

Memorandum of Understanding

The delegations representing the Aeronautical Authorities of the Republic of Austria and of the Russian Federation met in Vienna on 4 and 5 September 2012 to discuss bilateral aviation relations between Russia and Austria.

Both delegations discussed the following agenda items:

1. The implementation the "Agreed Principles of the Modernisation of the existing system of the utilisation of the Transsiberian routes" (hereinafter referred to as Agreed Principles) concluded by the European Commission and the Russian Ministry of Transport on 24 November 2006.
2. Bilateral issues under the present regulatory bilateral framework pursuant to the Air Service Agreement between the Federal Government of the Republic of Austria and the Government of the Russian Federation signed on 8 November 1993 (hereinafter referred to as the ASA).
3. Implementation of Art. 83 bis Agreement.
4. Any other business.

The lists of delegation are attached as Annex 1.

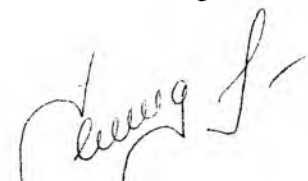
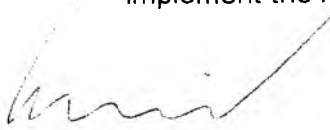
The negotiations were held in a cordial and friendly atmosphere. Both delegations expressed their desire to promote their aeronautical relations in a spirit of cooperation and complete understanding for their mutual benefits.

The following Understanding was reached between the two delegations:

1. Implementation of the Agreed Principles

The Austrian delegation expressed its expectation that the Russian side, in compliance with its commitments taken in the Agreed Principles, would agree to concrete steps of implementation in the present round of negotiations and presented a draft MoU on implementation of Agreed Principles.

The Russian delegation informed the Austrian side of the decision to freeze all steps to implement the Agreed Principles and to reject any increase of transsiberian overflights of



European carriers due to Russia's fundamental opposition to the EU-ETS regime until a mutually acceptable solution to the issue has been found.

The Austrian delegation objected to linking these two entirely unrelated issues.

The Russian side presented an interpretation of point II.3 of the Agreed Principles, which in the understanding of the Austrian side contradicts paragraph II.3.

Due to the fundamental difference of the positions outlined above no progress could be achieved. There was agreement to attach the Austrian draft MoU on the subject as Annex 2.

2. Other issues under the bilateral framework

a. Traffic rights / Capacity regime

With regard to the capacity regime agreed in the MoU dated 3 November 2011 both delegations agreed on the following increase:

The frequencies on the route Vienna – Moscow v.v. are increased from 28 passenger/combination weekly frequencies to 35 passenger/combination weekly frequencies.

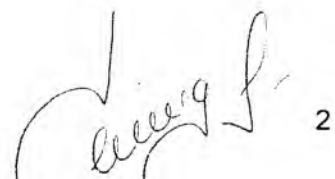
The frequencies on the route Vienna – Saint Petersburg v.v. are increased from 7 passenger/combination weekly frequencies to 14 passenger/combination weekly frequencies.

Furthermore, the delegations agreed on double designation on the route Vienna – Saint Petersburg v.v..

The Russian delegation informed that on the Russian side the newly agreed additional frequencies are to be allocated entirely to one Russian carrier.

b. Ground handling

The Austrian delegation submitted a proposal of an article on ground handling allowing self-handling (passenger, baggage, mail and load control) at Russian airports. The Russian side explained that this was already covered by Art. 15 of the ASA in accordance with the applicable national laws and regulations as referred to in Art. 6 of the ASA.



