

RECORD OF DISCUSSIONS

Delegations of the Aeronautical Authorities of the Russian Federation and of the Kingdom of the Netherlands (hereinafter referred to as the Russian delegation or the Russian side and the Netherlands delegation or the Dutch side respectively), the members of which appear in the list attached as Appendix A, met in Moscow on 14 and 15 April, 2011 in order to discuss matters related to the Air Services Agreement (further to be referred to as "the Agreement") and air services between the two respective countries.

As a result of the discussions, which were held in an open and cordial atmosphere, the delegations decided on the following:

1. Amendments to the Agreement

The issue of the EU standard clauses, which was raised by the Netherlands delegation in the previous meetings with the Russian delegation in the period 2006 – 2008, was discussed. The Netherlands delegation referred to its legal obligation to include the EU standard clauses in the Agreement and proposed to adopt the standard clauses on designation and revocation and suspension of operating authorization. In that context, the Netherlands delegation also proposed to build on the free rider clause that was agreed upon by the delegations of the Russian Federation and the Republic of Finland in the Agreed Minutes of 17-18 February in order to bring it into conformity with EU law in its entirety. In reply, the Russian delegation explained that the process, set in motion with the Republic of Finland is leading. The Russian delegation informed the Netherlands delegation on the most recent proposal made by the European Commission concerning the controversial paragraph in the free rider clause that was agreed between Finland and the Russian Federation. Furthermore, the Russian delegation explained that it could not discuss the proposals made by the Netherlands delegation at this stage and first wanted to finalize its agreement with the Republic of Finland with approval by its respective governments before accepting the EU clauses in the bilateral agreements with other EU Member States.

Both delegations noted with satisfaction the dialogue between the Russian Federation and the European Commission.



The Netherlands delegation referred to the “Agreed Principles of the Modernization of the existing system of the utilization of the Trans-Siberian routes” and expressed a strong wish that the Agreed Principles will be implemented as soon as the accession of the Russian Federation to WTO is finalized.

Concerning the issue of tariffs, the Netherlands delegation proposed to recommend to the respective governments of the Russian Federation and the Netherlands to amend Article 10 (“Tariffs”). Both delegations confirmed that approval of the tariffs by the respective Aeronautical Authorities of the Russian Federation and the Netherlands will then no longer be necessary.

The Netherlands delegation also proposed to recommend to the respective governments of the Russian Federation and the Netherlands to delete paragraph 4 of Article 3 (“Rights”) on commercial agreements.

The texts of the proposed amendments to the Agreement have been attached in Appendix C.

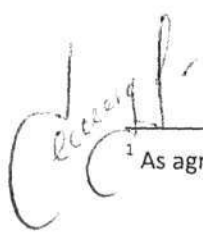

2. Traffic Rights

a. Consolidation of existing MoU’s

The Netherlands delegation proposed to consolidate the existing MoU’s that were concluded between the Aeronautical Authorities of the Russian Federation and the Kingdom of the Netherlands prior to this round of consultations into one document. Both sides confirmed that this consolidated version, as attached in Appendix B, encompasses the current bilateral regime including all existing traffic rights and will serve as a common basis for future rounds of consultations between the two parties.

b. Frequencies

With respect to the all cargo traffic frequencies that the designated all cargo airline(s) are allowed to operate on the route Amsterdam – Moscow v.v. and beyond Amsterdam and Moscow to points in third countries with traffic rights in the frame of ten (10) weekly frequencies, both delegations agreed that those traffic rights encompass fifth freedom rights.¹



¹ As agreed upon per CMOU of 23 November 2007, sub paragraph 4. (All cargo traffic).

c. Amendments to the Route Schedule (APPENDIX D)

Both delegations agreed to amend Route Schedule II as follows:

- to include Chongqing (CKG), Zhengzhou (CGO), Xian (XIY) and Taipei (TPE) in paragraph 7.

