

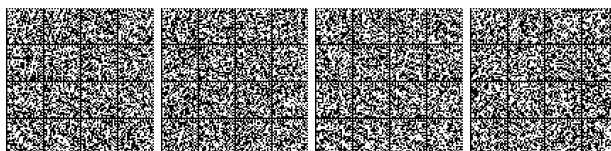
AIR SERVICES AGREEMENT

BETWEEN

THE GOVERNMENT OF THE ITALIAN REPUBLIC

AND

**THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES**



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The Government of the Italian Republic and the Government of the Republic of Philippines hereinafter referred to as the "Contracting Parties",

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago, on 7th day of December 1944;

Desiring to facilitate, contribute and promote the expansion of regional and international air service opportunities;

Recognizing that efficient and competitive international air service enhance trade, the welfare of consumers and economic growth;

Desiring to make it possible for airlines to offer the travelling and shipping public a variety of service options, and wishing to encourage individual airlines to develop and implement innovative and competitive prices;

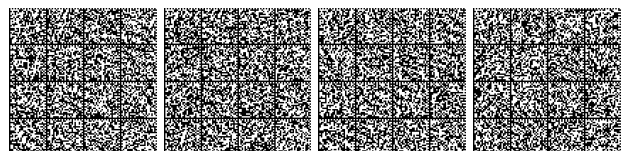
Being equally desirous to conclude an Agreement for the purpose of establishing and operating scheduled air services between and beyond their respective territories;

Have agreed as follows:

ARTICLE 1 – DEFINITIONS

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

- (a) the term "the Chicago Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944 and includes: (i) any amendment thereof which has entered into force under Article 94(a) thereof and has been ratified by both Contracting Parties; and (ii) any Annex or any amendment thereto adopted under Article 90 of that Convention, insofar as such amendment or annex is at any given time effective for both Contracting Parties;
- (b) the term "Aeronautical Authorities" means, in the case of the Government of the Italian Republic, Ministry of Infrastructures and Transport, and/or the Italian Civil Aviation Authority (ENAC) and, in the case of the Government of the Republic of Philippines, the Civil Aeronautics Board and/or Civil Aviation Authority of the Philippines, or, in both cases, any person or body authorized to perform any functions at present exercisable by the above-mentioned authority or similar functions;
- (c) the term "agreed services" means scheduled air services on the routes specified in Annex 1 to this Agreement for the transport of passengers, cargo and mail, separately or in combination
- (d) the term "designated airline" means an airline which has been designated and authorised in accordance with Article 7 of this Agreement;
- (e) the term "territory" in relation to a State has the meaning assigned to it in Article 2 of the Chicago Convention and international law;
- (f) the term "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Chicago Convention;



- (g) the term "this Agreement" includes the Annexes hereto and any amendments to it or to this Agreement;
- (h) the term "user charges" means a charge made to airlines by the competent authority or permitted by that authority to be made for the provision of airport property or facilities or of air navigation facilities (including facilities for overflights), or related services and facilities, for aircraft, their crews, passengers and cargo;
- (i) the term "Air Operator's Certificate" means a document issued to an airline by the aeronautical authorities of a Contracting Party which affirms that the airline in question has the professional ability and organisation to secure the safe operation of aircraft for the aviation activities specified in the certificate.
- (j) The term "aircraft equipment" means article, other than stores and spare parts of a removable nature, for use on board an aircraft during flight, including first and survival equipment;
- (k) The term "stores" means articles of a readily consumable nature for use or sale on board an aircraft during flight including commissary supplies;
- (l) The term "spare parts" means article of a repair or replacement nature for incorporation in an aircraft during flight, including commissary supplies;
- (m) The term "specified routes" means the routes specified in Annex 1 of this Agreement
- (n) The term "code sharing" means an operation performed by one designated airline using the code letter and the flight number of another airline in addition to its own code letter and flight number.
- (o) the term "EU Member State" means Member States of the European Union and the term "EU Treaties" means the "Treaty on European Union" and the "Treaty on the functioning of the European Union";
- (p) the "EFTA Countries" mean Member States of the European Free Trade Association: the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, (being parties to the Agreement on the European Economic Area); the Swiss Confederation (under the Agreement between the European Community and the Swiss Confederation on Air Transport);
- (q) the "ASEAN Countries" mean Member States of the Association of South-East Asian Nations: Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei Darussalam, Viet Nam, Lao PDR, Myanmar, Cambodia;
- (r) references in this Agreement to airline(s) of the Italian Republic shall be understood as referring to airline(s) designated by the Italian Republic;
- (s) references to nationals of the Italian Republic shall be understood as referring to nationals of Member States of the European Union.



