

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 15<sup>th</sup> and 16<sup>th</sup> of March 2012 to discuss air services between their respective countries in continuation of the two previous meetings held in 2010 in Moscow and in 2011 in Nicosia. 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. 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. It is anticipated that this growth will continue into the near future as tourism and business between the two countries expands.

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

The two delegations reached the following understanding:

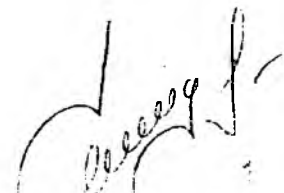
**1. Bilateral Air Services Agreement**

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 and of the membership of Cyprus into the EU. Furthermore, this regulatory framework must reflect the existing arrangements and cater for future needs.

The Russian side informed the Cyprus side that the recent amendments to the Bilateral ASA between Russia and Finland may be a reference document for issues regarding mainly designation and revocation of carriers. Both sides reviewed and initialed the new ASA and this is attached as Appendix A. The Cyprus side informed the Russian side that before signing the new ASA its internal procedures must be fulfilled but also this agreement will have to be scrutinized by the EU in terms of its compatibility with EU Law.

**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 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, St. Petersburg, Yekaterinburg, Sech, Samara, Krasnodar, Kazan, Murmansk.

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 Only one (1) airline can be designated from either side to operate scheduled flights on the route Moscow-Larnaka v.v., Moscow-Pafos v.v., St. Petersburg-Larnaka v.v., St. Petersburg-Pafos v.v. Up to two (2) airlines can be designated from either side to operate scheduled flights on any other given city-pair.

2.5 It was agreed that there will be no restrictions on frequencies and no capacity limitations in terms of 3<sup>rd</sup> and 4<sup>th</sup> 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.

### **3. Charter Flights**

3.1 The two sides noted that the charter services should not jeopardize scheduled services.

3.2 The operation of the said charter services should be coordinated with the airline of the respective side designated to operate scheduled services on that route. This coordination will be in force for the routes between Moscow and St. Petersburg to Larnaka and/or Pafos, except for the period of the 1<sup>st</sup> of June until the 20<sup>th</sup> of September of each calendar year. Originally the Russian side had proposed that the period indicated above be from the 15<sup>th</sup> of May until the 30<sup>th</sup> of September of each calendar year. The Cyprus side had originally proposed that the period indicated above be from the 1<sup>st</sup> of June until the 31<sup>st</sup> of August of each calendar year.

All other agreed routes are exempted from any coordination.

3.3 The two sides agreed that the charter operations should be approved only after being agreed between the Aeronautical Authorities of both sides.

The Russian side informed the Cyprus side that in accordance with Article 63 of the Air Code of the Russian Federation, foreign airlines operating charter flights are not allowed to carry payload which originates on the territory of the Russian Federation.



#### 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;

(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;

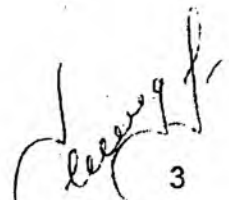
(e) the activities mentioned are carried out in accordance with the laws and regulations applicable in each country, including those governing competition;

(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. Emissions Trading Scheme (ETS)

The Russian side expressed its concern with the implementation of EU ETS on aircraft operators from third countries. The Russian side believes that such unilateral actions contradict the ICAO Assembly Resolution which urges Parties involved to engage in negotiations and consultations to reach an agreement on the implementation of market based measures. The Russian side considers unacceptable the implementation of EU ETS on international aviation and reserves its right to impose adequate measures in case Russian carriers will be included into EU ETS.



3

**6. Entry into force**

This Memorandum of Understanding is applied as of today's date.

Done in Nicosia on 16<sup>th</sup> March 2012.



