

UNITED STATES CABOTAGE RULES (REVISED)

United States (U.S.) law prohibits cabotage, i.e. foreign airlines holding out, advertising, promoting, offering or selling transportation between two U.S. points. Such flights are considered U.S. domestic flights and are exclusively reserved to U.S. airlines.

All PAL ticket offices, general sales agents and travel agents that sell PAL tickets are hereby reminded of the following:

I. Routings between Guam/Saipan and U.S. Mainland or v.v.

A. PAL ticket offices, general sales agents, or travel agents must never advertise, promote, offer or otherwise hold out direct, through services between Guam/Saipan and the U.S. Mainland, via the Philippines, v.v.

The prohibition includes the advertising, promotion, offering or holding out of a direct through-U.S. service on PAL and another airline or airlines (regardless of whether the other airline or airlines is/are U.S. airlines), e.g.

- Los Angeles – Manila on PAL, and Manila – Guam on United Airlines, v.v.; or
- Los Angeles – Manila on PAL, and Manila – Taipei – Guam on China Airlines v.v.

B. For tickets purchased through ticket offices, general sales agents or travel agencies, if a passenger says that he/she wants to travel from Guam/Saipan to the U.S. mainland or Hawaii via the Philippines, the PAL ticket office, general sales agent, or travel agent must always:

- Obtain from the passenger a genuine or *bona fide** a reason for his/her visit to the Philippines. (A notation must be placed on the “remarks” field of the ticket stating the purpose of the visit to the Philippines.)

Note: If there is no *bona fide** reason for the passenger’s visit to the Philippines – and regardless of the length of the proposed visit – the passenger must be advised that U.S. law prohibits PAL from providing such transportation and that PAL cannot sell him/her the ticket.

*The U.S. does not provide guidance as to what is acceptable as a *bona fide* or genuine reason. Each case must be analyzed on its own merits. If there is any doubt, the ticket agent must err on the side of caution and refuse to sell the ticket.

- If there is a *bona fide* reason for the passenger’s visit to the Philippines, the following additional rules apply:

- The length of the passenger's stay in the Philippines prior to his/her onward journey must be at least or more than **seventy-two (72) hours** from the time of his/her arrival in the Philippines and subsequent departure.
- PAL ticket offices, general sales agents, or travel agents must never issue a single ticket for travel on PAL/PAL express services between Guam/Saipan and the U.S. Mainland or Hawaii, v.v., regardless of the length of the passenger's stop in the Philippines.

The transportation must always be booked and issued as separate tickets.

- PAL ticket offices, general sales agents, and travel agents must never quote a single, joint or through fare for transportation between Guam/Saipan and the U.S. Mainland or Hawaii, v.v.

The quoted fare must always be based on the actual sum of the "real" local sector fares (e.g. a passenger travelling from San Francisco to Guam via Manila should be quoted and charged separate fares for San Francisco – Manila, v.v. and Manila – Guam, v.v.).

Note: For online and web sales, PAL's systems do not allow the construction and/or ticketing during a single transaction of an itinerary/routing between Guam/Saipan and the U.S. Mainland via Manila or v.v.

II. Routings between the U.S Mainland and Honolulu, v.v.

- A. Los Angeles/San Francisco/New York (JFK) – Manila – Honolulu, or v.v.

In the ordinary course of things, a passenger will not travel from Los Angeles, San Francisco or New York via Manila for the sole purpose of getting to Honolulu or v.v. In such cases, it is assumed that the passenger has *bona fide* reasons for going to Manila and, afterward, flying onward to Honolulu or v.v.

The requirements of a 72-hour stop-over in Manila, split-ticketing and separately quoted fares are not applicable.

Notwithstanding the foregoing, **agents are not allowed to construct and/or ticket an itinerary which involves a same-day, direct transit connection between the U.S. Mainland and Hawaii, or v.v.**, e.g. the passenger arrives from LAX on PR103 on Friday morning and departs for HNL on PR100 later the same day. **The PAL system will not allow the construction and/or ticketing of such itineraries.**

III. Routings between two points in the U.S. Mainland via Manila

- A. JFK-MNL-SFO, JFK-MNL-LAX, SFO-MNL-LAX, and LAX-MNL-SFO

In the ordinary course of things, a passenger will not travel from New York via Manila solely to get to Los Angeles or San Francisco or v.v. The same logic applies to routings between San Francisco and Los Angeles or v.v. via Manila. In such cases, it is assumed that a passenger has bona fide reasons for going to Manila and, afterward, flying onward to a U.S. city other than his/her original U.S. departure city.

For the above routings, the requirements of a 72-hour stop-over in Manila, split-ticketing and separately quoted fares do not apply.

IV. JFK-YVR-U.S. Point Involving another Airline

U.S. cabotage rules fully apply to JFK-YVR-U.S. Point, v.v. routings even if the YVR-U.S. Point leg is operated by another airline.

Agents are prohibited from constructing and/or selling such tickets and the PAL system will not allow the construction and/or ticketing of such itineraries.

V. ID Tickets for General Sales Agents' Employees

The above rules apply to ID00 and ID75 tickets requested by employees of PAL General Sales Agents where the transportation is between two U.S. points via the Philippines.

For strict compliance.