



**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE GOVERNMENTS OF BRUNEI DARUSSALAM,  
INDONESIA, MALAYSIA AND THE PHILIPPINES  
ON EXPANSION OF AIR LINKAGES**

The Governments of Brunei Darussalam, Indonesia, Malaysia and the Philippines, hereinafter referred to as the Participating Parties, having subscribed to the establishment of Brunei Darussalam, Indonesia, Malaysia and the Philippines – East ASEAN Growth Area (BIMP-EAGA);

**Desiring** to promote, develop and enhance trade, investment, tourism and cultural exchange among Brunei Darussalam, Indonesia, Malaysia and the Philippines;

**Recognising** the importance to expand and strengthen air services within the BIMP-EAGA and to develop the mechanisms thereof;

**Recognising** also the ASEAN Sectoral Integration Protocol for Air Travel signed on 29<sup>th</sup> November, 2004 in Vientiane, Lao PDR, in pursuance to the ASEAN Framework Agreement for the Integration of Priority Sectors, provides for the full liberalisation of air freight and scheduled passenger services;

**Recognising** that the provisions of air services in the BIMP-EAGA would result in the following benefits:

- a) Greater accessibility and movement of peoples within the area;
- b) Attract investors to locate themselves in the sub-region; and
- c) Spur intra-regional trade and tourism;

**Desiring** to foster closer friendship, cooperation and solidarity among the peoples of the BIMP-EAGA as well as their respective airlines;

**Desiring** to adhere to the principles and provisions of the Convention on International Civil Aviation signed in Chicago on December 7, 1944;

Without prejudice to existing agreements, national laws and regulations, the Participating Parties have hereby agreed to the following:

1. To give full commitment, cooperation and coordination and adopt a practical and pragmatic approach for the accelerated development of air linkages between and among the designated points within the BIMP-EAGA, and to pursue intra-regional cooperation.

2. To cooperate in the harmonisation of rules and procedures and to facilitate transportation of passengers, mail and cargo.
3. To exchange pertinent information in order to strengthen aviation database for the BIMP-EAGA on a regular basis.
4. To continuously undertake programmes and projects that will ensure aviation safety and security.
5. To identify and prioritise other programmes and projects which are needed to further develop air linkages.
6. To promote the acceleration of air services within the BIMP-EAGA, each Participating Party shall undertake to grant the other Participating Parties the following arrangements:

#### **6.1 Traffic Rights**

6.1.1 The designated airline(s) of each Participating Party shall be allowed to operate scheduled and charter international air services for the carriage of passengers, baggage, cargo, and mail, separately or in combination between points, subject to the following:

- i. No limitation on 3<sup>rd</sup> and 4<sup>th</sup> Freedom Traffic Rights

From any BIMP-EAGA Points in the territory of the Participating Party designating the airline to any BIMP-EAGA Point or Points in the territory of the other Participating Party and vice-versa; and

- ii. No limitation on 5<sup>th</sup> Freedom Traffic Rights

From BIMP-EAGA Points in the territory of the Participating Party designating the airline to the BIMP-EAGA Point or Points in the territory of the other Participating Parties via the other Participating Parties intermediate and/or beyond points and vice-versa. Each Participating Party agrees to designate selected two EAGA entry points every year starting from 2006 and subsequently all EAGA entry points by 2008 with full fifth freedom traffic rights for scheduled passenger and cargo services<sup>1</sup>.

6.1.2 In allowing the designated airline(s) of each Participating Party to operate the agreed services into the designated point(s) of the other Participating Party the points in

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<sup>1</sup> In the case of Brunei Darussalam, only one entry point shall be designated for the purpose of this Memorandum of Understanding.

BIMP-EAGA for each Participating Party are specified in Schedule A hereto.

6.1.3 For the operation into the intermediate and/or beyond point(s) each Participating Party shall agree to designate fifth freedom traffic rights for passenger and cargo services in the BIMP-EAGA Points as specified in Schedule B hereto.

