

**CONFIDENTIAL MEMORANDUM OF UNDERSTANDING BETWEEN
THE REPUBLIC OF THE PHILIPPINES & THE KINGDOM OF
BAHRAIN**

Delegations representing the Government of the Republic of the Philippines and the Government of the Kingdom of Bahrain (hereinafter referred to as the Contracting Parties) met in Pasay City, Philippines on 11 September 2002 for bilateral consultations in accordance with Articles 13 and 16 of the Air Services Agreement (hereinafter the "Agreement") dated 29 August 1992.

1. The Philippine delegation was led by Undersecretary Arturo T. Valdez of the Department of Transportation and Communications and the Bahrain delegation was led by Capt. Abdulrahman M. Al Gaoud, Acting Undersecretary for Civil Aviation Affairs, Ministry of Transportation. The list of the members of the two delegations is attached as Attachment (A).

2. The discussions were conducted in a cordial and friendly atmosphere. The two delegations reached the following agreements:

3. Changes in the Agreement

(a) Change in the name of the State of Bahrain

Both delegations have agreed to change the name of the State of Bahrain wherever mentioned in the Agreement to the Kingdom of Bahrain.

(b) Multiple Carrier Designation

Article 3(1) of the Agreement shall be replaced by the following:

"Each Contracting Party shall have the right to designate in writing to the other Contracting Party one (1) or more airline(s) for the purpose of operating the agreed services on the specified routes."

(c) Definitions

Article 1(b) of the Agreement shall be replaced by the following:

"Aeronautical Authorities: means in the case of the Kingdom of Bahrain, the Ministry of Transportation represented by Civil Aviation Affairs, and any person or body legally empowered to perform by function at present exercised by the above mentioned Authority or similar functions; and in the case of the Republic of the Philippines, the "Civil Aeronautics Board", and any person or body legally empowered to perform any functions at present exercised by the above authority or similar functions.

4. Capacity/Route Schedule

(a) Capacity Entitlements

Further to Article 3(a) of the 26 February 1992 CMU, both delegations have agreed to allow the designated airline(s) of the Kingdom of Bahrain to operate one (1) additional frequency to the already existing capacity on the route Bahrain-Manila v.v. using any aircraft no bigger than Airbus A340 aircraft. Whereas, the designated airline(s) of the Republic of the Philippines may operate unrestricted frequencies from points in the Philippines to the Kingdom of Bahrain.

(b) Bahrain-Clark (Diosdado Macapagal International Airport) v.v.

The designated airline(s) of the Kingdom of Bahrain shall be allowed to operate one (1) additional weekly combination (passenger and/or cargo) frequency using aircraft no bigger than Airbus A340 on the route Bahrain-Clark (Diosdado Macapagal International Airport) v.v. This additional frequency may be convertible to an all-cargo service.

(c) Route Schedule

Both delegations have agreed to replace the route schedule annexed to the 12 September 1995 CMU pertaining to the Kingdom of Bahrain as per Attachment (B).

5. Code-sharing

Both delegations agreed to provide bilateral code-sharing arrangements through their designated airline(s), as follows:

i. In operating or holding out the authorized services on the agreed routes, any designated airline of one Contracting Party may enter into code-sharing arrangements with an airline or airlines of the other Contracting Party;

ii. Such arrangements shall be allowed provided that the airline or airline(s) mentioned in paragraph (1) above;

- Hold(s) the appropriate authority; and

- Meet(s) the requirements normally applied to such arrangements.

iii. In respect of bookings, issuing and selling tickets pursuant to any code-sharing arrangements, make(s) it clear to the purchaser at the point of sale which airline will actually operate each sector of the service."

6. Other matters

In order to promote tourism and trade between the two respective countries and to encourage the designated airline(s) of the Republic of

the Philippines to operate to the Kingdom of Bahrain, the Bahrain delegation offered the following:

> Free landing and parking to the designated airline(s) of the Republic of the Philippines upon their operation to the Kingdom of Bahrain.

> Favourable fuel prices.

> 50% discount on handling from the normal applicable charges.

The above offer shall be valid with immediate effect for a period of two years and shall be reviewed favourably for extension for a further period.

7. Entry into Force

This CMU is supplementary to the 26 February 1992 joint CMU and shall provisionally enter into force upon signing and definitively upon the exchange of diplomatic notes confirming the completion of the Contracting Parties' internal legal requirements for such entry into force.

Done at Pasay City, Philippines this 11th day of September 2002.

FOR THE GOVERNMENT OF
THE REPUBLIC OF THE
PHILIPPINES:

(Sgd.)

ARTURO T. VALDEZ

Undersecretary
Department of Transportation
and
Communications

FOR THE GOVERNMENT OF THE
KINGDOM OF BAHRAIN:

(Sgd.)

**CAPT. ABDUIRAHMAN M. AL
GAUD**

Acting Undersecretary
for Civil Aviation Affairs
Ministry of Transportation

THE REPUBLIC OF THE PHILIPPINES DELEGATION

Chairman

Undersecretary Arturo T. Valdez
Department of Transportation
and Communications

Members

Undersecretary Evelyn B. Pantig
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Atty. Maria Angela Ponce
Director, Treaties Division
Office of Legal Affairs
Department of Foreign Affairs

Mr. Alberto A. Lim
CAB Board Member