ARTICLE 2 - COMPETITION RULES

Notwithstanding any other provision to the contrary, nothing in this Agreement shall:

- (i) require or favor the adoption of agreements between undertakings, decisions by associations of undertakings or concerted practices that prevent, distort or restrict competition; or
- (ii) reinforce the effects of any such agreement, decision or concerted practice ; or
- (iii) delegate to private economic operators the responsibility for taking measures that prevent or restrict competition.

ARTICLE 3 - APPLICABILITY OF CHICAGO CONVENTION

The provisions of this Agreement shall be subject to the provisions of the Chicago Convention insofar as those provisions applicable to international air service.

ARTICLE 4 - GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the following rights in respect of its scheduled international air services:
 - (a) the right to fly across its territory without landing;
 - (b) the right to make stops in its territory for non-traffic purposes.
2. Each Contracting Party grants to the other Contracting Party the rights hereinafter specified in this Agreement for the purpose of operating international air services on the routes specified in the Route Schedule annexed to this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively.
3. While operating an agreed service on a specified route, the airline or airlines designated by each Contracting Party shall enjoy, in addition to the rights specified in paragraph (1) of this Article, the right to make stops in the territory of the other Contracting Party at the points specified for that route in the Schedule to this Agreement for the purpose of taking on board and discharging passengers and cargo, including mail.
4. Nothing in paragraph (2) of this Article shall be deemed to confer on the designated airline or airlines of one Contracting Party the right to take on board, in the territory of the other Contracting Party, passengers and cargo, including mail, carried for hire or reward and destined for another point in the territory of the other Contracting Party.
5. If because of armed conflict, political disturbances or developments, or special and unusual circumstances, a designated airline of one Contracting Party is unable to operate a service on its normal routeing, the other Contracting Party shall use its best efforts to facilitate the continued operation of such service through appropriate temporary rearrangements of routes.

ARTICLE 5 – PRINCIPLES GOVERNING CAPACITY AND EXERCISE OF RIGHTS

1. The designated airline(s) of the Contracting Parties shall be afforded fair and equal treatment in order that they may enjoy equal opportunities in the operation of the agreed services on the specified routes.



2. Provision for the carriage of passengers, cargo and mail both taken on board and discharged at points on routes to be specified in the territories of states other than that designating the airline(s) shall be agreed upon between the Aeronautical Authorities of the two Contracting Parties. The capacity to be provided including the frequency of services by the designated airline(s) of the Contracting Parties on the agreed services shall be agreed upon by the Aeronautical Authorities.
3. In case of disagreement between the Contracting Parties, the issues referred to in paragraph 2 above shall be settled in accordance with the provisions of Article 22 of this Agreement. Until such agreement has been reached, the capacity provided by the designated airline(s) shall remain unchanged.
4. The designated airline(s) of each Contracting Party shall submit for approval to the Aeronautical Authorities of the other Contracting Party not later than thirty (30) days prior to the introduction of services on the specified routes the flight timetables. This shall, likewise, apply to later changes. In special cases, this time limit may be reduced subject to the approval of the said Authorities.

