

Memorandum of Understanding between
the Aeronautical Authorities of the Republic of Cyprus
and of the Russian Federation

Delegations representing the Aeronautical Authorities of the Republic of Cyprus and the Russian Federation met in Nicosia on the 14th and 15th of July 2015 to discuss air services between their respective countries. The discussions were held in a friendly and constructive atmosphere and both sides noted the excellent relations and the desire to expand the aviation market between their respective countries.

It was noted that the traffic statistics of the last few years have shown that there has been a healthy growth on routes between the two countries originating mainly from the Russian Federation. Despite the decrease noted so far in this year's traffic, it is anticipated tourism and business between the two countries will remain high.

The list of the two delegations is attached here to as Annex 1.

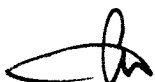
The two delegations reached the following understanding.

1. Bilateral Air Services Agreement.

Both sides acknowledged as previously that the existing Bilateral Air Services Agreement (ASA) signed on February 29, 1964 is in need of modernization in order to reflect changes in the highly competitive and fast changing air transport environment.

Different aspects were discussed in light of the membership of Cyprus into the EU.

Both sides expressed their willingness to agree on the text of a new Air Services Agreement at the earliest. The two delegations exchanged their drafts of the proposed Air Services Agreement. It was agreed to continue the discussions in the future.



2. Designation, Route Schedule and Frequencies

2.1 The Airlines designated by the Russian side shall be entitled to operate the following agreed routes:

from any point in the territory of the Russian Federation – to Larnaka and/ or Pafos.

2.2 The Airlines designated by the Cyprus side shall be entitled to operate the following agreed routes:

from Larnaka and/or Pafos - to Moscow, Saint Petersburg, Yekaterinburg, Sochi, Samara, Krasnodar, Kazan, Murmansk.

The Russian Side pointed out that flights to/from Vladivostok can be operated with unlimited 3rd, 4th and 5th freedom traffic rights. To/from Sochi and Kaliningrad flights can operated with unlimited 3rd, 4th and 5th freedom traffic rights till the end of the IATA Season Summer 2016.

2.3 It is understood that the designated airlines of both sides shall have the right to combine points on the territory of the other side, provided that no cabotage is permitted.

2.4 Up to two (2) airlines can be designated from either side to operate scheduled flights on any given city-pair, with the exception of Moscow - Larnaka - v.v., where three (3) airlines can be designated from either side to operate scheduled flights.

2.5 It was agreed that there will be no restrictions on frequencies and no capacity limitations in terms of 3rd and 4th freedom traffic rights on any given city pair route.

2.6 The two sides will approve without any delay the timetable and frequencies according to traffic requirements on each route, in the context of fair and equal opportunity to the carriers of each side serving that route, in accordance with the provisions of the existing Bilateral Air Services Agreement.

2.7 The Russian side informed the Cyprus side that in accordance with the ASA in force, that only air companies that are registered in the Republic of Cyprus, with Cypriot AOC can be designated by the Cyprus side on the agreed routes.

3. Charter Flights

3.1 The two sides agreed that the charter operations should be approved only after being agreed between the Aeronautical Authorities of both sides. Coordination of charter flights with the designated air carriers is not required.

3.2 Both sides, recognizing the importance of charter operations between the two Countries, have agreed to provide charter flights on any given route, with adequate freedom and flexibility in their operations.



4. Code Share Provisions

Any designated airline may enter into commercial and/or co-operative marketing arrangements including, but not limited to, blocked-space or code-share arrangements, with any other airline, including an airline of the same or third country, provided that:

- (a) the operating airline in such arrangements holds the appropriate operating authorization and traffic rights.
- (b) both, the operating and marketing airlines hold the appropriate route rights; If the operating and marketing carriers are registered in the same State (Cyprus or Russia) no route rights for marketing carrier are required.
- (c) no service is held out by an airline of one country for the carriage of passengers between a point in the territory of the other country and a point in a third country, or between two points in the territory of the other country, and no such passengers are carried, unless that airline itself has traffic rights between those two points;
- (d) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each flight forming part of the service;
- (e) the activities mentioned are carried out in accordance with the laws and regulations applicable in each country, including those governing competition;
- (f) the relevant airline has secured any necessary approvals from its own authorities, for the purposes of ensuring that code share arrangements is consistent with bilateral arrangements with any relevant third country; and
- (g) code share agreements will be subject to approval by the Aeronautical Authorities of both sides.

5. Fifth freedom traffic right

The Russian side expressed its intention to ask for the fifth freedom traffic right for the Russian air carriers on the routes from Larnaca and/or Pafos to European countries.

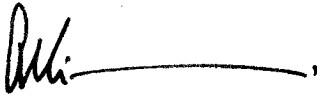
The Cyprus side informed that each particular request of the Russian air carriers will be examined on an ad-hoc basis taking into account the economic criteria and the development of new routes.



6. Entry into force

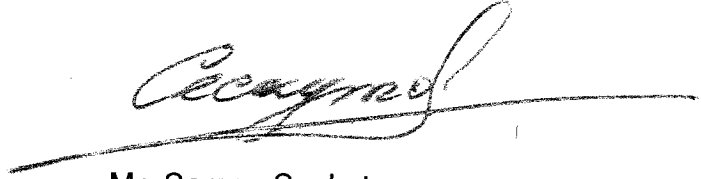
This Memorandum of Understanding is applied from the date of signature.

Signed in Nicosia on 15th July 2015.



Mr Alecos Michaelides
Permanent Secretary
Ministry of Transport, Communications &
Works

For the Aeronautical Authorities of
the Republic of Cyprus



Mr. Sergey Seskutov
Deputy Director
Department of State Policy in Civil
Aviation - Ministry of Transport of
the Russian Federation

For the Aeronautical Authorities of
the Russian Federation.

Delegation List of the Republic of Cyprus

Mr. Alecos Michaelides Permanent Secretary
Ministry of Transport, Communications
and Works
Head of Delegation

Mr. Nicos Nicolaou Ag. Director
Civil Aviation Department

Mr. Antonis A. Lemesianos Ag. Chief Air Transport Officer
Civil Aviation Department

Mrs Eleni Gereoudakis Chief Administrative Officer
Ministry of Transport, Communications
and Works

Mrs Elisavet Antoniadou Senior Administrative Officer
Ministry of Transport, Communications
and Works

Mrs. Vaso Sdrali Air Transport and Airports Officer A'
Civil Aviation Department

Mrs. Eva Nicolaou Air Transport Section
Civil Aviation Department

Eva Yiasemidou Secretary A
Ministry of Foreign Affairs

Mr. Marinos Menelaou Senior Tourist Officer
Cyprus Tourism Office

Industry Observers:

Mr. Wes Porter CEO Hermes Airports

Ms Maria Kouroupi Senior Manager Marketing



Delegation List of the Russian Federation

Mr. Sergey Seskutov Deputy Director
Department of State Policy in Civil Aviation
Ministry of Transport of the Russian Federation
Head of the Delegation

Ms. Victoria A. Kuzovleva Legal Expert
Department of State Policy in Civil Aviation
Ministry of Transport of the Russian Federation

Industry Observers

Mr. Kamil R. Feyzrahmanov Representative of the Airport "Domodedovo"

Ms. Anna Zentsova Representative of the air carrier "Ural Airlines"
Ms. Marianna Galagura Representative of the air carrier "Ural Airlines"
Mr. Costa Gavrielides Representative of the air carrier "Ural Airlines"

Ms. Natalya Pechinkina Representative of "Transaero Airlines"
Mr. Oleg Maloy Representative of "Transaero Airlines"