**Mr Alecos Michaelides  
Ag Permanent Secretary  
Ministry of Communications & Works  
For the Aeronautical Authorities of  
the Republic of Cyprus**



**Mr. Oleg Demidov  
Deputy Director  
Department of State Policy in Civil  
Aviation - Ministry of Transport of  
the Russian Federation  
For the Aeronautical Authorities of  
the Russian Federation.**

**AIR SERVICES AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE RUSSIAN FEDERATION AND  
THE GOVERNMENT OF THE REPUBLIC OF CYPRUS -**

The Government of the Russian Federation and the Government of the Republic of Cyprus (hereinafter referred to in this Agreement as the Parties);

Taking into consideration the fact that the Russian Federation and the Republic of Cyprus are Parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944,

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

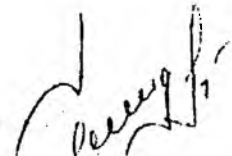
Desiring to ensure the highest degree of safety and security in the field of international civil aviation, and reaffirming their profound concern about acts and threats against the safety of aircraft, which jeopardize the safety of persons or property, injure the operation of air transportation, and undermine public confidence in the security of civil aviation,

Have agreed as follows:

**ARTICLE 1  
DEFINITIONS**

Terms to be used in the present Agreement have the following meaning:

- 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 the Convention and any amendment of the Annexes or Convention under Articles 90 and 94 thereof so far as those Annexes and amendments have become effective for the Russian Federation and the Republic of Cyprus .
- b) "Aeronautical Authorities" means in the case of the Russian Federation – the Ministry of Transport of the Russian Federation, and in the case of the Republic of Cyprus – the Minister of Communications and Works of the Republic of Cyprus or in both cases, any other person or body authorized to perform any functions presently exercised by the said Aeronautical Authorities;
- c) "Agreement" means this Agreement, its Annexes, and any amendments thereto;
- d) "Designated airline" means an airline, which is designated and authorized in accordance with Article 3 of the present Agreement;
- e) "Tariffs" means the prices to be paid for the carriage of passengers, baggage and/or cargo for air transportation to designated airlines, including their agents, and the conditions under which those prices apply but excluding remuneration and conditions for the carriage of mail;
- f) "Territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention;



- g) "Air services", "international air services", "airline" and "stop for non-traffic purposes" have the meaning respectively assigned to them in Article 96 of the Convention;
- h) "Schedule of the routes" means the Schedule of the routes to operate the air transportation services annexed to the present Agreement and any modifications or amendments thereto;
- i) "Capacity" in relation to an aircraft means the payload of that aircraft available on a route or section of a route; and in relation to an agreed service means the capacity of the aircraft used on such service, multiplied by the frequency operated by such aircraft over a given period and a route or section of a route;
- j) "Facilities and airport charges" means the charges made to airlines for the provision of facilities to aircraft, their crews and passengers of airport and air navigation facilities, including related services and facilities;
- k) "ICAO" means the International Civil Aviation Organization;
- l) "Air Operator Certificate" has the meaning assigned to it in Annex 6 "Operation of Aircraft" (Chapter 1 Definitions) to the Convention.

2. It is understood that the titles given to the Articles of this Agreement do not restrict in any way or extend the meaning of the provisions of this Agreement.

## ARTICLE 2

### GRANTING OF RIGHTS

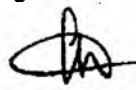
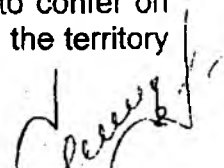
1. Each Party grants to the other Party the rights specified in the present Agreement for the purpose of establishing and operating scheduled international air services on the routes specified in the Schedule of the routes annexed to the present Agreement. Such services and routes are hereinafter referred to as "the agreed services" and "the specified routes" respectively.

2. An airline designated by the State of each Party shall enjoy, while operating agreed service on a specified route, the following rights:

- a) to fly across the territory of the State of the other Party without landing;
- b) to make stops in the territory of the State of the other Party for non-traffic purposes; and
- c) to make stops in the said territory at the points specified for that route in the Annex to this Agreement for the purpose of putting down and taking on international traffic passengers, cargo and mail separately or in combination.

3. The airlines of each Party, other than those designated under Article 3 of this Agreement, shall also enjoy the rights specified in paragraphs 2 a) and b) of this Article.

