

AGREED MINUTES

A delegation representing jointly the Governments of Denmark, Norway and Sweden, and a delegation representing the aeronautical authorities of the Russian Federation, met in Stockholm on 29-30 May 2012 to discuss their civil aviation relations.

The talks were held in a friendly and cordial atmosphere. Lists of the delegations are attached as *Appendices I and II*.

The delegations opened negotiations on new air services agreements between Denmark/Norway/Sweden and Russia, to replace the agreements signed in 1956 and still in force. They exchanged working drafts that would form the basis for continued talks later this year or early next year, with focus on parts within brackets, *Appendices III*.

Pending the conclusion of such negotiations, the delegations, following the request from the Scandinavian side, agreed to provisionally apply from today's date the clauses on designation, tariffs and aviation safety at aeronautical authorities level, as well as the deletion of the provision on mandatory cooperation between the airlines, as attached as *Appendix IV*. They further agreed that they would give immediate practical effect to these amendments, to the extent possible under national law.

The contents of new route lists were discussed. The Russian delegation proposed an addition of points as follows, on the understanding that there should be separate regime for cargo and passenger services in the framework of the route lists below:

For Russian carriers:

Points in Russia – Oslo/Bergen/Tromsø/Haugesund/Fagernes/Kirkenes/Trondheim/Stavanger v.v

Points in Russia -Copenhagen/Billund/one more point free of choice v.v.

Points in Russia – Stockholm/Göteborg/Malmö/Luleå/Östersund v.v.

For Norwegian carriers:

Points in Norway – Moscow/St Petersburg/Murmansk/Archangelsk/four additional points free of choice

For Danish carriers:

Points in Denmark – Moscow/St Petersburg/Kaliningrad

For Swedish carriers:

Points in Sweden – Moscow/St Petersburg/three additional points free of choice.

While the Scandinavian side preferred an open route list, both delegations confirmed that until the finalization of the new air services agreements, they will give positive consideration to applications for operations on these routes.

Both delegations confirmed the principle of multiple designation of carriers between the countries with the limitations of one carrier per city pair for passenger services. For all cargo services there will be no such limitations.

The Parties confirmed that under the principle of country of origin, charter operations can be operated by designated and non-designated airlines on any local routes, including those not covered by the route list above, without any limitations and without coordination between the airlines.

The Russian side proposed the text on code sharing, *Appendix V*. The Scandinavian side wished to further discuss the code sharing provisions at the next round of negotiations. However, the Parties confirmed that until the finalization of the new air services agreements, the said provisions will apply.

The Scandinavian delegation, raised the issue of the implementation of the Agreed Principles concerning Siberian overflights. The Russian delegation responded that due to the EU ETS, the Russian side was not in a position to discuss these Principles. The Scandinavian delegation regretted this position and took note of the information.

The Scandinavian delegation initiated a discussion on additional overflying rights. The Russian delegation responded that this could be considered, and that the issue would be discussed further at the next round of talks.

The issue of permission for operations on Spitzbergen and to Longyearbyen Airport was formally raised by the Russian side. The Norwegian delegates took note of this request and responded that these issues were under negotiations in other fora and that they would inform the Norwegian Ministry of Foreign Affairs accordingly.

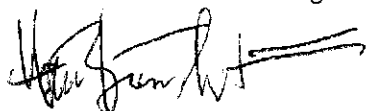
Regarding the MOU concerning the SAS co-operation presented by the Scandinavian delegation, to replace the corresponding exchange of notes under the present Agreements, the Russian side explained that they saw no problems in practice but would prefer a slightly modified text to be concluded on authority level. The Scandinavian side would later present a revised draft.

Both delegations agreed that the provisions of the previous arrangements not covered by these Agreed Minutes remain in force.

The delegations agreed to continue their talks on new ASAs later this year or early next year, at a time and place to be agreed upon.

Signed in Stockholm on 30 May 2012

For the Scandinavian delegation




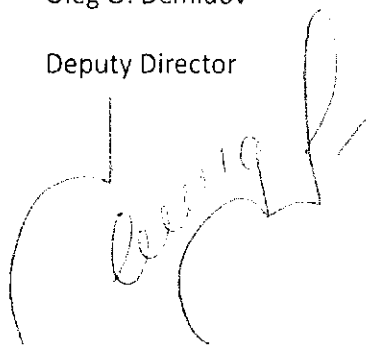
Hans Brändström

Deputy Director-General

For the Russian delegation

Oleg O. Demidov

Deputy Director



APPENDIX I

THE SCANDINAVIAN DELEGATION

Mr Hans Brändström	Head of Delegation Deputy Director-General Ministry of Enterprise, Energy and Communications, SWEDEN
Mr Lars Österberg	Director Ministry of Enterprise, Energy and Communications, SWEDEN
Mr Anders Gradin	Senior Adviser Swedish Transport Agency, SWEDEN
Mr Thorkild Saxe	Senior Adviser Danish Transport Authority, DENMARK
Ms Ellen Krag	Adviser Ministry of Transport and Communications NORWAY
Mr Anders Stoltenberg Slettvoll	Adviser Civil Aviation Authority, NORWAY

