

Confidential Memorandum of Understanding

The Civil Aviation Working Group, composed of the Delegation representing the Ministry of Transport of the Russian Federation, the Federal Air Transport Agency of the Russian Federation (FATA) (hereinafter referred to as the Russian Delegation) and the Civil Aviation Administration of China (hereinafter referred to as the Chinese Delegation) met in Beijing from July 12 to 13, 2017 for the 21st Meeting of China-Russia Transportation Cooperation Sub-Committee to discuss matters relating to further development of aviation relations between the two countries.

The name lists of the Delegations are attached hereto as Appendix 1 and Appendix 2.

The discussions were conducted in a very cordial and friendly atmosphere.

I. Expansion of Commercial Traffic Rights Arrangements

Both Delegations agreed to expand local air services, triangular air services as well as overflying arrangements for the designated airlines of both Parties. With regard to capacity and frequency entitlements of local services as well as overflying frequencies, both sides agreed to new arrangement as set out in Appendix 3 to this CMOU, which shall replace Appendix 3 to 2016 CMOU.

The Chinese Delegation reminded the Russian Delegation that due to the severe congestion in PEK airport, only the night-time landing slots (02:00-05:00) are available subject to infrastructure capability for the expanded traffic rights in relation to Beijing as specified in Appendix 3, before the completion of the new airport in Beijing scheduled to be in operation in 2019. The Russian Delegation noted and understood the current situation.

II. Airworthiness Certification

Both Delegations discussed airworthiness cooperation issues between the two States. The record of discussion is attached herewith as Appendix 4.

III. Coterminalization of All-Cargo Services

Both Delegations agreed to replace Article IV (Coterminalization of all-cargo services) of the 2015 CMOU with the following:

Both Delegations agreed that subject to customs and border regulations as well as availability of infrastructure resources, the Russian designated airlines may coterminalize on any two points among Zhengzhou, Chengdu, Chongqing, Kunming, Tianjin, Dalian, Shenyang and Xi'an for scheduled all-cargo services,

while on the basis of reciprocity, the Chinese designated airlines may exercise similar coterminalization for scheduled all-cargo services on any two points among eight points as freely selected by the Chinese side in the Russian territory. The Russian side may change the above eight points in China for coterminalization operations subject to the approval of the Chinese aeronautical authorities.

Both Delegations further agreed that subject to customs and border regulations as well as availability of infrastructure resources, the Russian designated airlines may coterminalize between any point among Tianjin/ Nanjing/ Wuhan/ Ningbo/ Hefei/ Zhengzhou/ Chengdu/ Chongqing/ Kunming/ Urumqi/ Dalian/ Shenyang/ Xi'an and Beijing for scheduled all-cargo services up to seven (7) frequencies per week and any point among Tianjin/ Nanjing/ Wuhan/ Ningbo/ Hefei/ Zhengzhou/ Chengdu/ Chongqing/ Shenzhen / Urumqi/ Dalian/ Shenyang/ Xi'an and Shanghai up to seven (7) frequencies per week respectively, provided that each of such coterminalization flights operate no more than one landing and take-off at any Chinese airport. The Russian side may change the above eight points in China for coterminalization operations subject to the approval of the Chinese aeronautical authorities.

IV. Operation of Open-Jaw Routes for Passenger/Combination Services

Both Delegations agreed to replace Article IV (Operation of Open-Jaw Routes) of the 2014 CMOU with the following:

Both Delegations agreed that on the basis of reciprocity the designated airlines of each Party may operate the open-jaw scheduled passenger/combination services on no more than thirty-eight (38) routes provided that each sector of the services shall be counted half (0.5) frequency against the frequency entitlements on the specified routes as provided for in Part A of Appendix 3, and that such open-jaw services shall exclude the routes prescribed in paragraph 1 Part A of the Appendix 3 to this CMOU. Both Delegations further confirmed that an open-jaw route refers to the "V" shape international air service where such service begins and terminates at two different points in the territory of the Party designating the airline.

V. Operation of Open-Jaw Routes for All-Cargo Services

Both Delegations agreed to replace Article III (All-cargo operations on open-jaw routes) of the 2011 CMOU with the following:

Both Delegations agreed that on the basis of reciprocity the Russian designated airlines may operate scheduled all-cargo services on the routes of Moscow-Beijing/Shanghai-Yekaterinburg/Krasnoyarsk/Khabarovsk provided that such services shall be counted against the frequency entitlements of the specified routes of Moscow-Beijing/Shanghai respectively as provided in paragraph 1 of part B of Appendix 3 to this CMOU. Should the Chinese designated airlines wish to

operate similar routes for scheduled all-cargo services, the Chinese side will inform the Russian side in due course.