2

3. AOB

a. Implementation of Art 83 bis Agreement

Both delegations agreed to conclude an agreement concerning the transfer of regulators oversight functions and duties including in the field of airworthiness, to replace the agreement of 21 June 2010 expired on 21 June 2012, which is attached as Annex 3.

b. Charter

In order to facilitate tourist traffic between the respective countries, both delegations agreed on the removal of the first sentence of the first paragraph and the third paragraph in point 4.5. of the MoU dated 30 November 2010 (requirement of coordination of non-scheduled and additional flights on routes where scheduled services are established). At the same time, both delegations confirmed that the limitation of traffic of origin carried on non-scheduled (charter) flights remains.

c. Approval of flight plans

The Austrian delegation expressed its concerns regarding the short-term approval of non-scheduled and additional Austrian flights. The Russian delegation consented to inform the competent authorities in order to accelerate the approval process.

d. Overflights

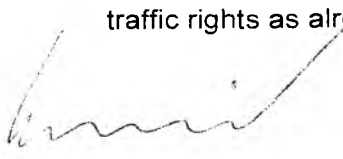
The Austrian side requested to use Kaliningrad FIR also for charter flights. The Russian side took note of this proposal and will revert to this issue.

e. SAFA

The Russian delegation raised the issue of complaints on SAFA inspections at Austrian airports. The Austrian side took note and proposed to establish focal points in order to review the complaints on a case by case basis.

f. Slots

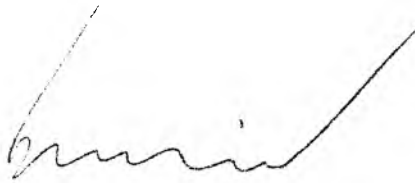
The Russian delegation requested from the Austrian side to confirm slots at airport Innsbruck on day 6 during winter term 2012/2013. Otherwise, the Russian side may not be in the position to approve flights operated by Austrian carriers on that day. The Austrian side stressed that the allocation of slots is independent of the approval of traffic rights as already stated in the MoU dated 30 November 2010.



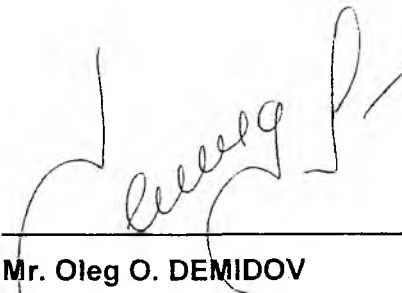
4. Entry into force

The present MoU will be provisionally applied upon the date of its signature. The Austrian delegation informed the Russian delegation that definitive application shall be subject to the relevant decisions by the competent institutions of the European Union.

Done in Vienna on 5 September 2012.



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Director
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and Telecommunication
Federal Ministry for European and
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5

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A handwritten signature in black ink, appearing to be a stylized name.A handwritten signature in black ink, followed by the number 6 in a small circle.

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7

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8

Austrian proposal for a MoU implementing the Agreed Principles

The delegations of the Russian Federation and Austria met in Vienna on 4 and 5 September 2012 to agree on the steps to be taken to implement the "Agreed Principles of the Modernisation of the existing system of the utilisation of the Transsiberian routes" concluded by the European Commission and the Ministry of Economic Development of the Russian Federation through an exchange of letters in November/December 2011, which entered into force on 1 January 2012 (hereinafter referred to as Agreed Principles). Both delegations acknowledged that as of 1 January 2012 all operations by designated carriers of Austria along Transsiberian routes in the airspace of the Russian Federation shall be subject to the provisions of the Agreed Principles.

With regard to the implementation both delegations agreed on the following:

A) No commercial arrangement between the Austrian and Russian designated airlines will be required to operate on the Transsiberian routes.

B) The delegations confirmed the following numbers of overflight frequencies available to both sides and agreed under the bilateral arrangements including leased frequencies:

Japan		China	
TYO	7	PEK and/or SHA and/or CAN	12(10/10)
OSA	6		
NGO	4		

C) For the purpose of implementing paragraph III.1. of the Agreed Principles both sides confirm that newly operated overflight frequencies (i.e. frequencies which have not been operated during the IATA summer season 2012) will not require prior conclusion of a special commercial arrangement or a special agreement between the Russian and Austrian aeronautical authorities.

D) In conformity with paragraph III.2 of the Agreed Principles both delegations confirm that

(i) the right of air carriers designated by Austria to omit stopping in the territory of the Russian federation shall not be subject to any special agreement with the Russian designated air carriers or payment resulting from the omission.