The Netherlands side also proposed to include point Almaty (ALA) in paragraph 2. Russian stated that it was not in a position to decide this issue on this stage. Both sides agreed to revert to this issue during next round of consultations. As an alternative, Russian side proposed to make technical stops in Krasnoyarsk (KJA) and/or Novosibirsk (OVB) while overflying Russian territory on Transsiberian routes. The Netherlands side took note of this proposal.

3. Entry into force

The amended Articles 3 (“rights”) and 10 (“tariffs”) shall enter into force upon notification through the exchange of Diplomatic Notes by the Contracting Parties with the fulfillment of their respective national procedures, in accordance with Article 17 (“Amendment”) of the Agreement.

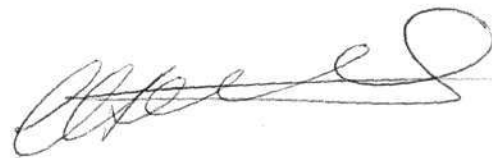
The attached Confidential Memorandum of Understanding shall come into effect as from the date of signature. Both delegations decided to hold the next round of consultations in the Netherlands.

Done at Moscow on 15 April 2011.

**For the delegation
of the Aeronautical Authorities
of the Russian Federation**



**For the delegation
of the Aeronautical Authorities
of the Kingdom of the Netherlands**



CONFIDENTIAL MEMORANDUM OF UNDERSTANDING

1. Consolidation previous CMOU's

During the last round of negotiations in The Hague on 3 October 2008 both delegations noted that the number of CMOU's that have been concluded since the signing of the ASA of 1997 is cause for confusion with regard to the agreed arrangements. Delegations decided to consolidate the relevant parts of all previous CMOU's, going back to the ASA of 1997, into this document.

2. All-cargo regime and new designations

Both delegations have introduced a double designation per city pairs for all-cargo regime. In this respect both delegations decided to modify point G of the notes in section 1 and 2 of the Annex to the ASA as follows:

"G. In regard to the provisions of paragraph 1 of Article 4 of the Agreement not more than one Russian pax/combo airline and two Russian cargo-airlines may operate on any city-pair on the specified routes."

"G. In regard to the provision of paragraph 1 of Article 4 of the Agreement not more than one Netherlands pax/combo airline and two Netherlands cargo-airlines may operate on any city-pair on the specified routes."

3. Frequencies

3.1 Passenger traffic

With respect to Schedule I, point 1 of the Route Annex, both delegations decided for the designated pax/combo airline(s) of the Russian Federation to operate:

- Up to fourteen (14) weekly frequencies with any type of aircraft in both directions between Moscow – intermediate point(s) in Europe – Amsterdam, provided that frequencies eight (8) up to fourteen (14) are not subject to a pool agreement between the designated airlines of both sides.

With respect to Schedule II, point 1 of the Route Annex, both delegations decided for the designated pax/combo airline(s) of the Netherlands to operate:

- Up to fourteen (14) weekly frequencies with any type of aircraft in both directions between point(s) in the Netherlands – intermediate point(s) in Europe – Moscow, provided that frequencies eight (8) up to fourteen (14) are not subject to a pool agreement between the designated airlines of both sides.

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Further expansion of passenger frequencies between Moscow and points in the Netherlands to 21 per week is subject to prior agreement between designated airlines of both sides.

With respect to the route Amsterdam – St.-Petersburg, the Netherlands delegation requested the increase of weekly frequencies from four (4) to seven (7). The Russian delegation indicated that as soon as the designated airlines of both sides have entered into a commercial agreement (code share agreement), the increase will take immediate effect.

As a consequence to the deletion of the provision on commercial agreements (article 3 paragraph 4) both sides expressed their preference for continued cooperation between the designated airlines of both Parties. The airlines will take into account the practical needs in line with the applicable competition legislation to develop the aviation connections and markets.