ARTICLE 6 - APPLICABILITY OF LAWS AND REGULATIONS

1. The laws, regulations and procedures of one Contracting Party relating to entering into, remaining in or departing from its territory of aircraft engaged in international air navigation or to the operation and navigation of such aircraft shall be complied with by the designated airline (s) of the other Contracting Party upon entry into, while within and upon departure from the said territory.
2. The laws and regulations of one Contracting Party relating to entry, clearance, staying or transit, emigration or immigration, passports, customs and quarantine shall be complied with by the designated airline(s) of the other Contracting Party and by or on behalf of its crew, passengers, cargo and mail upon transit of, admission to, while within and departure from the territory of such Contracting Party.
3. Without prejudice to security laws and regulations, passengers, baggage and cargo in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose shall only be subject to a simplified control. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

ARTICLE 7 - DESIGNATION AND OPERATING AUTHORIZATIONS

1. Each Party shall have the right to designate one or more airlines for the purpose of operating the agreed services on each of the routes specified in Annex 1 and to withdraw or alter such designations. Such designations shall be made in writing and shall be transmitted to the other contracting party through diplomatic channels.
2. On receipt of such a designation the other Party shall grant the appropriate authorisations and permissions with minimum procedural delay, provided that:
 - a) in the case of an airline designated by the Italian Republic:
 - (i) it is established in the territory of Italy under the EU Treaties and has a valid Operating Licence in accordance with European Union law; and



- (ii) effective regulatory control of the airline is exercised and maintained by the European Union Member State responsible for issuing its Air Operators Certificate and the relevant aeronautical authority is clearly identified in the designation; and
 - (iii) the airline is owned, directly or through majority ownership, and it is effectively controlled by Member States of the European Union or the European Free Trade Association and/or by nationals of such States.
 - b) in the case of an airline designated by the Republic of Philippines:
 - (i) it is established in the territory of the Republic of Philippines and is licensed in accordance with the applicable law of the Republic of Philippines; and
 - (ii) the Republic of Philippines has and maintains effective regulatory control of the airline; and
 - (iii) the airline is owned, directly or through majority ownership, and is effectively controlled by Republic of Philippines and/or by its nationals.
 - c) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied – in conformity with the provisions of the Convention - to the operation of international air services by the Party receiving the designation.
- 3. On receipt of the operating authorization of paragraph 2, a designated airline may at any time begin to operate the agreed services for which it is so designated, provided that the airline complies with the applicable provisions of this Agreement.

ARTICLE 8 - WITHDRAWAL, REVOCATION OR SUSPENSION OF OPERATING AUTHORIZATIONS

- 1. Either Contracting Party may revoke, suspend or limit the operating authorisation or technical permissions of an airline designated by the other Party where:
 - a) in the case of an airline designated by Italian Republic
 - (i) it is not established in the territory of the Italian Republic under the EU Treaties or does not have a valid Operating Licence in accordance with European Union law; or
 - (ii) effective regulatory control of the airline is not exercised or not maintained by the European Union Member State responsible for issuing its Air Operators Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or
 - (iii) the airline is not owned, directly or through majority ownership, or it is not effectively controlled by Member States of European Union or the European Free Trade Association and/or by national of such States; or
 - (iv) the airline is already authorized to operate under a bilateral agreement between the Republic of the Philippines and another State of the European Union and would be exercising traffic rights under this



- Agreement on a route that includes a point in that other member State and the airline would in effect be circumventing restrictions on the traffic rights imposed by that other Agreement; or
- (v) the airline holds an Air Operators Certificate issued by a member State of the European Union and there is no bilateral air services agreement between the Republic of the Philippines and the member State and the traffic rights necessary to conduct the operation proposed by such airline are not reciprocally available to the airlines of the Philippines.
- b) in the case of an airline designated by the Republic of Philippines:
- (i) it is not established in the territory of the Republic of Philippines, or is not licensed in accordance with the applicable law of the Republic of Philippines; or
- (ii) the Republic of Philippines is not maintaining effective regulatory control of the airline; or
- (iii) the airline is not owned directly or through majority ownership, or is not effectively controlled by the Republic of Philippines and/or by its nationals.
- c) such airline is unable to prove that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied in conformity with the Chicago Convention to the operation of international air services by the Party receiving the designation; or
- d) the airline fails to comply with the laws and/or regulations of the Contracting Party granting these rights; or
- e) the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.
2. Unless immediate revocation or suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, such right shall be exercised only after consultation with the other Contracting Party, in conformity with Article 20 of this Agreement.