## **6.2 Airline Designation**

Each Participating Party shall be allowed to designate in writing to the aeronautical authorities of the other Participating Parties as many airlines as it wishes to operate the agreed services on the specified routes provided that said airline(s) are substantially owned and/or effectively controlled by the nationals of the Participating Party designating the airline.

## **6.3 Capacity and Frequency**

The designated airline(s) of each Participating Party shall also be allowed to operate the agreed air services without restrictions on capacity, frequency and aircraft type. In addition, the designated airline(s) of each Participating Party shall be allowed to perform co-terminalisation (blinded sector) with own stop-over rights and code-sharing arrangements (with the designated airline of the other Participating Party), and to cooperate among each other to link areas which are not served by the national carriers. There shall, however, be no carriage of cabotage traffic.

## **7. Relationship with Other Agreements**

This Memorandum of Understanding shall be read in conjunction with the provisions of the existing bilateral air services agreement(s) or multilateral air services agreement(s) between the Participating Parties, and any amendments thereto and shall prevail over the earlier provisions to the extent that the same subject-matter is governed by this Memorandum of Understanding, except where more liberal arrangements for the operation of air services are applicable.

## **8. Consultations**

In the ASEAN spirit of solidarity and cooperation, the Participating Parties shall consult each other from time to time in ensuring the full implementation of this Memorandum of Understanding.

## **9. Entry into Force**

9.1 This Memorandum of Understanding shall enter into force on the date of signing.



- 9.2 With the entry into force of this memorandum, the Memorandum of Understanding Between the Governments of Brunei Darussalam, Indonesia, Malaysia and The Philippines on Expansion of Air Linkages signed on 21 February 1995 at Bandar Seri Begawan shall be superseded by this Memorandum of Understanding and terminated.

In witness whereof, the undersigned, being duly authorized to sign by their respective Governments, have signed this Memorandum of Understanding.

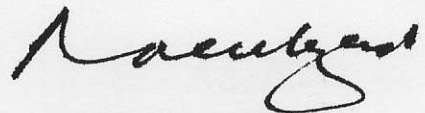
Done at Cebu City, the Philippines on this Twelfth Day of January 2007.

**For the Government of  
Brunei Darussalam**



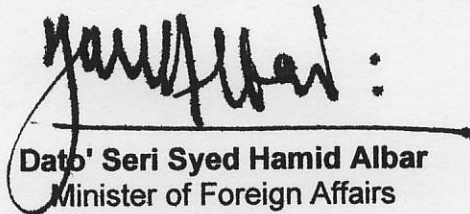
**Mohamed Bolkiah**  
Minister of  
Foreign Affairs and Trade  
Brunei Darussalam

**For the Government of the  
Republic of Indonesia**



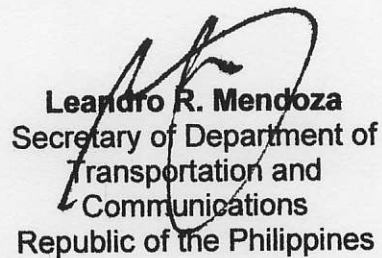
**Dr. N. Hassan Wirajuda**  
Minister for Foreign Affairs  
Republic of Indonesia

**For the Government of Malaysia**



**Dato' Seri Syed Hamid Albar**  
Minister of Foreign Affairs  
Malaysia

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



**Leandro R. Mendoza**  
Secretary of Department of  
Transportation and  
Communications  
Republic of the Philippines

**Schedule A:** Designated Points

<b>Participating Parties</b>	<b>Points</b>
Brunei Darussalam	Bandar Seri Begawan
Indonesia	Balikpapan Manado Pontianak Tarakan
Malaysia	Kota Kinabalu Kuching Labuan Miri
Philippines	Davao City General Santos Puerto Princesa Zamboanga

**Schedule B:** Fifth Freedom Points

<b>Participating Parties</b>	<b>Points</b>
Brunei Darussalam	Bandar Seri Begawan
Indonesia	Balikpapan Pontianak
Malaysia	Kota Kinabalu Kuching
Philippines	Davao City Zamboanga City

All BIMP-EAGA designated points shall be granted Fifth Freedom Traffic Rights (FFTR) by 2008.