4. Nothing in paragraphs 1 and 2 of this Article shall be deemed to confer on the designated airline(s) of the State of one Party the right of taking on, in the territory

of the State of the other Party passengers, cargo and/or mail carried for remuneration or hire and destined for another point in the territory of the State of that other Party

### 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.

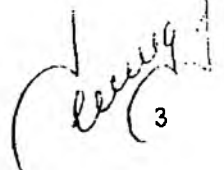
Each Party shall have the right to refuse to grant the operating authorization referred to in paragraph 2 of this Article or to impose such conditions as it may deem necessary on the exercise by the designated airline of the rights specified in Article 2 of the Agreement in any case where the said Party is not satisfied that the designated airline of the other Party is established in the territory of the State of that other Party, and has a valid Operating Licence and Air Operator Certificate in accordance with the applicable legislation of the State of the designating Party, and effective regulatory control of the airline is exercised and maintained by the State responsible for issuing its Air Operator 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 OPERATING 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 rights:



- a) in any case where it is not satisfied that the airline fulfills the conditions set in Article 3 paragraph 3 of the Agreement; or
- b) in case of a 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 fifteen (15) days period from the date of request made by either Party for consultations.

3. In the event of action by one Party under the provisions of this Article, the rights of the other Party shall not be prejudiced.

## ARTICLE 5

### PRINCIPLES GOVERNING OPERATION OF THE AGREED SERVICES

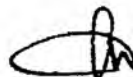
1. The designated airlines of both Parties shall be afforded fair and equal opportunity in the operation of the agreed services on the specified routes.

2. Each Party shall take into account the interests of the airlines of the State of the other Party, so as not to affect unduly the services, which the latter provide 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, designating the airlines;
- b) Traffic requirements of the area through which the agreed services pass, after taking account of other transport services established by airlines of the States comprising the area;
- c) Traffic requirements of through airline operation services.





**ARTICLE 6**  
**DIRECT TRANSIT**

Subject to the legislation of the State of each Party, passengers, baggage and cargo in direct transit through 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 measures relating to Civil Aviation security and narcotics control, prevention of illegal entry or in special circumstances.

**ARTICLE 7**  
**RECOGNITION OF CERTIFICATES AND LICENCES**

1. Certificates of airworthiness, certificates of competency and licences issued or rendered valid by either State of the Parties in accordance with their legislation in force shall be recognized as valid and still unexpired by the other Party for the purpose of operating the agreed services provided that such certificates or licences were issued or rendered valid in conformity to the standards established under the Convention.

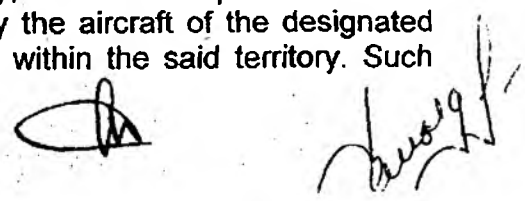
2. If the privileges or conditions of the licences or certificates referred to in paragraph 1 above issued by the Aeronautical Authorities of the State of one Party to any person or designated airline or in respect of an aircraft used in the operation of the agreed services permit a difference from the minimum standards established under the Convention, and such difference has been filed with the ICAO, the other Party may request consultations between the Aeronautical Authorities in order to clarify the practice in question. Such consultations will be held in accordance with Article 18 of the present Agreement. Each Party has the right to refuse the validity of such certificates and licences if the differences from the minimum standards established under the Convention contradict with its legislation.

3. Also each Party reserves the right, however, to refuse to recognise certificate of airworthiness, certificates of competency and licences granted to its State nationals by the other Party.

**ARTICLE 8**  
**APPLICABILITY OF LEGISLATION**

1. The legislation of the State in force 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 the operation and navigation of such aircraft while within the territory of its State shall be applied to aircraft of the airlines designated by the State of the other Party.

2. The legislation of the State of one Party governing entry into, stay in and departure from its territory of passengers, crew, cargo or mail such as formalities regarding emigration, immigration, customs, currency, health and quarantine shall apply to passengers, crew, cargo and mail carried by the aircraft of the designated airline of the State of the other Party while they are within the said territory. Such

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legislation shall equally apply to the designated airlines of either Parties.

