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**30 August 2024**

**CAPT. MANUEL ANTONIO TAMAYO**

Director General  
Civil Aviation Authority of the Philippines  
Old MIA Road, Pasay City  
Republic of the Philippines

**Copy furnished:**

**HON. ROBERTO C.O. LIM**

Undersecretary for Aviation and Airports  
Department of Transportation  
The Columbia Tower, Mandaluyong City  
Republic of the Philippines

**Dear Captain Tamayo:**

Over the years, the European Chamber of Commerce of the Philippines (ECCP) and its long-standing partner Asian Business Aviation Association (AsBAA) have been steadfast in their commitment to advancing the Philippine aviation industry. Consistent with our shared goal to facilitate trade and investment in the sector, the ECCP Aviation Committee and AsBAA Philippine Chapter humbly underscore the critical importance of ratifying and acceding to the 2001 Cape Town Convention on International Interests in Mobile Equipment and its associated Protocol on Matters Specific to Aircraft Equipment (the "Cape Town Convention" or "CTC"). This Convention, which entered into force on 1 March 2006, aims to address the challenges of securing rights to high-value aviation assets while providing robust legal protections for sellers, purchasers, and creditors through the establishment of an International Registry. Despite 84 Contracting States, including key ASEAN countries such as Indonesia, Malaysia, Myanmar, and Singapore, having already acceded to the Convention, the Philippines has yet to do so.

The Cape Town Convention offers several substantial benefits to the global aviation arena, which we believe are crucial for the future growth and competitiveness of the Philippine aviation sector:

1. **Improving Leasing and Financing Options for Aviation:** The CTC provides a globally recognized legal framework with clear, uniform procedures for enforcing security interests in aircraft. This reduction in legal uncertainties will open up more affordable financing and leasing options for local airlines and other aviation companies, facilitating the acquisition of new aircraft and equipment and driving sector expansion.
2. **Reduction of Financing Costs:** Accession to the CTC would lead to a reduced risk among foreign financiers, resulting in lower interest rates and lease prices. Additionally, the Convention offers lower-cost export credit, with up to a 10% reduction in exposure fees, further decreasing the financial burden on the Philippine aviation community. This would

enhance the financial sustainability of industry players' efforts to modernize and expand their fleets in the Philippines.

3. **Greater Access to International Commercial Markets:** Ratifying the CTC would provide Philippine aviation stakeholders with a greater range of financing options for fleet acquisitions and broader access to international commercial markets at more favorable rates. This improved access is essential for expanding the capabilities and reach of the Philippine aviation sector.
4. **Integrating Legal Assurance and Safeguards:** The Convention offers strong legal safeguards for creditors in cases of default or insolvency, backed by a transparent and predictable legal framework. These provisions will not only protect the interests of both local and foreign financiers and lessors but also boost investor confidence in the Philippine aviation market. Moreover, the ability to confirm the highest quality legal and regulatory basis in lease and bank negotiations, as well as in exploring emerging financing structures, will strengthen the overall business environment for aviation-related transactions.
5. **Compliance with Global Standards:** By aligning the Philippines' aviation regulatory system with global best practices through the adoption of the CTC, the country would reinforce its standing as a reliable and attractive destination for aviation businesses. This alignment is increasingly important as the broader Asia-Pacific region continues to grow as a major aviation hub.
6. **Sustainable Development in the Aviation Industry:** The CTC will capacitate the industry to meet rising demand, provide higher-quality services, and contribute significantly to the Philippines' overall economic growth. Being a Contracting State to the Convention will also give the Philippines access to more sustainable planes and other aircraft equipment.

Ratifying the Cape Town Convention is a decisive step toward modernizing the Philippine aviation industry. The country's non-accession not only impacts the credit standing of Philippine operators, particularly in the aftermath of the COVID-19 pandemic, but also hinders the aviation sector's ability to fully capitalize on global opportunities. As the future of aircraft finance, the Convention will enable Philippine businesses to engage in more affordable and secure transactions when purchasing aviation equipment globally.


In this regard, the ECCP and AsBAA respectfully urge the Civil Aviation Authority of the Philippines (CAAP), in collaboration with the Department of Transportation (DOTr), to endorse the ratification of the Cape Town Convention to the Department of Foreign Affairs (DFA). This measure will facilitate easier access to aircraft worldwide, reduce the cost of financing and leasing through greater predictability and uniformity, and secure the country's position in the highly competitive and volatile global aviation market.

We look forward to your favorable response and are eager to discuss this proposal in detail. Should you have any questions or require further information, please feel free to get in touch with Chin Nethercott at [advocacy@eccp.com](mailto:advocacy@eccp.com) or +63917-871-9778 (SMS/Viber).

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Thank you for your attention to this important matter. We remain at your disposal for any further discussions or support that may be needed.

Sincerely,



**PAULO DUARTE**  
ECCP President



**JENNY LAU**  
AsBAA Chairwoman