3.2 All-cargo traffic

With respect to Schedule I of the Route Annex, both delegations decided for the designated all-cargo airline(s) of the Russian Federation to operate:

- Up to ten (10) weekly frequencies with any type of aircraft in both directions between Moscow – intermediate point(s) in Europe – Amsterdam, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.
- Up to seven (7) weekly frequencies with any type of aircraft in both directions between Moscow – intermediate point(s) in Europe – Maastricht, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.
- Up to seven (7) weekly frequencies with any type of aircraft in both directions between points in the Russian Federation (except Moscow) – intermediate point(s) in Europe – points in the Netherlands, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.

With respect to Schedule II of the Route Annex, both delegations decided for the designated all-cargo airline(s) of the Netherlands to operate:

- Up to ten (10) weekly frequencies with any type of aircraft in both directions between Amsterdam – intermediate point(s) in Europe – Moscow, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.
- Up to seven (7) weekly frequencies with any type of aircraft in both directions between Maastricht – intermediate point(s) in Europe – Moscow, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.

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- Up to seven (7) weekly frequencies with any type of aircraft in both directions between points in the Netherlands – intermediate point(s) in Europe – points in the Russian Federation, provided that these frequencies are not subject to a pool agreement between the designated airlines of both sides.

Further expansion of the frequencies will be considered on the basis of market demands.

With respect to the route Amsterdam – Moscow v.v. both delegations also decided that designated airlines of both sides can continue their flights beyond Moscow and Amsterdam to points in third countries with fifth-freedom traffic rights in the frame of ten (10) weekly frequencies stipulated above. If the carrier is operating one way sector only (eg. AMS – SVO – HKG – AMS) the utilization will be counted as half a frequency. If a designated all-cargo carrier of the Netherlands on the routes beyond Moscow uses Transsiberian system of the routes these flights will be carried out on the basis of the commercial agreement with Aeroflot.

4. New points beyond the territory of the Russian Federation

With respect tot the Route Annex, Schedule I and II, delegations decided to add Huangzhou to route 6 and 7 respectively.

In addition, a correction was made regarding paragraph 6 of the CMOU of 23 November 2007: the Chinese destinations Xiamen, Nanjing, Chongqing, Zhengzhou, Xian, Tianjin and Taipei will be added to route 6 for the Russian side and route 7 for the Netherlands' side respectively, instead of routes 3-9.

In accordance with the CMOU of 19 July 2006, paragraph 3, Chengdu will be added to route 6 for the Russian side and route 7 for the Netherlands' side respectively.

Furthermore a new route, number 9 for the Russian side and number 10 for the Netherlands' side, will be added to the Route Schedule in accordance with the CMOU of 19 July 2006, paragraph 3:

- Points in the Netherlands – Moscow (with and without landing) – Manila (Schedule II).
- Amsterdam – Moscow – Manila (Schedule I).

In addition, note E of Route Schedule I and II will be amended with route number 9 and 10 respectively.

Rotterdam was specified as a point of destination under Route Schedule I, paragraph 1.

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5. Overflights

With respect to Schedule I, note E and Schedule II, note E of the Route Annex of the Agreement, both delegations confirmed the right of the designated airlines of each side to operate thirty-nine (39) return overflight frequencies on these routes per IATA Summer Season 2012 and forty-one and a half (41,5) return overflight frequencies per IATA Summer Season 2013 in accordance with the existing arrangements between the aeronautical authorities of both countries.

6. Code Sharing



Both delegations decided on the following principles regarding code-sharing operations:

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 and leasing arrangements, with any other airline, including 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 rights¹;
- 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 a 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;
- The activities mentioned shall be carried out in accordance with the laws and regulations of the other side.

Designated carriers of both Parties will be allowed to code-share with any third country carrier on the Transsiberian routes under two conditions:

1. The operating Carrier has traffic rights on these routes;



¹ Route rights do not require designation and/or traffic rights as per the route Annex for the marketing carrier.