THE RUSSIAN DELEGATION

Mr Oleg O. Demidov	Head of Delegation Deputy Director Department of State Policy in Civil Aviation Ministry of Transport
Mrs Pavlina K. Malinina	Head of Air Service Division Department of State Policy in Civil Aviation Ministry of Transport
Ms Jelena Burnaeva	First Secretary Embassy of the Russian Federation in Stockholm
Mr Vilen Khilchenko	Country Manager, Sweden Aeroflot – Russian Airlines
Ms Natalya Nazarova	AirBridge Cargo Airlines
Mr Viacheslav Ladvishchenko	Rossiya Airlines

APPENDIX III

Standard-20090727

Air Services Agreement

between

the Government of the Russian Federation

and

the Government of the Kingdom of [Denmark/Norway/Sweden]

The Government of the Russian Federation and the Kingdom of [Denmark/Norway/Sweden], hereinafter referred to as the "Parties",

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944, and

Desiring to conclude an Agreement for the main purpose of developing scheduled air services between and beyond the territories of their States;

Have agreed as follows:

Article 1

Definitions

1. Terms to be used in the present Agreement have the following meanings:
 - (a) "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, and includes any Annex adopted under Article 90 of that Convention, and any amendment of the Annexes or of the Convention under Articles 90 and 94 thereof, insofar as such Annexes and amendments have become effective for the States of the Parties;
 - (b) "aeronautical authorities" means, in the case of,
.....; and in the case of the Kingdom of
[*Denmark/Norway/Sweden*],; or in
either case any body or person authorized to perform any functions
presently exercised by the said aeronautical authorities;
 - (c) "designated airline", means an airline which has been designated in
accordance with Article 3 of this Agreement;
 - (d) "Territory" in relation to a State has the meaning assigned to it in Article
2 of the Convention;
 - (e) "air service", "international air service", "airline" and "stop for non-
traffic purposes" have the meanings respectively assigned to them in Article 96 of the
Convention;

- (f) "Agreement" means this Agreement, its Annex and any amendments thereto;
- (g) "tariff" means the prices to be paid for the carriage of passengers and baggage, and the conditions under which those prices apply, including prices and conditions for other services performed by the carrier in connection with the air transportation, and including remuneration and conditions offered to agencies, but excluding remuneration and conditions for the carriage of mail;
- (h) "user charge" means a charge made to airlines for the provision of airport property or facilities or of air navigation facilities, including related services and facilities, for aircraft, their crew, passengers and cargo.
- (i) "Air Operator Certificate" has the meaning assigned to it in Annex 6 "Operation of Aircraft" to the Convention.

Article 2

Granting of Rights

1. Each Party grants to the other Party the following rights for the conduct of international air services by airlines designated by the other Party on the routes specified in the annex to this agreement. Such services and routes are hereinafter referred to as "the agreed services" and "the specified routes" respectively:
 - (a) to fly across its territory without landing,
 - (b) to make stops in its territory for non-traffic purposes,
 - (c) to make stops in the said territory at the points specified in the Annex to this Agreement for the purpose of taking on board and discharging - in international traffic - passengers, cargo and mail, separately or in combination.
2. Nothing in paragraph 1 of this Article shall be deemed to confer on a designated airline of one Party the right of taking on board - in the territory of the other Party - passengers, cargo, and mail carried for remuneration or hire and destined for another point in the territory of that Party.
3. The airlines of each Party, other than those designated under Article 3, shall also enjoy the rights specified in paragraph 1 (a) and (b) of this Article.

Article 3

Designation and Authorization of Airlines

1. Each Party shall have the right to designate in writing to the other Party one or more airlines for the purpose of operating the agreed services on the specified routes.

2. On receipt of notification from the Party that has designated the airlines, the other Party shall, subject to the provisions of paragraphs 3 and 4 of this Article without delay, grant to each designated airline the appropriate operating authorization.

3. The Aeronautical Authorities of one Party may, prior to granting the operating authorization, require an airline designated by the other Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied by such authorities to the operation of international air services.

