

**AUSTRALIA - PHILIPPINES AIR SERVICES DISCUSSIONS
CANBERRA, 12-13 MARCH 2009**

MEMORANDUM OF UNDERSTANDING

1. Delegations representing the aeronautical authorities of the Government of Australia and the Government of the Republic of the Philippines (Philippines) met in Canberra on 12-13 March 2009 to discuss air services arrangements between their two countries.

2. A list of the two delegations is at Attachment A. The discussions were held in a friendly and cordial atmosphere and the following understandings were reached.

APPLICATION

3. This Memorandum of Understanding (MOU) replaces the MOU of 11 October 1980 and the MOU of 16 February 1994.

AIR SERVICES AGREEMENT

4. The delegations mutually decided to recommend the new draft Air Services Agreement at Attachment B (the draft Agreement) to their respective Governments for adoption, replacing the existing Agreement between Australia and the Philippines relating to Air Services dated 15 November 1971.

5. The delegations further decided that the draft Agreement will be given interim effect, on an administrative basis, until it enters into force pursuant to Article 20 of the draft Agreement.

CAPACITY ENTITLEMENTS

Combination Passenger/Cargo Services

6. The delegations mutually determined that the following capacity entitlements will apply for the operation of combination passenger/cargo services in each direction on the routes specified in the Route Schedule of the draft Agreement for the designated airline or airlines of each Party:

7. For the designated airline(s) of the Philippines:

a) For services to (from Sydney, Melbourne (Tullamarine and Avalon), Brisbane and Perth:

With immediate effect, a total 4,000 seats each way each week.

An additional 1,000 seats each way each week (i.e. a total of 5,000 seats each way each week) after the designated airline(s) of either Australia or the Philippines have received approval to operate a minimum of 3,000 seats each way each week.

An additional 1,000 seats each way each week (i.e. a total of 6,000 seats each way each week) after the designated airline(s) of either Australia or the

Philippines have received approval to operate a minimum of 4,000 seats each way each week.

b) For services to/from other international airports in Australia
Unrestricted capacity and frequency of services with any type of aircraft.

8. For the designated airline(s) of Australia:

a) For services to/from Manila and Clark:

With immediate effect, a total 4,000 seats each way each week.

An additional 1,000 seats each way each week (i.e. a total of 5,000 seats each way each week) after the designated airline(s) of either Australia or the Philippines have received approval to operate a minimum of 3,000 seats each way each week.

An additional 1,000 seats each way each week (i.e. a total of 6,000 seats each way each week) after the designated airline(s) of either Australia or the Philippines have received approval to operate a minimum of 4,000 seats each way each week.

b) For services to/from other international airports in the Philippines

Unrestricted capacity and frequency of services with any type of aircraft.

Dedicated Cargo Services

9. In operating dedicated cargo services between Australia and the Philippines, the designated airline(s) of Australia may operate from any point in Australia to/from Manila and/or Clark, while the designated airlines of the Philippines may operate from Manila and/or Clark to any point in Australia. The designated airline(s) of each Party may operate a total 300 tonnes each way each week to/from Manila and 1300 tonnes each way each week to/from Clark with any type of aircraft.

TRAFFIC RIGHTS

Combination Passenger/Cargo Services

10. In operating combination passenger/cargo services, the designated airlines(s) of each Party may not exercise traffic rights at any intermediate and beyond points except that:

a) airlines of Australia may exercise full fifth freedom traffic rights at the intermediate point of Port Moresby and one additional point to be nominated, provided that point is not in Singapore or the United States;

b) airlines of the Philippines may exercise full fifth freedom traffic rights at any one intermediate point to be nominated, provided that point is not in Singapore or the United States;

c) airlines of Australia may exercise full fifth freedom traffic rights between the Philippines and points beyond the Philippines in Hong Kong, Japan, India, Bahrain, Iran, Greece, Austria, France, the United Kingdom, plus two other additional points to be nominated, provided that those points are not in the United States, Canada or China;

(i) capacity of services operating beyond the Philippines to Japan may not exceed 2500 seats each way each week; and

d) airlines of the Philippines may exercise full fifth freedom traffic rights between Australia and one point beyond Australia in New Zealand only.

