

Confidential Memorandum of Understanding

The Civil Aviation Working Group, composed of the Delegation representing the Ministry of Transport of the Russian Federation (hereinafter referred to as the Russian Delegation) and the Civil Aviation Administration of China (hereinafter referred to as the Chinese Delegation) met in Saint-Petersburg from August 21 to 23, 2018 for the 22nd 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 the Confidential Memorandum of Understanding signed on July 21, 2017 ("2017 CMOU").

II. Cooperation on Climate Change Issues

Both Delegations agreed to enhance the cooperation in the development of green aviation, and to maintain communications and collaborations on the international aviation and climate change. Both Delegations also stressed that the international aviation emissions should and could only be addressed through consensus.

III. Coterminalization of All-Cargo Services

Both Delegations agreed to replace Article III (Coterminalization of All-Cargo Services) of the 2017 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 coterminimize 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 fourteen (14) 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 fourteen (14) frequencies per week respectively, provided that each of such coterminization 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 coterminization 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 for Passenger/Combination Services) of the 2017 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 forty-five (45) 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.

Notwithstanding the above provision, both Delegations agreed that the open-jaw routes to destination points of Haikou and Sanya in China for the designated airlines of Russia and to destination points of Sochi, Vladivostok and Kaliningrad in Russia for the designated airlines of China shall not be counted against the total number of routes or frequencies as prescribed above.

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

Both Delegations agreed to replace Article V (Operations of Open-Jaw Routes for All-Cargo Services) of the 2017 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/Chengdu/Chongqing/Zhengzhou-Yekaterinburg/Krasnoyarsk/Khabarovsk/Vladivostok 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, and against the frequency entitlements of the specified routes as provided in paragraph 2 of part B of Appendix 3 to this CMOU accordingly. 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. Liberalization on Certain Points

Both Delegations agreed that the designated airlines of Russia may exercise unlimited third and fourth freedom traffic rights from/to Haikou and Sanya in China and the designated airlines of China may exercise unlimited third and fourth freedom traffic rights from/to Sochi, Vladivostok and Kaliningrad in Russia for passenger/combination and/or all-cargo air services. The frequencies operated by the designated airlines of Russia from/to Haikou and Sanya and the frequencies operated by the designated airlines of China from/to Sochi, Vladivostok and Kaliningrad in Russia shall not be counted against the relevant frequency entitlements as prescribed by Appendix 3 to this CMOU.

VII. Arrangements for the Implementation of the Agreement on Civil Aircraft Search and Rescue

Both Delegations discussed the progress on finalizing the Arrangements for the Implementation of the Agreement on Civil Aircraft Search and Rescue. The Chinese Delegation informed that it is ready to initial the draft of the above mentioned agreement based on their previous e-mail exchanges with the Federal Air Transport Agency of the Russian Federation (FATA).

Both Delegations agreed to continue their exchanges of views through e-mail and in case of necessity to organize a meeting between the experts aiming to finalize and initial the agreement.



VIII. Coterminization between Beijing and Hailar

The Russian Delegation agreed to allow the designated airlines of China to coterminize Beijing and Hailar to Chita/Irkutsk for passenger/combination services on extra bilateral basis.

IX. Slot Coordination Procedures

1. The Russian Delegation raised the difficulties in obtaining slots in China. The Chinese Delegation explained in details the new slot coordination and allocation which became effective from April 1, 2018 as well as the measures adopted by CAAC on controlling the overall number of flight operations in the last two IATA seasons in order to improve flight punctuality and maintain safe operations. Both Delegations confirmed that the designated airlines of both sides may engage in slots swaps based on market principles, subject to the approval by the competent authorities on slot allocation and coordination of both sides. The Chinese Delegation also stated that CAAC would try its best to coordinate with relevant slot coordination authorities for scheduled flights slots applied for by the Russian airlines in accordance with relevant rules and regulations.

2. The Chinese Delegation explained in details the following slot coordination procedures at twenty-one (21) Chinese coordinated airports (include PEK, PVG, SHA, CTU, CAN, SZX, WUH, KMG, DLC, CSX, CKG, TAO, HGH, HAK, NKG, URC, XIY, XMN, SYX, FOC, TSN):

a. International scheduled flight slot coordination and allocation follows the IATA procedures and timeline. Normally, before mid of June, coordinators in China accept the slots application for the next IATA winter season, and before the mid of November, coordinators in China accept the slots application for the next IATA summer season. The coordinators would reply to the abovementioned applications at least four (4) weeks before the beginning of the next IATA season. In practical operations the Chinese side would try to improve and expedite the processing procedures.

b. Coordinators should accept day-to-day slot application by air carriers at any time during working days. Applications should be submitted to coordinators at least four (4) weeks before the date of planned operation. The coordinator should acknowledge within two (2) working days the receipt of application and advise the outcome at least one (1) week before the date of planned operation to the air carrier.

c. To be eligible for historic precedence, slots should be operated not less than two-thirds of the whole season, and for at least 80% of the total slots allocated in the previous equivalent season based on series of slots.

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d. The information on the slot coordinators of the above coordinated airports will be released in the annex to IATA WSG.

e. The slot coordinating parameters of the twenty-one (21) airports in China will be released at CAAC official website within four (4) weeks after the end of the previous equivalent IATA season.

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

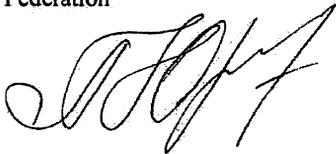
Done in Saint-Petersburg on August 23, 2018 in English language.

For the Aeronautical Authorities
of the Russian Federation

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

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Route Schedule Specifications:

A. PASSENGER AIR SERVICES

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

Moscow – Beijing	32 flights per week
Moscow – Shanghai	28 flights per week
Saint-Petersburg – Beijing	14 flights per week
Saint-Petersburg – Shanghai	10 flights per week

Note:

- (1) Among the 32 flights per week for the Russian side on the route of Moscow-Beijing, 28 flights per week could be allocated to the first designated airline, while additional 4 flights per week could only be allocated to a second designated airline not affiliated with the first one.
- (2) Among the 28 flights per week for the Russian side on the route of Moscow-Shanghai, 21 flights per week could be allocated to the first designated airline, while additional 7 flights per week could only be allocated to a second designated airline not affiliated with the first one.

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

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

Points in Russia – 37 freely selected points in China (except Beijing and Shanghai)*

14 flights per week for each route

Note: *

37 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), Hefei (HFE).

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

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

21 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 Tuy Hoa (TBB)/ Dalat (DLI) 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 14 flights per week for each route
Points in Russia (except Moscow)-Shanghai	10 flights per week, but not more than 10 flights per week for each route
Points in Russia (except Moscow)-Tianjin	14 flights per week, but not more than 14 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, Jinan, Hangzhou, Changsha 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/Khabarovsk-Ulaanbaatar-one point in China other than

Beijing/Shanghai/Guangzhou (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 flights per week, from any point in Russia via Shanghai (Pudong) beyond to Dhaka, Bangladesh.

3 flights per week, from any point in Russia via Singapore to Chengdu.



2. For designated carriers of China:

Local services:

Points in China (except Beijing, Shanghai, Tianjin) – Moscow

Points in China - Irkutsk, Vladivostok, Novosibirsk, Omsk,
eleven other points (except Moscow) to choose by the Chinese Side



**3 flights per week, from any point in
Russia via points in China beyond to
Sydney, Perth in Australia**

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

14 flights per week for each route

