

**AGREEMENT ON THE EXCHANGE OF TRAFFIC RIGHTS BETWEEN
THE MANILA ECONOMIC AND CULTURAL OFFICE IN TAIPEI AND
THE TAIPEI ECONOMIC AND CULTURAL OFFICE IN MANILA**

The Manila Economic and Cultural Office in Taipei and the Taipei Economic and Cultural Office in Manila, hereinafter referred to as the "Contracting Parties,"
Desiring to continue and expand the air services between and beyond their territories,

Have agreed on the exchange of traffic rights under the following terms:

**ARTICLE 1
DESIGNATION OF AIRLINES**

1. Each Contracting Party may designate in writing multiple airlines to operate the agreed services and commercial air routes specified in the Annex hereto.

2. On receipt of the designation and upon application by the designated airline for operating authorization, the other Contracting Party shall, without unnecessary delay, grant to the designated airline the appropriate operating authorization: Provided, that:

a.
substantial ownership and effective control of the airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party or both;

b.
the designated airline is qualified to fulfill the conditions prescribed under the laws and regulations normally applied to the operation of international commercial air services by the Contracting Party considering the application.

**ARTICLE 11
REVOCATION AND SUSPENSION OF AUTHORIZATION**

Notwithstanding the provisions of Article I, each Contracting Party shall have the right to recommend to its appropriate authorities the revocation, suspension or limitation by the imposition of conditions, the operating authorization granted to the designated airline of the other Contracting Party if such designated airline, in operating its air services pursuant to this Agreement, fails to comply with any applicable law or regulation of the first mentioned Contracting Party, or fails to comply with any terms or conditions prescribed in this Agreement and its Annex: Provided, that, unless immediate action is essential to prevent further infringement of laws or regulations or terms or conditions abovementioned, this right shall be exercised only after consultations with the other Contracting Party.

The revocation, suspension, or limitation shall take effect upon notification of confirmation by the appropriate authorities of the Contracting Party recommending such action.

ARTICLE III TRAFFIC RIGHTS

1. The designated airlines of both Contracting Parties shall have the right to take on and discharge passengers, cargo and mail at the points on the respective route they operate, and shall also have the rights of flying across and landing for non-traffic purposes in each other's territory.
2. Nothing in this Article shall be deemed to confer on the airline of one Contracting Party the right of taking up in the territory of the other Contracting Party, passengers, cargo or mail carried for remuneration or hire and destined for another point in the territory of that other Contracting Party.

ARTICLE IV APPLICABILITY OF LAWS AND REGULATIONS

The applicable laws and regulations of the appropriate authorities of either Contracting Party governing entry into or departure from its territory of aircraft engaged in international air services, or the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the designated airlines of the other Contracting Party.

ARTICLE V FARES AND RATES

The fares and rates to be charged for the carriage of passengers, cargo or mail by the designated airlines on their respective routes shall be submitted for the approval of the appropriate authorities of the Contracting Parties and shall normally be fares and rates established by the International Air Transport Association (IATA).

ARTICLE VI RECOGNITION OF CERTIFICATES AND LICENSES

Each Contracting Party shall recognize as valid, for the purpose of operating the air services provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the other Contracting Party: Provided, that, the requirements for such certificates or licenses meet the minimum standards which may be established pursuant to the Convention on International Civil Aviation signed in Chicago in 1944. Each Contracting Party reserves the right to refuse to recognize as valid for purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

ARTICLE VII ESTABLISHMENT OF REPRESENTATIVE OFFICES

The designated airlines of either Contracting Party is authorized to establish representative offices in the territory of the other Contracting Party.

ARTICLE VIII MAINTENANCE OF PERSONNEL

Without prejudice to the regulations of the respective Contracting Party and subject to reciprocity, the technical and administrative personnel of the designated airlines of either Contracting Party shall be issued appropriate visas and each designated

airline is authorized to maintain in the territory of the other Contracting Party such personnel.

ARTICLE IX

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 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. Subject to existing rules and regulations of the appropriate authorities, there shall also be exempt from the same duties and taxes, aircraft spare parts and tools entered into the territory 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.

ARTICLE X

TRANSFER OF NET REVENUE

Each Contracting Party undertakes to grant to the designated airlines of the other Contracting Party the right to remit to its head office the excess of receipts over expenditure and taxes earned in its territory in connection with the carriage of passengers, cargo and mail. The procedure for such remittance shall be in accordance with the foreign exchange rules and regulations of the territory in which the revenue accrues.

ARTICLE XI

APPLICABILITY OF CONVENTION

The principles set forth in the Convention on International Civil Aviation signed in Chicago in 1944 shall be applied in connection with the services provided for in this Agreement.

ARTICLE XII

CONSULTATIONS

Either Contracting Party may, at any time, request consultation in relation to this Agreement. Such consultation shall begin within a period of sixty (60) days from the date the other Contracting Party receives a written request, unless the Contracting Parties agree otherwise.

ARTICLE XIII

TERMINATION

This Agreement shall remain in force unless terminated by either Contracting Party through a written notice given twelve (12) months prior to the intended date of termination.

ARTICLE XIV

ENTRY INTO FORCE

The Agreement and the Annex hereto shall come into force upon the date of the exchange of letters between the Contracting Parties confirming that the appropriate procedures necessary for this Agreement to enter into force have been completed.

In witness whereof, the undersigned, being duly authorized, have signed this Agreement.

Done at Taipei, in the English language, on the 6th day of September 1996.

FOR THE MANILA ECONOMIC AND
CULTURAL OFFICE IN TAIPEI
(Sgd.) **ARMANDO C. FERNANDEZ**
Representative

FOR THE TAIPEI ECONOMIC AND
CULTURAL OFFICE IN MANILA
(Sgd.) **CHANG HSIEN-CHING**
Representative

Witnessed by:

(Sgd.) **SILVESTRE M. PASCUAL**
Executive Director
Civil Aeronautics Board in Manila

(Sgd.) **CHANG KUO-CHENG**
Acting Director-General
Civil Aeronautics Administration in
Taipei

ANNEX

Annex to the Agreement on the Exchange of Traffic Rights between the Manila Economic and Cultural Office in Taipei and the Taipei Economic and Cultural Office in Manila signed on 06 September 1996.

I. Category 1

1. Route Schedule

(A) Route to be operated by the airlines designated by the appropriate authorities in Manila with full traffic rights:

Points of Departure	Intermediate and/or Beyond Points	Points of Destination
Points in the Philippines	Two Asian points (not exceeding 6 hours flight sector): One point in the Americas and one point in Europe	Points in Taiwan

(B) Route to be operated by the airlines designated by the appropriate authorities in Taipei with full traffic rights:

Points of Departure	Intermediate and/or Beyond Points	Points of Destination
---------------------	--------------------------------------	-----------------------