11. Intermediate and beyond points are to be nominated in writing by the aeronautical authorities and may be changed from time to time.

12. The designated airline(s) of each Party will not be entitled to uplift traffic at one point in the territory of the other Party for discharge at another point in the territory of that same Party, with the exception that the designated airlines(s) of each Party may exercise own stopover/co-terminal rights between points in the other Party.

Dedicated Cargo Services

13. In operating dedicated cargo services between Australia and the Philippines, the designated airlines of both Parties may only exercise third and fourth freedom traffic rights.

DATE OF EFFECT

The above understandings will have operational effect from the date of signature of this Memorandum of Understanding.

Signed in Canberra on the thirteenth day of March 2009.

(Sgd.) MR. IAIN LUMSDEN

For the aeronautical authorities
of
the Government of Australia

**(Sgd.) UNDERSECRETARY
DOROTEO A. REYEZ II**

For the aeronautical authorities
of the
Republic of the Philippines

Attachment A

AUSTRALIA - PHILIPPINES AIR SERVICES TALKS

CANBERRA, 12-13 March 2009

Australian Delegation

Mr. Iain Luinsden (Leader)
Director, Bilateral Aviation
Aviation and Airports Division
Department of Infrastructure, Transport, Regional Development and Local
Government

Mr. Brenion Clark
Assistant Director, Bilateral Aviation
Department of Infrastructure, Transport, Regional Development and Local
Government

Mr Wayne Kelly
Assistant Director. Bilateral Aviation
Department of Infrastructure, Transport. Regional Development and Local
Government

Ms Alicia Tong
Bilateral Aviation
Department of Infrastructure. Transport. Regional Development and Local
Government

Mr Max Whitby
Senior Policy Analyst
Tourism Division
Department of Resources, Energy and Tourism

Ms Rebecca Haining
Manager
Government and International Relations
Qantas Airways

Observers

Mr Paul Harrington
Transport Services Trade Officer
International Aviation Industry Policy
Department of Infrastructure. Transport. Regional Development and Local
Government

Mr Christian Bayer-Kovesi
Senior Policy Officer
Tourism Division
Department of Resources. Energy and Tourism

AUSTRALIA - PHILIPPINES AIR SERVICES TALKS

CANBERRA, 12-13 March 2009

Philippines Delegation

Chairman

Undersecretary Doroteo A. Reyes II
Department of Transportation and Communications

Vice Chairman

Undersecretary Franklin M. Ebdalin
Department of Foreign Affairs

Members

Executive Director Carmelo L. Arcilla
Civil Aeronautics Board

Director Evelyn R. Cajigal
Department of Tourism

Mr Victor Jose I. Luciano
Clark International Airport Corporation

Any. Roberto CO. Lim
Philippine Airlines Inc

Ms Ma. Socorro R. Gonzaga
Philippine Airlines Inc

Ms. Ma. Inez Antonia F. Jose
Cebu Pacific Air

Mr Reynaldo L. Rodriguez
Zest AirwaYs

Advisers

Atty. Raquel T. Desiderio
Department of Transportation and Communications

Ms Ma. Cristina P. Calara
Civil Aeronautics Board

Atty Anna Marie P. de Vera
Department of Foreign Affairs

Atty Rcvnaldo L. Ching
Department of Tourism

Mr Jose Enrique L. Perez de Tagle
Philippine Airlines Inc

Atty Enrique J. Esquivel
Philippine Airlines Inc

Atty Patcrno S. Manlaring. Jr.
Cebu Pacific Air

Attachment B

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF AUSTRALIA RELATING TO AIR SERVICES

The Government of the Republic of the Philippines and the Government of Australia
(hereinafter, "the Parties");

Being parties to the Convention on International Civil Aviation, opened for signature
at Chicago on December 7. 1944;

Desiring to promote an international aviation system based on competition among
airlines in the marketplace and wishing to encourage airlines to develop and
implement innovative and competitive services;

Desiring to ensure the highest degree of safety and security in international air
transport and reaffirming their grave concern about acts or threats against the
security of aircraft, which jeopardise Ihc safety of persons or property, adversely