4. Each Party shall designate such airlines for the purposes of operating agreed services on the specified routes which are established on the territory of the State of either Party.

Each Party shall have the right to refuse to grant the operating authorization referred to in Article 2 or to impose such conditions as it may deem necessary on the exercise by the designated airline of the rights specified in Article 2 of the Agreement, in any case where the said Party is not satisfied that the designated airline of the other Party:

- is established in the territory of the State of that other Party; or
- has a valid Operating License and Air Operator's Certificate in accordance with the applicable legislation of the State of the designating Party; or
- effective regulatory control of the airline is exercised and maintained by the State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation.

5. When a designated airline has been so authorized, it may begin to operate the agreed services, for which it is designated, in accordance with the provisions established under the present Agreement.

Article 4

Revocation or Suspension of Authorization

1. Each Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of the Agreement by an airline designated by the other Party or to impose such conditions as it may deem necessary on the exercise of these right:
 - a) in any case where it is not satisfied that the airline fulfills the conditions set in Article 3, paragraph 4, of the Agreement; or
 - b) in case of failure by that airline to comply with the legislation in force of the Party granting these rights; or
 - c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under the Agreement; or
 - d) in case effective regulatory control over the airline designated by one Party is exercised by a State with which the other Party does not have a bilateral air services agreement and that State has denied traffic rights to the airline designated by that other Party.”

[2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of legislation, such rights shall be exercised only after consultation with the Aeronautical Authorities of the State of the other Party. Such consultations will start

in thirty (30) days period from the date of request made by either Party for consultations.]

Article 5

Facilities and airport charges

1. Neither Party shall impose on a designated airline of the other Party user charges higher than those imposed on its own airlines operating between the territories of the Parties.

[2. Any air navigation facility charge imposed on international traffic performed by airlines designated or licensed by one of the Parties shall be reasonably related to the cost of service rendered to the airline concerned, and levied in accordance with the relevant guidelines issued by the International Civil Aviation Organization (ICAO).]

[3. When operating the agreed services, the same uniform conditions shall apply to the use by the airlines of both Parties of airports as well as of all other facilities under their control.]

[4. Each Party shall encourage consultations on user charges between its competent charging bodies and the airlines using the services and facilities provided by those charging bodies, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for changes in such charges should be given to such users to enable them to express their views

before changes are made. Each Party shall further encourage its competent charging bodies and such users to exchange appropriate information concerning such charges.]

2. [Fees and other charges for the use of airport including its installations, technical and other facilities and services as well as any charges for the use of air navigation facilities, communication facilities and services shall be collected in accordance with the rates and tariffs established by each Party on the territory of its State, in accordance with the Convention.]

[Article 6

Customs Duties

1. Aircraft operated on international air services by a designated airline of either Party, as well as its regular equipment, supplies of fuel and lubricants and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Party, provided such equipment, supplies and stores remain on board the aircraft up to such time as they are re-exported.

2. With the exception of charges based on the cost of the service provided, the following items shall also be exempt from duties, fees and charges referred to in paragraph 1 of this Article:

(a) aircraft stores, introduced into or supplied in the territory of a Party, and taken on board, within reasonable limits, for use on outbound aircraft engaged in an international air service of a designated airline of the other Party;

- (b) spare parts, including engines, introduced into the territory of a Party for the maintenance or repair of aircraft used in an international air service of a designated airline of the other Party; and
 - (c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Party for use in an aircraft engaged in an international air service of a designated airline of the other Party, even when these supplies are to be used on a part of the journey performed over the territory of the Party in which they are taken on board.
3. The items referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities.
4. The exemptions provided for by this Article shall also apply in situations where a designated airline of one Party has entered into arrangements with other airlines for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airlines similarly enjoy such exemptions from the other Party.
5. Nothing in this Agreement shall prevent [*Denmark/Norway/Sweden*] from imposing, on a non-discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in an aircraft of a designated air carrier of that operates between a point in the territory of [*Denmark/Norway/Sweden*] and another point in the territory of [*Denmark/Norway/Sweden*] or a point in the territory of another European Community Member State or EEA EFTA State.]

[EXEMPTION FROM CUSTOMS DUTIES

1. Each Party shall on the basis of reciprocity exempt a designated airline of the State of the other Party to the fullest extent possible under its national legislation from customs duties, excise taxes, inspection fees and other national duties and charges, except those mentioned in paragraph 5 of this Article, on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores and other items intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline of the State of such other Party operating the agreed services.