Hence these payments of Austrian Airlines on the following Transsiberian routes shall cease as of 1 July 2012,(i.e. Transsiberian Poolagreement payments on the same level as valid when overflights included stops in the Russian Federation):

- Vienna – Tokyo – Vienna
- Vienna – Beijing – Vienna;

(ii) payments for the following code share operations of Austrian Airlines shall likewise cease:

- Code Share on the route Vienna-Tokyo -Vienna
- Code Share on the route Vienna- Beijing –Vienna; and

(iii) based on the agreement that payments shall not exceed the amount paid in 2006, above mentioned codeshare payments cease for Austrian Airlines as of 01 January 2012 already.

The present MoU will become effective upon the date of its signature.

**Agreement
between
the Federal Minister of Transport, Innovation and Technology of the Republic of Austria represented by the Aeronautical Authorities of the Republic of Austria
and
the Minister of Transport of the Russian Federation,
represented by the Aeronautical Authorities of the Russian Federation
concerning the transfer of regulatory oversight functions and duties in
the field of airworthiness**

Preamble

WHEREAS the Protocol relating to Article 83 *bis* of the Convention on International Civil Aviation (Chicago, 1944) (hereinafter referred to as "the Convention"), to which the Russian Federation and the Republic of Austria are Parties, entered into force on 20 June 1997;
 WHEREAS Article 83 *bis*, with a view to enhanced safety, provides for the possibility of transferring to the State of the Operator all or part of the State of Registry's functions and duties pertaining to Articles 12, 30, 31 and 32 a) of the Convention;
 WHEREAS, in line with Doc 9760 (Airworthiness Manual), Volume II, Part B, Chapter 10, and in light of Doc 8335 (Manual of Procedures for Operations Inspection, Certification and Continued Surveillance), Part V, it is necessary to establish precisely the international obligations and responsibilities of the Republic of Austria (State of Registry) and the Russian Federation (State of the Operator) in accordance with the Convention;
 WHEREAS, with reference to the relevant Annexes to the Convention, this Agreement organizes the transfer from the Republic of Austria to the Russian Federation of responsibilities normally carried out by the State of Registry, as set out in Articles 3 and 4 below;
 The Ministry of Transport of the Russian Federation, represented by the Aeronautical Authorities of the Russian Federation, and the Austrian Federal Minister for Transport, Innovation and Technology represented by the Aeronautical Authorities of the Republic of Austria, hereinafter referred to as "the Parties", have agreed as follows: on the basis of Articles 33 and 83 *bis* of the Convention;

I. SCOPE

Article 1

The Austrian Civil Aviation Authority shall be relieved of responsibility in respect of the functions and duties transferred to the Aeronautical Authorities of the Russian Federation, upon due publicity or notification of this Agreement as determined in paragraph b) of Article 83 *bis*.

Article 2

The scope of the present Agreement shall be limited to aircraft having a type certificate issued by Interstate Aviation Committee on the register of civil aircraft of the Republic of Austria and are operated by a Russian registered operator, whose principal place of business in the

Russian Federation, under any kind of lease, rental, utilization or management arrangement. The list of aircraft concerned, identified by type, registration number and serial number, is reproduced in Attachment 1, which also indicates the term of each lease, rental, utilization or management arrangement. This list will be kept up to date by the Aeronautical Authorities and changes submitted to ICAO. The technical requirements listed in Attachment 2 are supplemented by the corresponding ICAO Docs for Continuing Airworthiness (ICAO Doc 9760 or Doc 9642).

II. TRANSFERRED RESPONSIBILITIES

Article 3

Under the present Agreement, the Parties agree that the Austrian Civil Aviation Authority transfers to the Aeronautical Authorities of the Russian Federation the following functions and duties, including oversight and control of relevant items contained in the respective Annexes to the Convention:

Annex 1 - Personnel Licensing, issuance and validation of licenses.