ARTICLE 9 - AVIATION SECURITY

1. Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971 and the Montreal Supplementary Protocol for the Suppression Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988, on the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal 1 March 1991 and any aviation security agreement that becomes binding on both Contracting Parties.



2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Chicago Convention to the extent that such security provisions are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or operators of aircraft which have their principal place of business or permanent residence in the territory of the Contracting Parties or, in the case of Italy, operators of aircraft which are established in its territory under the Treaty establishing the European Union and have valid Operating Licences in accordance with European Union law, and the operators of airports in their territory act in conformity with such aviation security provisions.
4. Each Contracting Party agrees that its operators of aircraft shall be required to observe, for departure from or while within the territory of the other Contracting Party, aviation security provisions in conformity with the law in force in that Country, including, in the case of Italy, European Union law.

Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.
6. If a Contracting Party has occasional problems in the context of the present Article on security of civil aviation, the aeronautical authorities of both Contracting Parties may request immediate consultations with the aeronautical authorities of the other Contracting Party.

ARTICLE 10 - RECOGNITION OF CERTIFICATES AND LICENCES

1. Certificates of airworthiness, certificates of competency and licences issued or validated in accordance with the laws and regulations of one Contracting Party, including, in the case of the Italian Republic, the laws and regulations of the European Union, and unexpired shall be recognised as valid by the other Contracting Party, for the purpose of operating the agreed services, provided always that the requirements under which such certificates or licences were issued or validated are equal or above the minimum standards established under the Convention.
2. Each Contracting Party reserves the right, however to refuse to recognize, for the purpose of flights above its own territory, certificates of competency and licences granted to its own nationals or rendered valid for them by the other Contracting Party.

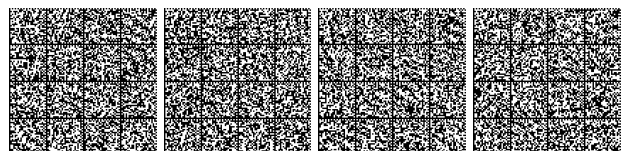


ARTICLE 11 - AVIATION SAFETY

1. Each Contracting Party may request consultations at any time concerning the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty days of that request.
2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 1. that meet the Standards established at that time pursuant to the Convention on International Civil Aviation (Doc 7300), the other Contracting Party shall be informed of such findings and of the steps considered necessary to conform with the ICAO Standards. The other Contracting Party shall then take appropriate corrective action within an agreed time period.
3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an airline of one Contracting Party, on service to or from the territory of another Contracting Party, may, while within the territory of the other Contracting Party be subject of a check by the authorized representatives of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Chicago Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the Standards established at that time pursuant to the Convention.
4. When urgent action is essential to ensure the safety of an airline operation, each Contracting Party reserves the right to immediately suspend or vary the operating authorization of an airline or airlines of the other Contracting Party.
5. Any action by one Contracting Party in accordance with paragraph 4. above shall be discontinued once the basis for the taking of that action ceases to exist.
6. With reference to paragraph 2. above, if it is determined that one Contracting Party remains in non-compliance with ICAO Standards when the agreed time period has lapsed, the Secretary General of ICAO should be advised thereof. The latter should also be advised of the subsequent satisfactory resolution of the situation.
7. Where Italian Republic has designated an air carrier whose regulatory control is exercised and maintained by another European Union Member State, the rights of the other Contracting Party under this Article shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that other European Union Member State and in respect of the operating authorisation of that air carrier

ARTICLE 12 - EXEMPTION FROM CUSTOMS AND OTHER DUTIES

1. Aircraft operated on international air services by the designated airlines of one Contracting Party, as well as their regular equipment, spare parts including engines, supplies of fuels and lubricants, and aircraft stores (including food, beverages and tobacco) which are on board such aircraft shall be exempted by the other Contracting Party from all kinds of customs duties, inspection fees and other fiscal charges on arriving in the territory of the other Contracting Party, provided such regular equipment and such other items remain on board the aircraft.