2. The exemptions granted by this article shall apply to the items referred to in paragraph 1:

a) introduced into the territory of the State of one Party by or on behalf of the designated airline of the State of the other Party;

b) retained on board aircraft of the designated airline of the State of one Party upon arrival in or leaving the territory of the State of the other Party; or

c) taken on board aircraft of the designated airline of the State of one Party in the territory of the State of the other Party and intended for use in operating the agreed services;

whether or not such items are used or consumed wholly within the territory of the State of the Party granting the exemption provided the ownership of such items is not transferred in the territory of the said Party.

3. Items, mentioned in paragraph 1 of this Article retained on board the aircraft operated by designated airlines of the State of one Party on the agreed services, may be unloaded in the territory of the State of the other Party only with the approval of the Customs Authorities of the State of that Party. In such case they shall be placed under the customs control of the said authorities up to such time as they are re-

exported or otherwise disposed of in accordance with customs regulations of the State of that Party.

4. Baggage and cargo in direct transit shall be exempted from customs duties and other similar taxes.

5. Charges corresponding to the services performed, storage and customs clearance will be charged in accordance with the national legislation of the States of the Parties.]

[Article 7
Storage of Airborne Equipment
and Supplies

The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of either Party, may be unloaded in the territory of the other Party only with the approval of its customs authorities. Such items may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.]

Article 8
Entry Clearance Regulations

1. The legislation of the State of one Party, relating to the admission to, sojourn in or departure from the territory of its State of aircraft engaged in international air services or to operation and navigation of such aircraft while within

the territory of its State shall be applied to aircraft of the airline designated by the State of the other Party.

2. The laws and regulations of one Party regarding entry, clearance, transit, immigration, passports, customs and quarantine shall be complied with by the designated airlines of the other Party and by or on behalf of passengers, crew, cargo and mail, upon transit of, admission to, departure from and while within the territory of such a Party.

3. Neither Party may grant any preference to any airline over a designated airline of the other Party in the application of the laws and regulations provided for in this Article.

[Article 8 a

DIRECT TRANSIT

Subject to the legislation of the State of each Party passengers, baggage and cargo in direct transit across the territory of either Party and not leaving the area of the airport reserved for such purpose shall be subject to a simplified control except in respect of security measures relating to Civil Aviation security and narcotics control, prevention of illegal entry or in special circumstances.]

Article 9

Principles governing operation of the agreed services

1. Each Party shall allow fair and equal opportunity for the designated airlines of both Parties to compete in the international air transportation covered by this Agreement.

[2. Each Party shall take all appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair competitive practices adversely affecting the competitive position of the airlines of the other Party.]

[3. Neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airlines of the other Party, except as may be required for customs, technical, operational or environmental reasons under uniform conditions consistent with Article 15 of the Convention.]

[4. Neither Party shall impose on the other Party's designated airlines a first refusal requirement, uplift ratio, no-objection fee or any other requirement with respect to the capacity, frequency or traffic which would be inconsistent with the purposes of this Agreement.]

[1. The designated airlines of the States of both Parties shall be afforded fair and equal opportunity in the operation of the agreed services on the specified routes.

2. Each Party shall take into account the interests of the airline of the State of the other Party so as not to affect unduly the services, which the latter provides on the whole, or part of the same routes.

3. The agreed services provided by the designated airlines of the States of the Parties shall be related to the requirements of the public for transportation of passengers, cargo and mail between the territories of the States of the Parties on

the specified routes, and each designated airline shall have as their primary objective the provision, at a reasonable load factor of capacity adequate to carry the current and reasonably anticipated requirements for such carriages.

Provision for the carriage of passengers, cargo and mail both taken on board and discharged at points on the specified routes in the territory of the State of the other Party and in the territories of third States shall be made in accordance with the general principles that capacity shall, be related to;

- a) Traffic requirements to and from the territory of the State of the Party, which has designated the airline;
- b) Traffic requirements of the area through which the agreed service passes, after taking account of other transport services established by airlines of the States comprising the area;
- c) The requirements of through airline operation services.]

