

**AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND FOR AIR SERVICES BETWEEN AND BEYOND THEIR
RESPECTIVE TERRITORIES**

Note: The Agreement entered into force, January 31, 1955.

Reference: This Agreement is also published in II DFA TS No. 4, p. 13.

The Government of the Republic of the Philippines and the Government of the United Kingdom of Great Britain and Northern Ireland,
Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 and
Desiring to conclude an Agreement for the purpose of establishing air services between and beyond Philippine and United Kingdom territories,
Have agreed as follows:—

ARTICLE 1

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

(a) 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;

(b) the term "aeronautical authorities" means, in the case of the Philippines, the Civil Aeronautics Board and any person or body authorised to perform any functions presently exercised by the said Civil Aeronautics Board or similar functions, and, in the case of the United Kingdom, the Minister of Transport and Civil Aviation and any person or body authorised to perform any functions presently exercised by the said Minister 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 4 of the present Agreement, for the operation of air services on the routes specified in such notification;

(d) the term "change of gauge" means the operation of an air service by a designated airline in such a way that one section of the route is flown by aircraft different in capacity from those used on another section;

(e) the terms "territory", "air services", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Articles 2 and 96 of the Convention.

ARTICLE 2

To the extent to which they are applicable to the air services established under, the present Agreement, the provisions of the Convention shall remain in force in their present form between the Contracting Parties for the duration of the Agreement, as if they were an integral part of the Agreement, unless both Contracting Parties ratify any amendment to the Convention which shall have duly come into force in which case the Convention as amended shall remain in force for the duration of the present Agreement.

ARTICLE 3

(1) Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the purpose of establishing air services on the routes specified in the appropriate Schedules thereto (hereinafter called "the agreed services" and "the specified routes"). The agreed services maybe inaugurated immediately or at a later date at the option of the Contracting Party to whom the rights are granted.

(2) Subject to the provisions of the present Agreement, the airlines designated by each Contracting Party shall enjoy, while operating an agreed service on a specified route, 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) to make stops in the said territory at the points specified for that route in the Schedules to the present Agreement for the purpose of putting down and taking on international traffic in passengers, cargo and mail.

(3) Nothing in paragraph (2) of this Article shall be deemed to confer on the airlines of one Contracting Party the privilege 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 4

(1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more 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 delay grant to the airline or airlines designated the appropriate operating authorisation.

(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 fulfil the conditions prescribed under the laws and regulations normally and reasonably applied by them in conformity with the provisions of 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 privileges specified in paragraph (2) of Article 3 of the present Agreement or to impose such conditions

as it may deem necessary on the exercise by an airline of those privileges 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 nationals of the Contracting Party designating the airline.

(5) At any time after the provisions of paragraphs (1) and (2) of this Article have been complied with, an airline so designated and authorised 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 8 of the present Agreement.

(6) Each Contracting Party shall have the right to suspend the exercise by an airline of the privileges specified in paragraph (2) of Article 3 of the present Agreement 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 or 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 5

Fuel, lubricating oils, spare parts, regular aircraft equipment and aircraft stores introduced into the territory of one Contracting Party, or taken on board aircraft in that territory, by or on behalf of the other Contracting Party or its designated airline or airlines and intended solely for use by or in the aircraft of those airlines shall be accorded the following treatment by the first Contracting Party in respect of customs duties, inspection fees and other similar national or local duties and charges:

(a) in the case of fuel and lubricating oils remaining on board aircraft at the last airport of call before, departure from the said territory, exemption; and

(b) in the case of fuel and lubricating oils not included under (a) and spare parts, regular aircraft equipment and aircraft stores, treatment not less favourable than that accorded to similar supplies introduced into the said territory, or taken on board aircraft in that territory, and intended for use by or in the aircraft of a national airline of the first Contracting Party, or of the most favoured foreign airline, engaged in international air services. This treatment shall be in addition to and without prejudice to that which each Contracting Party is under obligation to accord under Article 24 of the Convention.

ARTICLE 6

(1) There shall be fair and equal opportunity for the airlines of both Contracting Parties to operate the agreed services on the specified routes between their respective territories,

(2) In operating the agreed services, the airlines of each Contracting Party shall take into account the interests of the airlines of the other Contracting Party so as not to affect unduly the services which the latter provide on the whole or part of the same routes.