Both Delegations further agreed that on the basis of reciprocity the Russian designated airlines may operate scheduled all-cargo services on the route of Khabarovsk-Harbin-Yekaterinburg, Novosibirsk-Harbin-Yekaterinburg, Khabarovsk-Zhengzhou-Novosibirsk, Yekaterinburg-Zhengzhou-Novosibirsk with no more than three flights per week for each route, provided that each sector of the services shall be counted half (0.5) frequency against the frequency entitlements on the specified routes as provided for in paragraph 2, Part B of Appendix 3. Should the Chinese designated airlines wish to operate similar routes for scheduled all-cargo services, the Chinese side will inform the Russian side in due course.

VI. Code-sharing arrangements

Both delegations agreed to replace Article IV (Code-sharing arrangements) of the 2016 CMOU with the following:

1. When operating or holding out agreed services, the designated airlines of either Contracting Parties shall be entitled to enter into cooperative arrangements, such as but not limited to code sharing, with:

- (a) an airline or airlines from China;
- (b) an airline or airlines from Russia.

2. When a designated airline performs services under cooperative marketing arrangement as the marketing carrier, the total capacity offered by the airline will not be counted against the capacity entitlement of the Contracting Party designating the airline.

3. All airlines operating or holding out the above services shall hold the appropriate authority including route rights and traffic rights and shall meet the requirements normally applied to such arrangements. However, when a designated airline of one Party enters into code-sharing arrangements with an airline or airlines from the same Party or the other Party as a marketing carrier, the route rights and traffic rights for such marketing carrier are not required, so long as the marketing carrier has already been designated for the operation of any scheduled air services between China and Russia.

4. The designated airlines of both Contracting Parties shall, when holding services out for sale, in terms of code share, blocked-space or other joint venture arrangements, make it clear to the purchaser at the point of sale which airline will be the operating airline on each sector of the service and with which airline(s) the purchaser is entering into a contractual relationship.

5. The designated airline(s) of either Contracting Party may also, enter into domestic sector code-share arrangement with the airline(s) of the other Party designated to operate between China and Russia. The domestic sector code-share services may be conducted only between points of entry and eleven (11) other destination points and such services should form part of a through international journey. The eleven destination points selected for domestic sector code-sharing should be informed to the aeronautical authorities of the other side in due course.

6. Notwithstanding provisions in paragraph 3, the designated airlines of either Contracting Party may also enter into beyond sector code-share arrangements at twenty-five (25) freely selected beyond points with the designated airlines of the other Contracting Party. The marketing airlines shall not exercise the fifth freedom traffic rights on the beyond sector while engaging in the above code-share arrangements.

7. All code-share arrangements are subject to approval by the aeronautical authorities of both Contracting Parties.

V. Other Matters

1. The Chinese Delegation informed the Russian Delegation of the difficulty that Air China is faced with since 2012 while applying for working visa for their staff in the reprehensive office in Chita. The Russian Delegation suggested that Air China contact the international department of FATA for getting relevant approvals.

2. The Chinese Delegation informed the Russian Delegation of the requests of the Chinese airlines to simplify overflying application procedures, in particular, with regards to change of aircraft type only. The Russian Delegation responded that the Chinese airlines may list all aircraft types that may be utilized for the overflying flights when submitting form R applications.

3. The Russian Delegation raised the question about possibility of simplification of application procedures for dangerous goods permits for charter and regular cargo flights. The Chinese Delegation responded that it would forward the request to the relevant regional administration for positive consideration.

4. The Russian Delegation raised the question about possibility of simplification of acquiring working permits and visa for Russian personnel for representative offices of Russian Airlines in China. The Chinese Delegation responded that it would convey the messages to the competent authority of China for consideration.

This Confidential Memorandum of Understanding shall come into effect on the date of signature.

Done in Chengdu on July 21, 2017 in English language.