2. All flights are carried out on the basis of a commercial agreement with Aeroflot.

Code-sharing between the designated airline(s) for passenger services of the Russian side and the designated airline(s) for passenger services of the Netherlands' side is allowed between two countries on direct flights and from its respective hub(s) to points beyond in third countries and to all points within the territory of the other Contracting Party (without traffic rights), including with a change of gauge, subject to agreement between the designated airlines of both sides.

7. Intermingling

Intermingling is allowed on intermediate points in Europe for airlines of both sides.

8. Additional and non-scheduled flights

Note D (Schedule I and II) of the Route Annex will be replaced by the following text:

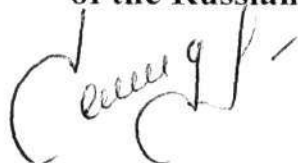
“D. Additional and non-scheduled flights are subject to preliminary request of air carrier(s). For carriers of the Russian Federation and carriers of the Netherlands, such a request shall be submitted in accordance with the provisions of A.I.P. of the other side. Non-scheduled flights shall not jeopardize scheduled flights on the agreed routes.”

9. Amendment ASA and provisional application

Both delegations concluded that the Annex to the ASA is amended and completed as stipulated in paragraphs 4, 6 and 11 which will be confirmed through an exchange of diplomatic notes.

The other principles and provisions set forth in this Confidential Memorandum of Understanding shall become effective from the date of its signature. For the Netherlands delegation they will be applied provisionally pending the outcome of the EU comitology procedure.

**For the delegation
of the Aeronautical Authorities
of the Russian Federation**



**For the delegation
of the Aeronautical Authorities
of the Kingdom of the Netherlands**



Route Annex

Schedule I: Routes which may be operated by the designated airline(s) of the Russian Federation, in both directions, with any type of subsonic aircraft.

1. Point(s) in the Russian Federation – intermediate point(s) in Europe – Amsterdam and/or Maastricht and/or Rotterdam and one other point in the Netherlands to be agreed later*.
2. Point(s) in the Russian Federation – intermediate point(s) in Europe – Amsterdam (with or without landing) – point(s) in Europe and/or Africa and/or North-America and/or Central America and/or South-America.
3. Amsterdam – Moscow –Tokyo.
4. Amsterdam – Moscow – Osaka.
5. Amsterdam – Moscow –Nagoya.
6. Amsterdam – Moscow – Chengdu and/or Huangzhou and/or Nanjin and/or Tianjin and/or Xiamen and/or Beijing and/or Shanghai and/or Chongqing and/or Zhengzou and/or Xian and/or Taipei.
7. Amsterdam – point(s) in the Russian Federation (with or without landing) – and/or Seoul.
8. Amsterdam – Moscow –Hong Kong.
9. Amsterdam – Moscow – Manila.

* Any two of these points in the Netherlands can be combined on the same service(s).

Notes:

- A. In operating the agreed routes the designated airline(s) of the Russian Federation may completely or partially omit any or all intermediate point(s) on the routes 1 and 2.
- B. In operating the agreed routes 1, 2, 3, 4, 5, 6, 7, 8 and 9 the designated airline(s) of the Russian Federation shall have the right to carry passengers, baggage, mail and cargo between the territory of the Netherlands and all point(s) on the above mentioned routes, excluding cabotage rights in that territory.
- C. Requests by the designated airline(s) of the Russian Federation for overflying with their non-scheduled flights, without landing or with a technical landing in the territory of the Netherlands along the route 2, will be favourably considered by the respective authorities.
- D. Additional and non-scheduled flights are subject to preliminary request of air carrier(s). For carriers of the Russian Federation and carriers of the Netherlands, such a request shall be submitted in accordance with the provisions of A.I.P. of the other side. Non-scheduled flights shall not jeopardize scheduled flights on the agreed routes.