(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 specified 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 for the carriage of passengers, cargo and mail originating from or destined for the territory of the Contracting Party which has designated the airline. Provision for the carriage of passengers, cargo and mail both taken up and put down at points on the specified routes in the territories of States other than that designating the airline shall be made in accordance with the general principles that capacity shall be related to:—

- (a) traffic requirements to and from the territory of the Contracting Party which has designated the airline;
- (b) traffic requirements of the area through which the airline passes, after taking account of other transport services established by airlines of the States comprising the area; and
- (c) the requirements of through airline operation.

ARTICLE 7

A designated airline of one Contracting Party may make, a change of gauge at a point in the territory of the other Contracting Party only on the following conditions:

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- (a) that it is justified by reason of economy of operation;
- (b) that the aircraft used on the section on which less traffic is carried by the airline to and from the territory of the first Contracting Party are smaller in capacity than those used on the other section;
- (c) that the aircraft of smaller capacity shall operate only in connexion with the aircraft of larger capacity and shall be scheduled so to do; the former shall arrive at the point of change for the purpose of carrying traffic transferred from, or to be transferred into the aircraft of larger capacity, and their capacity shall be determined with primary reference to this purpose;
- (d) that there is an adequate volume of through traffic; and
- (e) that the provisions of Article 6 of the present Agreement shall govern all arrangements made with regard to change of gauge.

ARTICLE 8

(1) The tariffs on any agreed service shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of service (such as standards of speed and accommodation) and the tariffs of other airlines for any part of the specified route. These tariffs shall be fixed in accordance with the following provisions of this Article.

(2) The tariffs referred to in paragraph (1) of this Article, together with the rates of agency commission used in conjunction with them shall, if possible, be agreed in respect of each of the specified routes between the designated airlines concerned, in

consultation with other airlines operating over the whole or part of that route, and such agreement shall, where possible, be reached through the rate-fixing machinery of the International Air Transport Association. The tariffs so agreed shall be subject to the approval of the aeronautical authorities of both Contracting Parties.

(3) If the designated airlines cannot agree on any of these tariffs, or if for some other reason a tariff cannot be agreed in accordance with the provisions of paragraph (2) of this Article, the aeronautical authorities of the Contracting Parties shall try to determine the tariff by agreement between themselves.

(4) If the aeronautical authorities cannot agree on the approval of any tariff submitted to them under paragraph (2) of this Article or on the determination of any tariff under paragraph (3), the dispute shall be settled in accordance with the provisions of Article 11 of the present Agreement.

(5) (a) No tariff shall come into force if the aeronautical authorities of either Contracting Party are dissatisfied with it except under the provisions of paragraph (3) of Article 11 of the present Agreement.

(b) When tariffs have been established in accordance with the provisions of this Article, these tariffs shall remain in force until new tariffs have been established in accordance with the provisions of this Article.

ARTICLE 9

The aeronautical authorities of either Contracting Party shall supply to the aeronautical authorities of the other Contracting Party at their request such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the frequency and capacity provided on the agreed services by the designated airlines of the first Contracting Party. Such statements shall include all information required to determine the amount of traffic carried by those airlines on the agreed services and the origins and destinations of such traffic.

ARTICLE 10

There shall be regular and frequent consultation between the aeronautical authorities of the Contracting Parties to ensure close collaboration in all matters affecting the fulfilment of the present Agreement.

ARTICLE 11

(1) If any dispute arises between the Contracting Parties relating to the interpretation or application of the present Agreement, the Contracting Parties shall in the first place endeavour to settle it by negotiation between themselves.

(2) If the Contracting Parties fail to reach a settlement by negotiation,

(a) they may agree to refer the dispute for decision to an arbitral tribunal appointed by agreement between them or to some other person or body;
or

(b) if they do not so agree or if, having agreed to refer the dispute to an arbitral tribunal, they cannot reach agreement as to its composition, either Contracting Party may submit the dispute for decision to any tribunal competent to decide it which may hereafter be established within