Article 10

Tariffs

1. The tariffs applicable between the territories of the Parties shall be established at reasonable levels, due regard being paid to all relevant factors, including the cost of operation, the interest of users, reasonable profit, class of service and when it is deemed suitable, the tariffs of other airlines operating over whole or part of the routes.
2. The tariffs referred to in this Article shall be developed independently by each designated airline.
3. Where the aeronautical authority of one or either of the Parties have proposed to intervene in a tariff, the primary objectives of such intervention shall be:
 - a) prevention of unreasonably discriminatory tariffs;

- b) protection of consumers from prices that are unreasonably high or restrictive because of the abuse of a dominant position;
 - c) protection of airlines from prices to the extent that they are artificially low because of direct or indirect government subsidy; and
 - d) protection of airlines from prices that are low, where evidence exist as to an intent of eliminating competition.
4. The aeronautical authorities of either Party may require tariffs for an agreed service to be submitted for approval for purposes mentioned in paragraph 3 of this Article. In this case, the tariffs shall be submitted to the aeronautical authorities for approval 30 days prior to the application of the tariff.”

Article 11

Transfer of Earnings

[Each designated airline shall have the right to convert and remit to its country on demand local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted without restrictions at the rate of exchange applicable to current transactions which is in effect at the time such revenues are presented for conversion and remittance, and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.]

[1. Each Party grants the right to designated airlines of the State of the other Party to convert and transmit abroad to the airline's(s) State of choice, on demand, all local revenues from the sale of air transport services and associated activities directly linked to air transport in excess of sums locally disbursed and normal commercial interest earned on such revenues while on deposit awaiting

transfer, with conversion and remittance permitted promptly without restrictions or discrimination in respect thereof at the rate of exchange applicable as of the date of the request for conversion and remittance, in accordance with laws in force in the State of that Party.

2. The provisions of the present Article do not affect the issues of taxation that are the subject of the other agreement between the Parties.]

Article 12
Airline Representation

[1. Each Party grants to a designated airline of the other Party, on the basis of reciprocity, the right to maintain in its territory representatives including office, administrative, commercial and technical personnel as may be necessary for the requirements of the designated airline concerned.]

[2. The designated airlines of a Party shall have the right to engage in the sale of air transportation in the territory of the other Party, either directly or through agents. A Party shall not restrict the right of the designated airlines of the other Party to sell, and of any person to purchase, such transportation in local or in any freely convertible currency. Nor shall a Party restrict the right of a designated airline of the other Party to pay in local or in any freely convertible currency its locally incurred costs.]

[AIRLINE COMMERCIAL REPRESENTATION

1. The designated airlines of the State of one Party shall be entitled, on the basis of reciprocity, in accordance with the legislation relating to entry, residence and employment of the State of the other Party, to bring in and maintain in the territory of the State of the other Party its representatives with the necessary managerial, technical, operational and other specialist staff required for the provisions of the agreed air services.

2. These staff requirements may, at the option of the designated airline or airlines of the State of one Party, be satisfied by its own personnel or by using the services of any other organization, company or airline operating in the territory of the

State of the other Party and authorized to perform such services for other airlines in accordance with the legislation.

3. The above mentioned staff shall be subject to the legislation in force of the State of the other Party, and consistent with such legislation:

a) each Party shall, on the basis of reciprocity and with the minimum of delay, grant the necessary employment authorizations, visitor visas or other similar documents to the staff referred to in paragraph 1 of this Article; and

b) both Parties shall facilitate and expedite in accordance with their legislation, the requirement of employment authorizations for personnel performing certain temporary duties not exceeding ninety (90) days.

4. Each Party shall accord airlines of the State of the other Party the right to sell and market international air services and related services in its territory (directly or through agents or other intermediaries of the airline's choice) in accordance with the relevant applicable laws and regulations.

5. Each airline shall have the right to sell transportation in the currency of that territory.]

Article 13

Approval of Flight Schedules

1. Airlines designated by a Party shall submit their traffic programmes for approval to the aeronautical authorities of the other Party at least forty-five (45) days prior to the beginning of the operation. The programme shall include in particular the timetables, the frequency of the services and the types of aircraft to be used.

2. Any alteration made in an approved flight schedule at a later date shall also be submitted for approval.

Article 14
Aviation Safety

1. Each Party may request consultations at any time concerning safety standards in any area relating to crew, aircraft or their operation adopted by the other Party. Such consultations shall take place within thirty (30) days of that request.
2. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Party shall notify the other Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Party shall take appropriate corrective action. Failure by the other Party to take appropriate action within fifteen (15) days or such longer period as may be agreed shall be grounds for the application of Article 3 of the Agreement.
3. Notwithstanding the obligations mentioned in Article 33 of the Convention, it is agreed that any aircraft operated by the designated airlines of one Party on services to or from the territory of the other Party, may, while within the territory of the other Party, be made the subject of an examination by the authorized representatives of the other Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called 'ramp inspection'), provided this does not lead to unreasonable delay.