2. They shall also be exempt from the same duties, fees and charges, with the exception of charges corresponding to the service performed, for:
 - a) fuel lubricants, aircraft stores, spare parts including engines and regular airborne equipment introduced in the territory of one Contracting Party by the aircraft of the designated airlines of the other Contracting Party and exclusively intended for use by aircraft of the said airline.
 - b) fuel lubricants, aircraft stores, spare parts including engines and regular airborne equipment taken on board in the territory of each Contracting Party by the aircraft of the designated airlines of one Contracting Party, while operating the agreed services, within the limits and conditions fixed by the competent Authorities of the said other Contracting Party, and intended solely for use and consumption during the flight.
3. The materials enjoying the exemptions from customs duties and other fiscal charges, provided for in the preceding paragraphs will not be used for purposes other than international air services and must be re-exported if not used, unless their transfer to other international airline is granted, or their permanent importation is permitted, in accordance with the provisions in the territory of the interested Contracting Party.
4. The exemption set out in this Article, applicable also to the part of the above mentioned materials used or consumed during the flight over the territory of the Contracting Party granting the exemptions, are granted on a reciprocal basis and may be subject to compliance with the specific formalities generally applied in the said territory, including customs controls.
5. Nothing in this Agreement shall prevent the Italian Republic from imposing, on a non-discriminatory basis, taxes, levies, duties, fees, or charges on fuel supplied in its territory for use in an aircraft of a designated air carrier of Republic of Philippines that operates between a point in the territory of Italy and another point in the territory of Italy or in the territory of another European Union Member State.
6. Nothing in this Agreement shall prevent the Republic of the Philippines from imposing, on a non-discriminatory basis, taxes, levies, duties, fees, or charges on fuel supplied in its territory for use in an aircraft of a designated air carrier of the Italian Republic that operates between a point in the territory of the Republic of the Philippines and another point in the territory of the Republic of the Philippines or in the territory of an ASEAN Member State, in circumstances where the Member State of that regional organization has entered an agreement on imposition of charges to such fuel supply.



ARTICLE 13 - USER CHARGES

1. Neither Contracting Party shall impose or permit to be imposed on the designated airline of the other Contracting Party user charges higher than those imposed on its own airlines operating similar international air services.
2. Each Contracting Party shall encourage consultation on user charges between its competent charging authorities and airlines using the services and facilities provided by those charging authorities, where practicable through those airlines representative organisations. Reasonable notice of any proposals for changes in user charges should be given to such users to enable them to express their views before changes are made. Each Contracting Party shall further encourage its competent authorities and such users to exchange appropriate information concerning user charges.

ARTICLE 14 - COMMERCIAL OPPORTUNITIES

1. The designated airline(s) of one Contracting Party shall have the right to maintain its own representation in the territory of the other Contracting Party.
2. The designated airline(s) of one Contracting Party may, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, bring in and maintain in the territory of the other Contracting Party managerial, sales, technical, operational and other specialist staff required for the provision of air services.
3. In case of nomination of a general agent or a general sales agent, this agent shall be appointed in accordance with the relevant applicable laws and regulations of each Contracting Party.
4. Each designated airline shall have the right to engage in the sale of air transportation in the territory of the other Contracting Party directly or through its agents and any person shall be able to purchase such transportation in accordance with the relevant applicable laws and regulations.

ARTICLE 15 – COOPERATIVE ARRANGEMENTS

The specific operational terms of cooperative arrangements, such as block space and/or code sharing arrangements, are provided in Annex II to this Agreement.

ARTICLE 16 - GROUND HANDLING

Subject to the laws and regulations of each Contracting Party including, in the case of Italy, the law of the European Union, each designated airline shall have in the territory of the other Contracting Party the right to perform its own ground handling (“self-handling”) or, at its option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each designated airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.



ARTICLE 17 - CONVERSION AND TRANSFER OF REVENUES

1. Each Party shall permit airline(s) of the other Party to convert and transmit abroad all local revenues from the sale of air transport services and associated activities directly linked to air transport in excess of sums locally disbursed, with conversion and remittance permitted promptly without restrictions at the rate of exchange applicable as of the date of the request for conversion and remittance.
2. The conversion and remittance of such revenues shall be permitted in conformity with the applicable laws and regulations and are not subject to any administrative or exchange charges, except those normally made by banks for the carrying out of such conversion and remittance.
3. The provisions of this Article do not exempt the airlines of both Parties of the duties, taxes and contributions they are subject to.
4. In so far as the payment services between the Parties are governed by a special agreement, the said agreement shall prevail.

