, baggage and cargo including mail both taken on board and discharged at points on the specified routes other than points in the area of the Contracting Party which designated the airline shall be made in accordance with the general principles that capacity shall be related to:

a) traffic requirements to and from the area of the Contracting Party which has designated the airline;

b) the requirements of through airline operations;

c) the air transport needs of the area through which the airline passes;  
and;

d) the adequacy of other air transport services established by airlines of the States comprising the region.

**ARTICLE X**  
**TARIFFS**

1) The tariffs to be charged by the airline of one Contracting Party for carriage of traffic to or from the area of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, and the tariffs of other airlines.

2) The tariffs referred to in paragraph 1) of this Article shall, if possible, be agreed to by the designated airlines of both Contracting Parties, in consultation with other airlines operating over the whole or part of the route, and such agreement shall, where possible, be reached through the International Air Transport Association.