4. If any such ramp inspection or series of ramp inspections gives rise to:
 - serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention, or
 - serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,the Party carrying out the inspection shall, for the purposes of Article of the Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or below the minimum standards established pursuant to the Convention.
5. Each Party reserves the right to suspend or vary the operating authorization of an airline or airlines of the other Party immediately in the event the first Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of the airline operation.
6. Any action by one Party in accordance with paragraphs 2. or 5. above shall be discontinued once the basis for the taking of that action ceases to exist.

Article 15
Aviation Security

1. Each Party reaffirms that its obligation to the other Party to protect the security of civil aviation against unlawful interference forms an integral part of this Agreement. Each Party shall in particular act in conformity with the aviation security provisions of the *Convention on Offences and Certain Other Acts Committed on Board Aircraft*, signed at Tokyo on 14 September 1963, the *Convention for the Suppression of Unlawful Seizure of Aircraft*, signed at the Hague on 16 December 1970, the *Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation*, signed at Montreal on 23 September 1971, and *Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, Supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 September 1971*, signed at Montreal on 24 February 1988, and any other multilateral agreement governing civil aviation security binding upon both Parties. [Plastic explosives]

2. Each Party shall be provided at its request with all necessary assistance by the other Party to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Parties shall, in their mutual relations, act in conformity with the applicable aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention. Each Party shall require that operators of aircraft of its registry or operators of aircraft having their principal place of business or permanent residence in its territory and the operators of airports in its territory act in conformity with such aviation security provisions.

4. Each Party agrees that its operators of aircraft shall be required to observe, for entry into, departure from or while within the territory of the other Party, aviation security provisions in conformity with the law in force in that country. Each Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo, mail and aircraft stores prior to and during boarding or loading. Each Party shall also give sympathetic consideration to any request from the other Party for reasonable special security measures to meet a particular threat.

5. If an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airport or air navigation facilities occurs, each Party shall assist the other Party by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

[6. When a Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, the first Party may request consultations. Such consultations shall start within thirty (30) days of receipt of such a request from either Party. Failure to reach a satisfactory agreement within thirty (30) days from the start of consultations shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorizations of the airline or airlines designated by the other Party. When justified by an emergency, or for the reason to prevent further non-compliance with the provisions of this Article, the first Party may take interim action at any time. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Party with the security provisions of this Article.]

Article 16
Consultations

[Either Party may at any time request consultations on the implementation, interpretation or amendment to this Agreement or compliance with the Agreement. Such consultations, which may be between aeronautical authorities, shall begin within a period of thirty (30) days from the date the other Party receives a written request, unless otherwise agreed by the Parties.]

[1. In a spirit of close co-operation the Aeronautical Authorities of the States of the Parties shall consult from time to time with a view to ensuring the implementation of, interpretation, application or amendment of the provisions of this Agreement.

2. Either of the Aeronautical Authorities of the States of the Parties may request consultations which may be through discussions or by correspondence. These discussions or correspondence shall begin within a period of sixty (60) days from the date that the other Party receives a written request unless both Parties agree to an extension of this period.]

Article 17
Amendments/Modification of the agreement

[1. Any amendments to this Agreement agreed by the Parties shall come into force when approved in accordance with the constitutional requirements of both Parties and as confirmed by an exchange of diplomatic notes.

2. Amendments to the Annex to this Agreement may be made by direct agreement between the competent aeronautical authorities of the Parties.]

[1. If either of the Parties considers it desirable to modify the terms and provisions of the present Agreement it may request a consultation between the Aeronautical Authorities of the States of both Parties in relation to the proposed modification. Consultations shall begin within a period of sixty (60) days from the date of receipt of the request unless the Aeronautical Authorities of the States of the Parties agree upon the prolongation of that period. The modifications of the present Agreement shall come into force on the date of receipt via diplomatic channels of the last written notice that all national procedures concerning entry into force of those modifications have been accomplished by Parties.

2. The modifications in the Annex of the present Agreement may be made by arrangements between the Aeronautical Authorities of the States of the Parties.]

Article 18

Settlement of Disputes

1. If any dispute arises between the Parties relating to the interpretation or application of this Agreement, the Parties shall endeavour to settle it by negotiation.

2. If the Parties fail to reach a settlement of the dispute by negotiation, the dispute may at the request of either Party be submitted for decision to an arbitration of three arbitrators, one to be nominated by each Party and the third to be appointed by the two so nominated. Each of the Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Party from the other of a notice through diplomatic channels requesting arbitration of the dispute and the third arbitrator shall be appointed within a

period of sixty (60) days from the date of nomination of the two other arbitrators. If either of the Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may be requested by either Party to appoint an arbitrator or arbitrators as the case requires. In all cases, the third arbitrator shall be a national of a third State, shall act as president of the tribunal and shall determine the place where the arbitration will be held. If the President considers that he is a national of a State which cannot be regarded as neutral in relation to the dispute, the most Senior Vice-President who is not disqualified on that ground shall make the appointment. The arbitral tribunal shall reach its decision by a majority of votes.