ARTICLE 18 - TARIFFS

1. For the purposes of this Agreement, the term "tariff" means the price to be paid for the carriage of passengers, baggage and freight and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services, but excluding remuneration or conditions for the carriage of mail.
2. Each contracting Party shall allow tariffs for air services to be established by each designated airline based upon commercial considerations in the market place. Neither Contracting Party shall require their airlines to consult other airlines about the tariffs they charge or propose to charge for the services covered by this Agreement.
3. Each Contracting Party may require notification or filing of any tariff to be charged by its own designated airline or airlines. Unless required by the national law of a Contracting Party, neither Contracting Party shall require notification or filing for approval of any tariff to be charged by the designated airline or airlines of the other Contracting Party. Where the national law of a contracting party requires the designated airline(s) of the other contracting party to file tariffs for approval, the contracting party shall act on such filing with a minimum of administrative delay. Tariffs may remain in effect unless subsequently disapproved under paragraph 5 or 6 below.
4. Intervention by the Contracting Parties shall be limited to:
 - (a) The protection of consumers from tariffs that are excessive, due to the abuse of market power;
 - (b) The prevention of tariffs whose application constitutes anti-competitive behaviour which has or is likely to have or is explicitly intended to have the effect of preventing, restricting or distorting competition or excluding a competitor from the route.
5. Each Contracting Party may unilaterally disallow any tariff filed or charged by one of its own designated airlines. However, such intervention shall be made only if it appears to the Aeronautical Authority of that Contracting Party that a tariff charged or proposed to be charged meets either of the criteria set out in paragraph 4 above.
6. Neither Contracting Party shall take unilateral action to prevent the coming into effect or continuation of a tariff charged or proposed to be charged by an airline of the other Contracting Party. If one Contracting Party believes that any such tariff is inconsistent



with the considerations set out in paragraph 4 above, it may require consultation and notify the other Contracting Party of the reasons for its dissatisfaction. These consultations shall be held not later than 14 days after receipt of the request. Without a mutual agreement the tariff shall take effect or continue in effect.

ARTICLE 19 - SUPPLY OF STATISTICS

The Aeronautical Authorities of either Contracting Party shall supply to the Aeronautical Authorities of the other Contracting Party, at their request, such information and statistics relating to the traffic carried on the agreed services by the designated airline(s) of the first Contracting Party to and from the territory of the other Contracting Party as may normally be prepared and submitted by the designated airline(s) to their national Aeronautical Authorities. Any additional statistical traffic data which the Aeronautical Authorities of one Contracting Party may desire from the Aeronautical Authorities of the other Contracting Party shall, upon request, be a subject of mutual discussion and agreement between the two Contracting Parties.

ARTICLE 20 - CONSULTATIONS AND AMENDMENTS

1. Either Contracting Party or its Aeronautical Authorities may at any time request consultations with the other Contracting Party or with its Aeronautical Authorities.
2. A consultation requested by one of the Contracting Parties or its Aeronautical Authorities shall begin within a period of sixty (60) days from the date of receipt of the request.
3. This Agreement may be modified by mutual consent by the Contracting Parties. Any modification to this Agreement shall enter into force on the date of the last notification whereby the Contracting Parties notify each other in writing, through the diplomatic channel, of the fulfilment of their legal procedures for its entry into force.

ARTICLE 21 - CONFORMITY WITH MULTILATERAL CONVENTIONS

If a general multilateral air transport convention or agreement, comes into force in respect of both Contracting Parties, this Agreement and its Annexes shall be deemed to be amended accordingly.

ARTICLE 22 - SETTLEMENT OF DISPUTES

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place try to settle it by negotiation.
2. If the Contracting Parties fail to reach a settlement by negotiation of the said dispute, it shall be settled through diplomatic channels and according to the laws and regulations of each Contracting Party.