3. Neither Party shall give preference to its own or any other airline over a designated airline of the State of the other Party engaged in similar international air transportation in the application of its immigration, customs, quarantine and similar regulations relating the admission to, sojourn in or departure from its territory.

#### ARTICLE 9

#### FACILITIES AND AIRPORT CHARGES

1. Neither Party shall impose or permit to be imposed on the designated airlines of the State of the other Party facilities and airport charges higher than those imposed on airlines designated by that Party operating similar international services.

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 10

#### TARIFFS

1. The tariffs applicable between the territories of the two Parties shall be established at reasonable levels, due regard being paid to all relevant factors including the cost of operation, commercial benefits, reasonable profit, class of service and when it is deemed suitable the tariffs of other airlines operating over whole or part of the specified routes annexed to the present Agreement.

2. Designated airlines of either Party develop the tariffs independently.

3. The Aeronautical Authorities of either Party may request to intervene in a tariff, in case of:

- (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 due to unfair 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 the application of the tariff.



## ARTICLE 11

### STATISTICS – APPROVAL OF TIME TABLES

1. The Aeronautical Authorities of the State of one Party shall supply to the Aeronautical Authorities of the State of the other Party, at their request, such information and statistics relating to the traffic carried on the agreed services by their designated airlines to and from the territory of the State of the other Party as may normally be prepared and submitted by the designated airline to its national Aeronautical Authorities. Such data shall include details on volume, distribution, origin and destination of the traffic.

2. Any additional statistical traffic data which the Aeronautical Authorities of the State of one Party may require from the Aeronautical Authorities of the State of the other Party shall, upon request, be a subject of mutual discussion and agreement between the Aeronautical Authorities of the States of the two Parties.

3. The designated airlines of each Party shall communicate for approval to the Aeronautical Authorities of the other Party not less than thirty five days (35) prior to the inauguration of services on the routes specified in the Annex of the present Agreement the types of aircraft to be used and the flight schedules.

## ARTICLE 12

### 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 area referred to in paragraph 1 of this Article that are at least equal to the minimum standards established pursuant to the Convention, the other Party is notified of those findings and of 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 4 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 for its conformity with the standards of International Civil Aviation Organization (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 pursuant to the Convention, or there is a lack of effective maintenance and administration of safety standards established pursuant to the Convention, the Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificates 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 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 designated by the other Party if the Party concludes as a result of a ramp inspection or a series of ramp inspections or a denial of access for ramp inspection or consultations referred to in paragraph 1 of this Article or other factors that immediate action is essential to the safety of the airline operation.

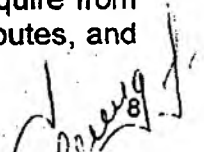
6. Any action by one Party in accordance with paragraphs (2) or (5) above shall be discontinued once the basis for the taking of that action ceases to exist.

### ARTICLE 13 AVIATION SECURITY

1. Consistent with their rights and obligations under international law the Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of the present Agreement. Without limiting the generality of their rights and obligations under international law the Parties shall, in particular, act in conformity to the provisions of the Convention of 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 safety of civil aviation, done at Montreal on 23 September 1971, signed at Montreal on 24 February 1988, the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1 March 1991 as well as with any other convention and protocol relating to the security of civil aviation which States of both Parties adhere to.

2. The Parties shall provide upon request all necessary assistance to each other 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 to the aviation security provisions established in the Annexes to the Convention to the extent that such security provisions are applicable to the Parties. Each Party shall require from airlines it has designated to operate the agreed services on the specified routes, and



the operators of airports in its territory, act in conformity with such aviation security provisions.

4. Each Party agrees that its designated airlines shall be required to observe the aviation security provisions referred to in paragraph 3 above. 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 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. When 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, the Parties shall assist each other 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 14

#### 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 shall, up to such time that they are on direct transit, be exempted from customs duties, taxes and any payments.