For the Aeronautical Authorities
of the People's Republic of China

For the Aeronautical Authorities
of the Russian Federation

Mr. Wang Zhiqing
Deputy Administrator
Civil Aviation Administration of
China

Mr. Valery M. Okulov
Deputy Minister
Ministry of Transport of the Russian
Federation

Name list of the Chinese Delegation

Name	Title
Head of Working Group	
Mr. Wang Zhiqing	Deputy Administrator Civil Aviation Administration of China (CAAC)
Delegates	
Ms. Liang Nan	Deputy Director General Department of International Affairs CAAC
Ms. Wang Jingling	Deputy Director General Department of Airworthiness CAAC
Mr. Cai Guoxian	Director Department of International Affairs CAAC
Mr. Zhu Xuefeng	Director Department of Airworthiness CAAC
Ms. Zhang Xuan	Official Department of Air Transport CAAC
Mr. Yang Song	Official Department of International Affairs CAAC
Ms. Zhang Min	Interpreter
Observers	
Ms. Shan Wenbing	Director Department of International Affairs Air China
Mr. Cao Lei	Specialist Department of International Affairs Air China

Ms. Xia Wen	Tariff Rights Manager Network&Revenue Management Dept China Eastern Airlines
Ms. Zhang Lulu	Traffic Rights & External Cooperation Manager China Eastern Airlines
Mr. Jin Zhe	Alliance affairs commercial cooperation China Eastern Airlines
Ms. Luo Dan	Assistant Manager, Government & IATA Affairs, International & Corporate Relations, China Southern Airlines
Ms. Chen Lei	Senior Manager, International Business Division, Hainan Airlines
Ms. Yu Shaochun	Specialist, International Business Analysis Office, International Business Division, Hainan Airlines
Ms. Ma Yunchun	Deputy General Manager International Cooperation Department in Commercial Committee, Shenzhen Airlines
Ms. Zhang Shenyan	Project Manager International Cooperation Department in Commercial Committee, Shenzhen Airlines
Ms. Lin Tingting	Government Affairs Manager, Xiamen Airlines
Mr. Lin Yibin	Government Affairs Assistant Manager, Xiamen Airlines
Ms. Zhang Xiaojing	International Affairs Manager Sichuan Airlines
Ms. Deng Yang	International Affairs Specialist



Sichuan Airlines

Mr. Zhao Fei

International Flight Plan Manager
Tianjin Airlines

Ms. Zhao Hang

Coordination Specialist
Schedule Department/ International Flight
Juneyao Airlines

Mr. Zhao Weipeng

International Affairs Manager
Airline planning & international Affairs
Air China Cargo

Ms. Mu Xiaojuan

International Affairs Assistant
Airline planning & international Affairs
Air China Cargo

Ms. Xia Honglei

Traffic Rights & Alliance Business Supervisor
China Cargo Airlines

Ms. Jin Qiyuan

Traffic Rights & International Affairs
Yangtze River Express

Name list of the Russian Delegation

Name	Title
Head of Delegation	
Mr. Valery M. Okulov	Deputy Minister of Transport of the Russian Federation
Delegates	
Mr. Sergey A. Seskutov	Deputy Director Department of State Policy in Civil Aviation Ministry of Transport of the Russian Federation
Mr. Alexander V. Shatalin	Chief-expert of Air Services Division, Department of State Policy in Civil Aviation Ministry of Transport of the Russian Federation
Mr. Eugeny V. Isakov	Deputy Head of Department of Airworthiness Federal Air Transport Agency
Mr. Vladimir P. Oschepkov	Russian Embassy to China
Observers:	
Mr. Alexey V. Leonov	Volga-Dnepr Airlines
Mr. Andrey B. Zaitsev	Volga-Dnepr Airlines
Mr. Zhang Jin	Volga-Dnepr Airlines
Mr. Kamil R. Feizrakhmanov	Domodedovo International Airport
Ms. Anna S. Zentsova	URAL Airlines
Ms. Marianna B. Galagura	URAL Airlines
Mr. Boris B. Abramov	URAL Airlines
Mr. Vadim A. Shevalie	S7 Airlines
Mr. Mikhail Kiselyev	«Aeroport Emelianovo»
Mr. Dmitriy Y. Kukanov	AZUR Air
Mr. Vladislav A. Kargin	VIM-AVIA




Ms. Tatyana Pidgaynaya	VIM-AVIA
Ms. Anna Ivanova	VIM-AVIA
Mr. Vladimir Nikiforov	Angara Airlines
Mr. Andrey Pautov	Angara Airlines
Mr. Vladislav Gumenniy	Nord Star Airlines
Ms. Tatyana Tolstoguzova	ROSSIYA Airlines
Mr. Yury Zakharov	Volga-Dnepr Airlines

Route Schedule Specifications:

A. PASSENGER AIR SERVICES

1. Common frequencies entitlements for designated carriers of Russia and China (major city pairs):

Moscow – Beijing	25 flights per week
Moscow – Shanghai	17 flights per week
Saint-Petersburg – Beijing	7 flights per week
Saint-Petersburg – Shanghai	10 flights per week

2. For designated carriers of Russia:

Local services:

Points in Russia (except Moscow and Saint-Petersburg) – Beijing

119 flights per week, but not more than 7 flights per week for each route, except the following: (1) Novosibirsk-Beijing v.v. with no more than 10 flights per week; (2) Yekaterinburg-Beijing v.v. with no more than 10 flights per week; (3) Vladivostok-Beijing v.v. with no more than 10 flights per week provided that the newly added 3 flights per week could only be allocated to a new designated airline of Russia; (4) Irkutsk-Beijing v.v. route with no more than 14 flights per week, of which 3 flights per week could be utilized starting from 2018 IATA Summer Season, provided that the newly added 4 flights per week with immediate effect could only be allocated to a new designated airline of Russia

Points in Russia (except Moscow and Saint-Petersburg) – Shanghai

14 flights per week, but not more than 7 flights per week for each route

Points in Russia – 36 freely selected points in China (except Beijing and Shanghai)*

14 flights per week for each route

Note: *

36 points in China: Taiyuan (TYN), Sanya (SYX), Guangzhou (CAN), Dalian (DLC), Harbin (HRB), Tianjin (TSN), Urumqi (URC), Mudanjiang (MDG), Qingdao (TAO), Manzhouli (NZH), Hailar (HLD), Xian (SIA), Chongqing (CKG), Jiamusi (JMU), Changchun (CGQ), Changsha (CSX), Wuhan (WUH), Shenyang (SHE), Hangzhou (HGH), Nanchang (KHN), Hohhot (HET), Chengdu (CTU), Yanji (YNJ), Haikou (HAK), Nanning (NNG), Kunming (KMG), Jinan (TNA), Lanzhou (LHN), Shijiazhuang (SJW), Ningbo (NGB), Shenzhen (SZX), Guiyang (KWE), Nanjing (NKE), Fuzhou (FOC), Ordos (DSN), Zhengzhou (CGO).

Triangular routes:

Berlin – Moscow – Beijing

Points of intermediate stops and/or points beyond

Including with commercial landing in China (without 5th freedom traffic rights):

Including with 5th freedom traffic rights:

Including with 5th freedom traffic rights:

Including with 5th freedom traffic rights:

1 flight per week

points in Asia, Africa, Middle East, Far East and Northern America, 1 point in CIS countries to choose by the Russian Side

14 flights per week, but not more than 5 flights per week via Beijing and 5 flights per week via Shanghai

7 flights per week from points in Russia excluding Moscow and Saint-Petersburg via points in China via/to Bangkok, Sapporo

14 flights per week from points in Russia excluding Moscow and Saint-Petersburg via points in China excluding Beijing, Shanghai and Guangzhou, via/to Saipan and 2 points in Thailand and Cam Rahn in Vietnam

5 flights per week from points in Russia excluding Moscow and Saint-Petersburg via Beijing or Shanghai via/to Phuket or Krabi, provided that 1 flight per week will be allocated to one newly designated airline of Russia



B. CARGO AIR SERVICES

1. Common frequencies entitlements for designated carriers of Russia and China (major city pairs):

Moscow – Beijing	21 flights per week
Moscow – Shanghai	35 flights per week
Moscow – Tianjin	14 flights per week

2. For designated carriers of Russia:

Local services:

Points in Russia (except Moscow)-Beijing	21 flights per week, but not more than 7 flights per week for each route
Points in Russia (except Moscow)-Shanghai	10 flights per week, but not more than 7 flights per week for each route
Points in Russia (except Moscow)-Tianjin	14 flights per week, but not more than 7 flights per week for each route
Points in Russia – Harbin, Shenyang, Urumqi, Dalian, Guangzhou, Qingdao, Yiwu, Changchun, Zhengzhou, Chengdu, Xiamen, Xian, Shenzhen, Nanjing, Hefei, Wuhan, Ningbo and Chongqing	14 flights per week for each route

Triangular air services:

Points of intermediate stops and/or points beyond

Including with commercial landing in China (without 5th freedom traffic rights):

Yekaterinburg-Ulaanbaatar-Ordos (with 5th freedom traffic rights):

Including with commercial landing in China (with 5th freedom traffic rights):



one (1) point in CIS, points in Asia, Africa, Middle East, Far East and Northern America to choose by the Russian side

7 flights per week, but not more than 3 flights per week via Beijing and 3 flights per week via Shanghai

3 flights per week

5 flights per week, from any point in Russia via one point in Asia to one point in China and beyond to three points in North America to be freely selected by Russia (without fifth freedom traffic rights in the direction from North America to China) ;

2 flight per week, from any point in Russia via Shanghai (Pudong) beyond to Dhaka, Bangladesh.