ARTICLE 23 - TERMINATION

Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously



communicated to the International Civil Aviation Organisation. In such case this Agreement shall terminate twelve (12) months after the date of receipt of the notice given by the other Contracting Party, unless the notice to terminate is withdrawn by agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after receipt of the notice by the International Civil Aviation Organisation.

ARTICLE 24 - REGISTRATION

This Agreement, its Annexes and all amendments thereto shall be registered with the International Civil Aviation Organization.

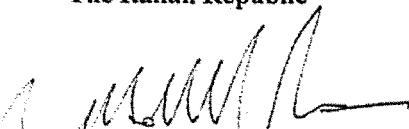
ARTICLE 25 - ENTRY INTO FORCE

This Agreement shall enter into force on the date of the last notification whereby the Contracting Parties notify each other in writing, through the diplomatic channel, of the fulfillment of their legal procedures for its entry into force.


In witness thereof, the undersigned being duly authorized by their respective Governments, have signed this Agreement.

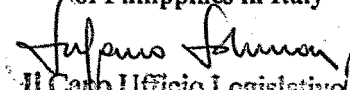
Done at ~~ROME~~ on ~~30 OCT 2017~~ in two original copies, in the English language.

**For the Government of
The Italian Republic**


**Sen. Benedetto Della Vedova
The Undersecretary of State
Ministry of Foreign Affairs
and International Cooperation**

**For the Government of
The Republic of Philippines**


**Domingo P. Nolasco
The Ambassador of The Republic
of Philippines in Italy**


**Il Capo Ufficio Legislativo
Cons. Amb. Stefano Soliman**



D'ORDINE DEL MINISTRO



ANNEX I

ROUTE SCHEDULE

Routes to be operated by the airline or airlines designated by the Italian Republic:

Points of departure	Intermediate points	Points in Philippines	Points Beyond
Points in Italy	Any Point	Manila, Clark, Cebu and one other point to be freely selected	Points in Asia and Australia

Routes to be operated by the airline or airlines designated by the Republic of Philippines:

Points of departure	Intermediate points	Points in Italy	Points Beyond
Points in Philippines	Any Point	Rome, Milan, Bergamo and one other point to be freely selected	Points in Europe and Africa

NOTES:

1. Intermediate points or points beyond will be operated without any directional or geographical constraint.
2. The airline(s) may omit any point provided that the services originate or terminate in its home country.
3. The services shall be operated with third and fourth freedom traffic rights. New fifth freedom traffic rights will be exchanged on the basis of agreements between the Contracting Parties. No cabotage will be allowed.
4. Stop over rights and "circle flights" will be allowed.



ANNEX II

COOPERATIVE ARRANGEMENTS

1. Any designated airlines which have an appropriate authority to provide the agreed services may operate them on the agreed routes, without any geographical or directional constraint, via any point, utilizing leased aircraft also registered in third Countries and on the basis of operational understandings such as block space and/or code sharing arrangements.
2. Any designated airline of one Contracting Party may then enter into commercial code-share arrangements with:
 - an airline(s) of the same Contracting Party,
 - an airline(s) of the other Contracting Party.
3. With reference to Annex 2 of the initialled ASA herewith enclosed, and given that the Philippine policy on third country code sharing is currently under consideration by its government, the Contracting Parties agree that – in order to favour a more robust and commercially viable direct traffic – they shall allow the designated airlines of both Parties to enter into Code Sharing arrangements with airlines of third Countries, having the underlying rights, starting from the beginning of IATA Summer Season 2016. Such operations will be performed on the following points:
 - i. as for the airlines designated by Italy: one point in Middle East, three points in Asia, two points in Australia.
 - ii. as for the airlines designated by Philippines: one point in Middle East, three points in Asia, two points in Europe.

Upon agreement of both Parties, specific third Country code sharing arrangements may be permitted before IATA Summer Season 2016.

4. Any frequency operated under code sharing arrangements shall be counted as frequency of the operating carrier.
5. In operating the agreed services, the designated airlines of each Contracting Party may be permitted to change aircraft at a point or points on the specified routes, using identical or different flight numbers on the concerned sectors.

