
www.congress.gov.ph

LAWNUM: RA07583

DATE : 05/27/92

TITLE : AN ACT GRANTING THE ABOITIZ AIR TRANSPORT CORPORATION A
FRANCHISE

TO ESTABLISH, OPERATE AND MAINTAIN TRANSPORT SERVICES FOR THE
CARRIAGE OF

GOODS, MAIL AND OTHER PROPERTY BY AIR, BOTH DOMESTIC AND INTER-
NATIONAL

TEXT :

H. No. 34711

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fifth Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second
day of July, nineteen hundred and ninety-one.

[REPUBLIC ACT NO. 07583]

AN ACT GRANTING THE ABOITIZ AIR TRANSPORT
CORPORATION A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN TRANSPORT SERVICES
FOR THE CARRIAGE OF GOODS, MAIL AND OTHER
PROPERTY BY AIR, BOTH DOMESTIC AND
INTERNATIONAL

Be it enacted by the Senate and House of Representatives of
the Philippines in Congress assembled:

SECTION 1. Nature and Scope of Franchise. - Subject to the

provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Aboitiz Air Transport Corporation, hereunder referred to as the grantee, its successors or assigns a franchise to establish, operate and maintain transport services for the carriage of goods, mail and other property by air, both domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft services stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Prior Approval of the Civil Aeronautics Board. The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communication, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of force majeure and whenever weather conditions permit, the grantee shall maintain scheduled and/or nonscheduled and/or charter air transport services between Manila and any and all points and places throughout the Philippines and between Manila and other countries at such frequencies as traffic needs may require: Provided, however, That at least

twenty-five percent (25%) of all frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Terms of Franchise. - This franchise shall be for a term of forty (40) years from the date of effectivity of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate within two (2) years from the effectivity of this Act, this franchise shall be deemed ipso facto revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may prescribe and, reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President, shall have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. Public Equity Participation. - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make the public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of effectivity of this Act: Provided, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 10. Warranty in Favor of National and Local Governments. - The grantee shall hold the national,

provincial and municipal governments of the Philippines harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted attributable solely to the act or omission of the grantee.

SEC. 11. Tax Provisions. - In consideration of the franchise and the rights hereby granted, the grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event that any competing individual, partnership or corporation receives and enjoys tax privileges which tend to place the herein grantee at any disadvantage, then such provisions shall be deemed part hereof and shall operate equally in favor of the grantee.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC. 12. Sale, Lease, Transfer, Assignment, Usufruct of Franchise. - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or legal entity, nor merge with any other corporation or entity, without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such private person, firm, company, corporation or entity without the prior approval of the Congress.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restrictions and limitations of this Act.

SEC. 13. Legislative Amendment. - This franchise is subject to amendment or repeal by Congress when the common good so requires.

SEC. 14. Separability Clause. - If any section or provision of this franchise is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 15. Repealing Clause. - All laws, decrees, orders, instructions and rules and regulations, or parts thereof,

which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 16. Reportorial Requirement. - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 17. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

MITRA
NEPTALI A. GONZALES
President of the Senate

RAMON V.
Speaker of the House
of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on February 3, 1992 and January 23, 1992, respectively.

ANACLETO D. BADOY, JR.
Secretary of the Senate

CAMILO L. SABIO
Secretary General
House of Representatives

Approved: May 27 1992

CORAZON C. AQUINO
President of the Philippines