3. Each Party shall bear the costs of the arbitrator it has nominated as well as of its representation in the arbitral proceeding. The cost of the president and any other costs shall be born in equal parts by the Parties.

4. The Parties undertake to comply with any decision given under paragraph 2 of this Article.

[4. The decisions of the arbitral tribunal shall be binding on the Parties.]

5. If and as long as either Party fails to comply with any decision under paragraph 2 of this Article, the other Party may limit, withhold or revoke any rights or privileges which it has granted by virtue of this Agreement to the Party in default or to a designated airline in default.

[1. If any dispute arises between the Parties relating to the interpretation or application of the present Agreement, the Parties shall in the first place

endeavour to settle it by negotiation between Aeronautical Authorities of the State of Parties.

2. If the said Aeronautical Authorities fail to reach a settlement by negotiation, the dispute shall be settled through diplomatic channels.

3. If the Parties fail to reach a settlement pursuant to paragraphs 1 and 2 above, either Party may refer the dispute to an arbitral tribunal of three arbitrators, two of whom to be nominated by the Parties and one umpire nominated by the two so nominated.

4. In case the dispute is referred to arbitration, each of the Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt of a notice in respect of reference of the dispute to arbitration and the umpire shall be appointed within a further period of sixty (60) days from the last appointment by the two so nominated.

If either Party fails to nominate its arbitrator within the specified period, or nominated arbitrators fail to agree on the umpire within the said period, the President of the Council of the ICAO may be requested by either Party to appoint the arbitrator of failing party or the umpire as the case may require. However, the umpire shall not be a national of the State of either Party and shall be a national of a State having diplomatic relations with the State of the Parties at time of the appointment.

5. In case the President of the Council of the ICAO is also national of the State of one Party, the appointment of an arbitrator or an umpire shall be made by the Vice President of the Council of ICAO who is not a citizen of the State of the Parties.

In case the Vice-president of the Council of the ICAO is also a citizen of the State of one of the Parties, the appointment shall be made by senior member of the Council of ICAO who is not a citizen of State of either Party.

6. The arbitral tribunal shall determine its procedure and the place of arbitration.

7. The decisions of the arbitral tribunal shall be binding on the Parties.

8. Each Party shall bear the cost of its own member of the tribunal and its representation in the arbitral proceeding. The cost of the umpire and other mutual expenses shall be borne in equal part by the Parties.

Any expenses incurred by the Council of ICAO in connection with the appointment of the umpire and/or the arbitrator of the failing Party as referred to in paragraph 3 of this Article shall be considered to be part of the expenses of the arbitral tribunal.]

Article 19

Registration

This Agreement, its Annex and any subsequent amendments thereto shall be submitted by the Parties to the International Civil Aviation Organization.

Article 20

Termination

Either Party may at any time give notice through diplomatic channels to the other Party of its decision to terminate this Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Party, unless the notice to terminate is

withdrawn by agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Party, notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

Article 21

Entry into Force

This Agreement shall enter into force on the date of its signature. Upon entry into force, this Air Services Agreement shall supersede the previous Air Services Agreement between the Government of the Union of the Soviet Socialist Republics and the Government of the Kingdom of [Denmark/Norway/Sweden] signed at Moscow on 31 March 1956, and all supplements, annexes and amendments thereto, [as well as all related Memoranda of Understanding.]

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at _____ on _____
in duplicate in the English, Russian and [Danish/Norwegian/Swedish]
languages, all texts being equally authentic. In case of divergence for the
purpose of interpretation the English text shall be applicable.