Annex 2 - Rules of the Air, enforcement of compliance with applicable rules and regulations relating to the flight and maneuver of aircraft.

Annex 6 - Operation of Aircraft (Part I - International Commercial Air Transport - Aeroplanes), all responsibilities which are normally incumbent on the State of Registry. Where responsibilities in Annex 6, Part I, may conflict with responsibilities in Annex 8 Airworthiness of Aircraft, allocation of specific responsibilities is defined in Attachment 2.

Article 4

Under the present Agreement, the Austrian Civil Aviation Authority will retain full responsibility under the Convention for the regulatory oversight and control of Annex 8 - Airworthiness of Aircraft, the responsibility for the approval of line stations used by the Russian registered operator, which are located away from its main base, is transferred to the Aeronautical Authorities of the Russian Federation. The procedures related to the continuing airworthiness of aircraft to be followed by the Russian registered operator will be contained in the English version of the operator's maintenance control manual (MCM). Attachment 2 hereunder describes the responsibilities of the Parties regarding the continuing airworthiness of aircraft.

III. NOTIFICATION

Article 5

Responsibility for notifying directly any States concerned of the existence and contents of the present Agreement pursuant to Article 83 *bis* b) rests with the Aeronautical Authorities of the Russian Federation as the State of the Operator. The present Agreement, as well as any amendments to it, shall also be registered with ICAO by the Austrian Civil Aviation Authority as the State of Registry, as required by Article 83 *bis* of the Convention and in accordance with the Rules for Registration with ICAO of Aeronautical Agreements and Arrangements (Doc 6685).

Article 6

A certified true copy, in English, of the present Agreement shall be placed on board each aircraft to which the present Agreement applies.

Article 7

A certified true copy of the air operator certificate (AOC) issued to the Russian registered operator by the Aeronautical Authorities of the Russian Federation, in which the aircraft concerned will be duly listed and properly identified, will also be placed on board each aircraft.

IV. COORDINATION

Article 8

Meetings between the Parties will be held at least six months period to discuss both operations and airworthiness matters resulting from inspections that have been conducted by respective inspectors. For the sake of enhanced safety, these meetings will take place for the purpose of resolving any discrepancies found as a result of the inspections and in order to ensure that all parties are fully informed about the operations of the Russian registered operator. The following subjects will be among those reviewed during these meetings:

- Flight operations;
- Continuing airworthiness and aircraft maintenance;
- Operator's MCM procedures;
- Flight and cabin crew training and checking;
- any other significant matters arising from inspections;
- Incidents and Occurrences.

Article 9

Subject to reasonable notice, the Austrian Civil Aviation Authority retains the right to perform inspections in order to verify that the Aeronautical Authorities of the Russian Federation are fulfilling its safety oversight obligations as transferred from the Austrian Civil Aviation Authority.

Article 10

During the implementation of the present Agreement, the Aeronautical Authorities of the Russian Federation, remaining the State of the Operator, shall inform the Austrian Civil Aviation Authority of a sub-lease with regard to any aircraft covered by this Agreement. None of the duties and functions transferred from the Austrian Civil Aviation Authority to the Aeronautical Authorities of the Russian Federation may be carried out under the authority of a third State without the express written agreement of the Austrian Civil Aviation Authority.

V. FINAL CLAUSES

Article 11

Any modification to the present Agreement shall be agreed by the Parties thereto in writing.

Article 12

Any disagreement concerning the interpretation or application of the present Agreement shall be resolved by consultation between the Parties.

Article 13

This Agreement will enter into force on the first day of the month following the date of signature by both Parties.

Either Party may, at any time, give notice in writing to the other Party of its decision to terminate the Agreement. The Agreement shall terminate ninety (90) days after the date of receipt of such notice by the other Party.

In case of expiry or termination, the Agreement continues to apply to aircrafts listed in Attachment 1 until the completion of the respective lease, rental, utilization or management arrangements under which they are operated.

Done in Vienna on 5 September 2012 and in Moscow on _____ in the English language.

For the
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