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- E. The operation of routes 3, 4, 5, 6, 7, 8, 9 is subject to special agreement between the aeronautical authorities of the Contracting Parties.
- F. The designated airline(s) of the Russian Federation will have the right to overfly the territory of the Netherlands (without landing or with a technical landing in Amsterdam) on route 2 with an unlimited number of their scheduled flights.
- G. In regard to the provisions of paragraph 1 of Article 4 of the Agreement not more than one Russian pax/combo airline and two Russian cargo-airlines may operate on any city-pair on the specified routes.”
- H. Designated airline(s) can perform commercial stops on all points and intermediate points mentioned.

Schedule II: Routes which may be operated by the designated airline(s) of the Kingdom of the Netherlands, in both directions, with any type of subsonic aircraft.

1. Point(s) in the Netherlands – intermediate point(s) in Europe – Moscow and/or St. Petersburg and two other points in the Russian Federation to be agreed later*.
2. Point(s) in the Netherlands – intermediate point(s) in Europe – Tashkent-route (without landing or with technical landing) – point(s) in South-Asia and/or South-East Asia and/or Australia and/or New-Zealand and/or Hong Kong.
3. Point(s) in the Netherlands – intermediate point(s) in Europe – Moscow –point(s) beyond, insofar not covered by route 2 **.
4. Point(s) in the Netherlands – Moscow (with and without landing) – Tokyo.
5. Point(s) in the Netherlands – Moscow (with and without landing) – Osaka.
6. Point(s) in the Netherlands – Moscow (with and without landing) – Nagoya.
7. Point(s) in the Netherlands – Moscow (with and without landing) – Chengdu and/or Huangzhou and/or Nanjin and/or Tianjin and/or Xiamen and/or Beijing and/or Shanghai and/or Chongqing and/or Zhengzhou and/or Xian and/or Taipei.
8. Point(s) in the Netherlands – intermediate point(s) in Europe*** - point(s) in the Russian Federation*** - Seoul.
9. Point(s) in the Netherlands – Moscow (with and without landing) – Hong Kong.
10. Point(s) in the Netherlands – Moscow (with or without landing) – Manila

* Any two of these points in the Russian Federation can be combined on the same service(s).

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** Such point(s) shall be freely chosen by the designated airline(s) of the Netherlands among the following: The Republic of Kazakhstan, Uzbekistan, Turkmenistan, Kirgizia, Tadzjikistan, Armenia, Azerbaidzjan and Georgia.

*** Optional technical landings.

Notes:

- A. In operating the agreed routes the designated airline(s) of the Netherland may completely or partially omit any or all intermediate point(s) on the routes 1, 2, 3.
- B. In operating the agreed routes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 the designated airline(s) of the Netherlands shall have the right to carry passengers, baggage, mail and cargo between the territory of the Russian Federation and all point(s) on the above mentioned routes, excluding cabotage rights in that territory.
- C. Requests by the designated airline(s) of the Netherlands for overflying with their non-scheduled flights, without landing or with technical landing in the territory of the other Contracting Party along the routes 2 and 3, will be favourably considered by the respective authorities.
- D. Additional and non-scheduled flights are subject to preliminary request of air carrier(s). For carriers of the Russian Federation and carriers of the Netherlands, such a request shall be submitted in accordance with the provisions of A.I.P. of the other side. Non-scheduled flights shall not jeopardize scheduled flights on the agreed routes.
- E. The operation of routes 4, 5, 6, 7, 8, 9, 10 is subject to a special agreement between the aeronautical authorities of the Contracting Parties.
- F. The designated airline(s) of the Netherlands will have the right to overfly the territory of the Russian Federation (without landing or with technical landing in Moscow) on routes 2 and 3 with a unlimited number of their scheduled flights.
- G. In regard to the provision of paragraph 1 of Article 4 of the Agreement not more than one Netherlands pax/combination airline and two Netherlands cargo-airlines may operate on any city-pair on the specified routes."
- H. Designated airline(s) can perform commercial stops on all points and intermediate points mentioned, with the exception of point 8.

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