

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 219

ESTABLISHING THE DOMESTIC AND INTERNATIONAL CIVIL AVIATION
LIBERALIZATION POLICY

WHEREAS, the Philippine Constitution provides: "the State shall regulate or prohibit monopolies when the public interests require. No combination in restraint of trade or unfair competition shall be allowed;"

WHEREAS, the policy of liberalization has been adopted in line with the Constitutional mandate and in pursuit of the Philippines 2000 strategy of Global Competitiveness;

WHEREAS, in the current thrust to expand investment and trade, and increase access for Filipino as well as foreign passengers, there is urgent need for the Philippines to improve air service availability, quality and efficiency through exposure to foreign markets and competition.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

1. INTERNATIONAL AIR TRANSPORTATION

- 1.1 Carrier Designation. At least two (2) international carriers shall be designated official carrier(s) for the Philippines. However, if the designated carrier(s) do not service the total frequency entitlement of the Philippines under existing Air Services Agreements or other arrangements, then additional carriers(s) may be designated to operate such unused frequencies;
- 1.2 Traffic Rights and Routes. The exchange of traffic rights and routes with other countries shall be based on (a) the National Interest which shall include value for the Philippines in terms of promoting international trade, foreign investments and tourism, among others; and on (b) the reciprocity between the Philippines and other countries. Reciprocity shall be interpreted to mean the exchange of rights, freedoms, and opportunities of equal or equivalent value. The Civil Aeronautics Board (CAB) shall determine "national interest" taking into consideration the larger interest of the country, especially the users of air services.
- 1.3 Frequency and Capacity. All grants of frequencies or capacity to, any increase of existing frequencies or capacities of and/or the grant of new routes or traffic points to any foreign carrier (even if on a provisional basis) shall be the sole prerogative of the CAB subject to the confirmation of the Office of the President. The following rules shall determine the frequency and capacity for the carriers concerned;
 - a. Frequency and capacity of third and fourth freedom carriers will be determined based on reciprocity and value for the Philippines.



- b. Fifth freedom traffic shall be secondary and supplemental to third and fourth freedom traffic, except that the CAB may grant fifth freedom rights in order to promote the development of routes and destinations.
 - c. The CAB may authorize special flights when, for any reason whatsoever, the designated carrier(s) fail to accommodate a route/link traffic demand.
- 1.4 Tariff and Fares. The CAB shall regulate the fares, rates and charges of foreign designated carriers in accordance with existing laws. Reciprocity and value for the Philippines shall be considered in granting discounted or promotional fares and rates. To the extent possible, air transportation tickets of Filipino citizens residing in the Philippines shall be purchased, issued and paid in the Philippines.
- 1.5 Charters and Non-Scheduled Services. The CAB may authorize chartered flights and non-scheduled services provided the traffic of the scheduled services shall not be significantly diverted.
- 1.6 Developmental and Cooperative Air Services. The CAB may grant authority to operate air services principally for the development of routes, destinations and gateways but not to exceed one (1) year.

Further, authority shall be granted in the operation of air services connecting non-premier city airports of other countries to new international gateways of the country as provided for under economic cooperation agreements with the Philippines.

- 1.7 Composition of Negotiating and Consultation Panels. The following rules shall define the composition of the Air Negotiating Panel and the Consultation panel:
- a. The Department of Foreign Affairs (DFA) shall be the lead agency responsible for the initial negotiations leading to the conclusion of the Air Services Agreements or similar arrangements. The Philippine Negotiating Panel shall be composed of representatives from the DFA (as Chairman), representatives of the Civil Aeronautics Board (CAB), the Philippine designated carrier(s) and such other person(s) as may be authorized by the President of the Philippines.
 - b. In similar succeeding negotiation of these Air Services Agreements or similar arrangements (consultation talks), the Department of Transportation and Communications (DOTC), through the CAB shall be the lead agency involved in coordinating all necessary preparations. The Philippine Consultation Panel shall be composed of representatives from the CAB (as Chairman), the Department of Foreign Affairs (DFA), the Department of Trade and Industry (DTI), the Department of Tourism (DOT), the Philippine designated carrier(s) and any other person(s) as may be authorized by the Secretary of Transportation and Communications.

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2. DOMESTIC AIR TRANSPORTATION

2.1 Entry Into and Exit from the Industry. To the extent allowed by law, transportation industry shall be liberalized. A minimum of two (2) operators in each route/link shall be encouraged. Routes/links presently serviced by only one (1) operator shall be open for entry to additional operator(s).

The right of an existing operator to leave a particular route shall be recognized subject, however, to the statutory obligation that "no carrier shall abandon any route, or part thereof for which a permit has been issued, unless upon findings by the CAB that such abandonment is uneconomical and is in the public interest." (Last par., Sec. 11, R.A. No. 776)

2.2 Tariffs and Fares. To the extent allowed by law passage freight and other charges shall be liberalized. However, passage rates shall likewise be deregulated for routes/links operated by more than one (1) common carrier. For routes serviced by a single operator, passage rates shall continue to be regulated. However all freight rates, charges and passage rates shall be monitored by the CAB.

3. All government agencies and instrumentalities including the government-owned or controlled corporations are hereby ordered to assist, cooperate and support the implementation of this Order.


4. This Executive Order amends and/or revokes all executive, department and agency issuances or any provision thereof inconsistent with this Order. The Civil Aeronautics Board is hereby directed to issue implementing rules and regulation in compliance with this Order.

5. This Executive Order shall take effect fifteen (15) days after its publication once in a newspaper of general circulation.

DONE in the City of Manila, this 31 day of January in the year of our Lord, Nineteen Hundred and Ninety Five.



By the President:


TEOFISTO T. GUNIGONA, JR.
Executive Secretary