FOR THE GOVERNMENT OF
THE RUSSIAN FEDERATION

FOR THE GOVERNMENT OF
THE KINGDOM OF [*DENMARK/
NORWAY/SWEDEN*]

APPENDIX IV

1. Paragraph 2 of Article 2 in the Agreements from 1956 is considered null and void.

2. Refusal and revocation of operating authorizations

1. *Each Contracting Party shall have the right to refuse to grant the operating authorization referred to in Article 2 or to impose such conditions as it may deem necessary on the exercise by the designated airline of the rights specified in Article 2 of the Agreement, in any case where the said Contracting Party is not satisfied that the designated airline of the other Contracting Party:*
 - *is established in the territory of the State of that other Contracting Party; or*
 - *has a valid Operating License and Air Operator's Certificate in accordance with the applicable legislation of the State of the designating Contracting Party; or*
 - *effective regulatory control of the airline is exercised and maintained by the State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation.*

2. *Each Contracting Party shall have the right to revoke an operating authorization or to suspend the exercise of the rights specified in Article 2 of the Agreement by an airline designated by the other Contracting Party or to impose such conditions as it may deem necessary on the exercise of these right:*
 - a) *in any case where it is not satisfied that the airline fulfills the conditions set in Article 3, paragraph 1, of the Agreement; or*
 - b) *in case of failure by that airline to comply with the legislation in force of the Contracting Party granting these rights; or*
 - c) *in case the airline otherwise fails to operate in accordance with the conditions prescribed under the Agreement; or*
 - d) *in case effective regulatory control over the airline designated by one Contracting Party is exercised by a State with which the other Contracting Party does not have a bilateral air services agreement and that State has denied traffic rights to the airline designated by that other Contracting Party."*

3. Tariffs

1. *The tariffs applicable between the territories of the Contracting Parties shall be established at reasonable levels, due regard being paid to all relevant factors, including the cost of operation, the interest of users, reasonable profit, class of service*

and when it is deemed suitable, the tariffs of other airlines operating over whole or part of the routes.

- 2. The tariffs referred to in this Article shall be developed independently by each designated airline.*
 - 3. Where the aeronautical authority of one or either of the Contracting Parties have proposed to intervene in a tariff, the primary objectives of such intervention shall be:
 - a) prevention of unreasonably discriminatory tariffs;*
 - b) protection of consumers from prices that are unreasonably high or restrictive because of the abuse of a dominant position;*
 - c) protection of airlines from prices to the extent that they are artificially low because of direct or indirect government subsidy; and*
 - d) protection of airlines from prices that are low, where evidence exist as to an intent of eliminating competition.**
- 4. The aeronautical authorities of either Contracting Party may require tariffs for an agreed service to be submitted for approval for purposes mentioned in paragraph 3 of this Article. In this case, the tariffs shall be submitted to the aeronautical authorities for approval 30 days prior to the application of the tariff."*

4. Aviation Safety

- 1. Each Contracting Party may request consultations at any time concerning safety standards in any area relating to crew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within thirty (30) days of that request.*
- 2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Chicago Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within fifteen (15) days or such longer period as may be agreed shall be grounds for the application of Article 3 of the Agreement.*
- 3. Notwithstanding the obligations mentioned in Article 33 of the Chicago Convention, it is agreed that any aircraft operated by the designated airlines of one Contracting Party on services to or from the territory of the other Contracting Party, may, while within the territory of the other Contracting Party, be made the subject of an examination by the authorized representatives of the other Contracting Party, on board and around the aircraft to check both the validity of*

the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called 'ramp inspection'), provided this does not lead to unreasonable delay.

4. *If any such ramp inspection or series of ramp inspections gives rise to:*

- serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Chicago Convention, or

- serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Chicago Convention,

the Contracting Party carrying out the inspection shall, for the purposes of Article of the Chicago Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or below the minimum standards established pursuant to the Chicago Convention.

5. *Each Contracting Party reserves the right to suspend or vary the operating authorization of an airline or airlines of the other Contracting Party immediately in the event the first Contracting Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of the airline operation.*

6. *Any action by one Contracting Party in accordance with paragraphs 2. or 5. above shall be discontinued once the basis for the taking of that action ceases to exist."*



Code sharing

In operating or holding out the air services on the specified routes, the designated airline(s) may enter into commercial and/or co-operative marketing arrangements including, but not limited to, blocked-space, code-sharing with any other airline, including the airline of the same side and an airline of a third country, provided:

- that the operating carrier in such arrangements holds the appropriate operating authorization;
- that both the operating and the marketing carriers hold the appropriate traffic rights;
- that no designation is required for marketing carrier;
- that tickets make it clear to the purchaser at the point of sale which airline will actually operate each sector of the service and with which airline or airlines the purchaser is entering into contractual relationship. The code-sharing services of the marketing carrier(s) will not be counted as a frequency;
- that no service is held out by an airline of one state for the carriage of passengers between a point in the territory of the other state and a point in a third state, or between two points on the territory of the other state, and no such passengers are carried, unless that airline is entitled to operate and exercise traffic rights between those two points in its own right;
- that the activities mentioned shall be carried out in accordance with the laws and regulations of the other side.