

LETTER OF INSTRUCTION NO. 417, June 23, 1976

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TO: The Secretary of Foreign Affairs
The Chairman, Civil Aeronautics Board
The Director, Civil Aeronautics Administration

WHEREAS, the geographical, cultural, economic and political conditions in the Republic of the Philippines contribute to make the country an ideal center of air traffic in the Orient;

WHEREAS, the Philippine Government has established the development and progress of the tourism industry as one of the priority objectives of the national development program, in view of the industry's vast potential to generate foreign exchange earnings, employment opportunities and international goodwill;

WHEREAS, the study committee for the tourism sector of the National Economic Development Authority has agreed on the need to make the Philippines more freely accessible to foreign tourists;

WHEREAS, as early as the year 1967 the Philippine Government had wanted to liberalize its foreign air policy to make it a more effective instrument for the promotion of international trade, foreign investment and tourism;

WHEREAS, national developments under the New Society have removed whatever restraints there may have been against the earlier liberalization of foreign air policy, such as political instability, lacks of tourist accommodations and economic stagnation;

WHEREAS, aside from the removal of such restraining factors the economic and political requirements of the New Society now impart a greater sense of urgency to establish such a liberalization of foreign air policy;

NOW, THEREFORE, I declare as a policy the liberalization of entry into the Philippines of foreign airlines, with the corresponding grant of the necessary traffic rights, for the intensified promotion of tourism, international trade, foreign investment and international goodwill. In connection therewith, the following instructions are hereby issued:

- The Department of Foreign Affairs (DFA) and the Civil Aeronautics Board (CAB) shall constitute a joint body to review all existing bilateral air services agreements with the end in view of making them more responsive to the developmental requirements of the Philippines; the review shall include such factors as routes and passenger cargo fares.
- An airline seeking entry into the Philippines must be a designated airline of a country friendly to the Philippines. Indications of friendship need not be limited to the presence of diplomatic relations.
- Air agreements/Diplomatic notes should treat only with the grant of traffic free Joins and routes, in consonance with the rights of a sovereign state to exercise its political prerogatives, and should provide for equality of opportunities. Reciprocity is demanded by sovereignty, but it should be interpreted to mean the exchange of rights, freedoms, and opportunities, notwithstanding the capability of an airline to exercise such rights, freedoms and opportunities immediately after their grant or at some later time, or the subsequent decision of the airline not

to exercise such rights, freedoms and opportunity at all. Further, reciprocity should not be strictly interpreted to mean exchange of frequencies on a one-to-one basis.

- Determination of number of frequencies and capacities to be operated by any airline should be the sole prerogative of the CAB, being a continuing agency as compared to a negotiating panel for traffic rights and, therefore, more current in relation to changing economic circumstances. Frequency grants by the CAB should be related to the number of passengers disembarked in the Philippines by the respective foreign airlines. All changes of frequencies and capacities shall always be subject to the approval of the Office of the President.

- The Civil Aeronautics Administration (CAA) shall immediately undertake the improvement and expansion of airport facilities and services, and enable the opening of Mactan City and Zamboanga City as alternate international airports as soon as possible—all in line with the liberation of foreign air policy and policy objectives.

- The Philippine Air Panel in negotiations for bilateral air service agreements shall be composed of a representative of the DFA as Chairman; representatives of the CAB as Members; and, as Observers, representatives of the designated Philippine flag carriers, and such other persons as may be authorized by the Chairman of the panel. The Philippine Air Panel in consultation talks with foreign Civil Aeronautical authorities shall be composed of a representative of the CAB as Chairman; representatives of the DFA as members; and, as observers, representative of the designated Philippine flag carriers, and such other persons as may be authorized by the Chairman of the panel.

- The CAB shall submit amendments to its charter (R.A. 776) to make its operations more responsive to the requirements of a liberalized air policy.

Reports on implementation of this policy will be made to the Office of the President by the respective agencies concerned as frequently as developments or events warrant.

Done in the City of Manila, this 23rd day of June, in the year of Our Lord, nineteen hundred and seventy-six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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