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 15

#### AIRLINE COMMERCIAL REPRESENTATION

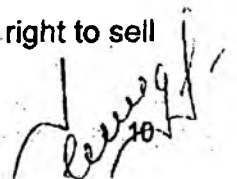
1. The designated airlines of the State of one Party shall be entitled, on the basis of reciprocity, in accordance with the legislation relating to entry, residence and employment of the State of the other Party, to bring in and maintain in the territory of the State of the other Party its representatives 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 16

#### TRANSFER OF EARNINGS

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 17

#### CONSULTATIONS

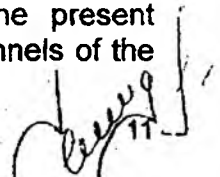
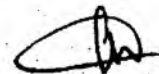
1. In a spirit of close co-operation the Aeronautical Authorities of the States of the Parties shall consult from time to time with a view to ensuring the implementation of, interpretation, application or amendment of the provisions of this Agreement and the Annex thereto.

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 18

#### MODIFICATION OF THE AGREEMENT

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 State 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 both 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 19

### CONFORMITY TO MULTILATERAL CONVENTIONS OR AGREEMENTS

If both Parties become parties to a multilateral agreement that addresses matters covered by this agreement, they shall consult to determine whether this agreement should be revised to take into account the multilateral agreement.

## ARTICLE 20

### SETTLEMENT OF DISPUTES

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 both Parties.

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

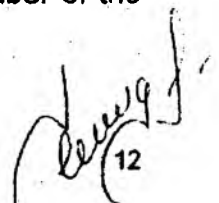
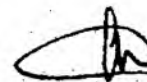
3. If the Parties fail to reach a settlement pursuant to paragraphs 1 and 2 above, either Party may refer the dispute to an arbitral tribunal of three arbitrators, two of whom to be nominated by the Parties and one umpire nominated by the two so nominated.

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 both Parties at the 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 21**

#### **TERMINATION**

1. Either Party may, at any time, give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall simultaneously be communicated to ICAO.

2. In such case this Agreement shall be terminated twelve (12) months after the date of receipt of the notice by the other Party, unless the notice to terminate is withdrawn by mutual 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 ICAO.

#### **ARTICLE 22**

#### **REGISTRATION WITH ICAO**


Present Agreement and any amendments thereto shall be registered upon its signature with the ICAO.

#### **ARTICLE 23**

#### **ENTRY INTO FORCE**

The present Agreement shall enter into force on the date of the last notification through diplomatic channels by either Party to the other Party that it has fulfilled all the internal procedures necessary for the entry into force of the present Agreement.

From the date of entry into force of the present Agreement, the Air Services Agreement between the Government of the Union of the Soviet Socialist Republics and the Government of the Republic of Cyprus, signed in Nicosia on 29<sup>th</sup> February 1964, with all supplements Annexes and amendments thereto is terminated in regard to relations between the Russian Federation and Republic of Cyprus.



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IN WITNESS WHEREOF, the undersigned being duly authorized thereto by their Governments, have signed the present Agreement.

Done in on \_\_\_\_\_ 2012 in two original texts in the Russian, Greek and English 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 Republic of Cyprus**

**ANNEX**  
**SCHEDULED OF THE ROUTES**

**SCHEDULE I**

Route to be operated by the designated airline of the Republic of Cyprus:

<u>Points of Departure</u>	<u>Intermediate Points</u>	<u>Destination</u>	<u>Beyond Points</u>
Larnaka and/or Pafos	To be specified	To be specified	To be specified

**SCHEDULE II**

Route to be operated by the designated airline of the Russian Federation:

<u>Points of Departure</u>	<u>Intermediate Points</u>	<u>Destination</u>	<u>Beyond Points</u>
To be specified	To be specified	Larnaka and/or Pafos	To be specified

**Notes:**

- (i) Any of the points on the specified routes in Schedules I and II of this Annex may at the option of the designated airline of either Party be omitted on any or all flights, provided that these flights originate in the territory of the Party designating the airline.
- (ii) The route schedules in this Annex do not in any way confer fifth freedom traffic rights through intermediated points and to points beyond. Such rights will be subject to mutual agreement of the Parties.

