

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE AERONAUTICAL AUTHORITIES
OF THE RUSSIAN FEDERATION
AND THE HELLENIC REPUBLIC**

Delegations representing the Aeronautical Authorities of the Russian Federation and the Hellenic Republic (hereinafter referred to as the Russian Delegation and the Hellenic Delegation respectively) met in Athens on 4th - 5th May 2011, in order to discuss matters related to further developing and strengthening the longstanding air transport relations between their respective countries.

The list of Delegations is attached in Appendix A.

The discussions were conducted in a cordial and positive atmosphere and both Delegations stressed their interest in expanding mutual relations in the field of air transport; the following understanding has been reached:

Amendments to the ASA

The Hellenic Delegation explained the importance and emphasized the urgency of amending the relevant provisions on "Designation and Authorization" and "Revocation and Suspension", on "Tariffs" and the deletion of paragraph "6" of Article 2 "Grant of Rights" of the ASA in force, in order to bring it in conformity with EU legislation.

Furthermore the Hellenic Delegation informed the Russian Delegation about the ongoing infringement procedure by the EU against all its member states – including the Hellenic Republic – on the issue.

The Russian Delegation informed that the recent understanding reached at the bilateral negotiations between Russia and Finland may be a reference document to the rest of the member states provided that the EU accepts the arrangements reached and the Russian Government takes the appropriate decision. The Russian Delegation informed that the Aviation Summit in October 2011 in St Petersburg between the EU and the Russian Federation the outstanding issues will be clarified.

Concerning the issue of tariffs, the Hellenic Delegation proposed to recommend to the respective governments of the Russian Federation and the Hellenic Republic to amend Article 13 ("Tariffs"). Both Delegations confirmed that approval of the tariffs by the respective Aeronautical Authorities of the Russian Federation and the Hellenic Republic will then no longer be necessary.

The amendments proposed by the Hellenic Delegation are attached hereto in Appendix B.



Traffic Rights issues

The Hellenic Delegation, after reviewing the current air traffic conditions between the Hellenic Republic and the Russian Federation, proposed the increase of weekly frequencies operated by the designated airlines on the specified routes, the increase of the number of the designated airlines, from two to three, on the routes Heraklion-Moscow v.v. and Thessaloniki-Moscow v.v.. They also proposed the following additional points of destination in the Russian Federation for the designated airlines of the Hellenic Republic: Yekaterinburg, Perm, Samara, Ufa, Anapa, Tyumen, Surgut, Chelyabinsk, Nizhniy Novgorod, Krasnodar, Novosibirsk, Krasnoyarsk, Omsk and Orenburg.

The Russian Delegation stated that they could not accept these proposals, except the defining of Omsk and Novosibirsk as additional points of destination for the designated airlines of the Hellenic Republic and, in this case, the Hellenic Delegation counter proposed Kalamata and Cephalonia which was not accepted by the Russian Delegation as they would prefer the points of Kerkyra and Kos.

The Hellenic Delegation stated that they could offer the points of Kerkyra and Kos, on condition that the Russian Delegation could accept the points of Yekaterinburg, Samara and/or Perm. The Russian delegation stated that they cannot agree at this stage and proposed these requests to be discussed during the next round of negotiations.

The Russian Delegation asked Rhodes to replace Kastoria as one of the four points of destination for the designated airlines of the Russian Federation. The Hellenic Delegation accepted this proposal.

Thus, the Route Schedule Annexed to the ASA in force is amended as follows:

1. Routes which shall be operated by the designated airlines of the Russian Federation in both directions:

Points of Departure	Intermediate Points (*)	Points of Destination	Points Beyond (*)
Points on the territory of the Russian Federation		Athens Thessaloniki Heraklion Rhodos <i>Other points to be agreed</i>	

Accepted

OK

2. Routes which shall be operated by the designated airlines of the Hellenic Republic in both directions:

Points of Departure	Intermediate Points (*)	Points of Destination	Points Beyond (*)
Points on the territory of the Hellenic Republic		Moscow Saint-Petersburg Rostov Kazan <i>Other points to be agreed</i>	

(*) Shall be subject to an agreement between the Aeronautical Authorities

Both Delegations agreed that the Aeronautical Authorities will approve, without delay, the timetable and frequencies according to traffic requirements on each route, in the principle of fair and equal opportunity to the air carriers of each Contracting Party serving that route, in accordance with the provisions of the existing ASA.

Both Delegations confirmed that requests submitted by air carriers of the Contracting Parties for operation of charter flights shall be approved by the Aeronautical Authorities in accordance with relevant rules and regulations in force.

Both delegations agreed to delete note (k) of the Annex to the ASA.

The Hellenic Delegation proposed to delete note (m) of the Annex to the ASA. The Russian Delegation took note and proposed this issue to be discussed during next round of negotiations.

Other Issues

The Hellenic Delegation clarified the situation concerning submission of Letter of Guarantee asked by Greek Authorities regarding all airlines operating from/to Greece which prefer to pay on a monthly basis. According to Greek legislation the said Letter concerns: passenger tax, landing and parking fees. The Russian Delegation was satisfied with the explanation provided.

Next Round of Negotiations

Both Delegations committed themselves to meet again by the end of 2011, to discuss the updating of the existing Air Services Agreement and bringing it in conformity with EU legislation.

(Access)

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The present MOU supersedes the MOUs signed 10th October 2007 and 6th February 2008, to the extent applicable and shall be given effect on the date of signature.

Signed in Athens on May 5th 2011 in two original copies in the English language.

**For the Delegation
of the Russian Federation**



Oleg Demidov

**For the Delegation
of the Hellenic Republic**



F. Papadimitropoulou

APPENDIX B

The following amendments to the ASA in force were proposed by the Hellenic Delegation:

- The deletion of paragraph 6 of Article 2 "Grant of Rights"
- New Articles (3) "Designation and Authorization", (4) "Suspension and Revocation", and (13) "Tariffs" to replace the existing ones.
- References in the existing ASA to nationals of the Hellenic Republic to be understood as referring to nationals of EU Member States, references to national law, in the case of the Hellenic Republic to be understood as EU law, as well as references to airlines of the Hellenic Republic to be understood as referring to airlines designated by the Hellenic Republic.
- The term "EU Treaties" – referred in newly proposed Articles 3 and 4 – means the Treaty on European Union and the Treaty on the Functioning of the European Union.

Article 3 Designation and Authorizations

- 1.- Each Contracting Party shall have the right to designate, and inform, through diplomatic channels the other Contracting Party, one or more airlines for the purpose of operating the agreed services on the specified routes, and to withdraw or alter such designations.
- 2.- On receipt of such a designation the other Contracting Party shall grant the appropriate authorizations and permissions with the minimum procedural delay, provided :
 - a) in the case of an airline designated by the Hellenic Republic:
 - i) it is established in the territory of the Hellenic Republic under the EU Treaties and has a valid Operating Licence in accordance with European Union law; and
 - ii) effective regulatory control of the airline is exercised and maintained by the European Union Member State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation;
 - b) in the case of an airline designated by the Russian Federation:
 - i) it is established in the territory of the Russian Federation and is licensed in accordance with the applicable law of the Russian Federation; and
 - ii) the Russian Federation has and maintains effective regulatory control of the airline; and
 - c) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied - in conformity with the provisions of the Convention - to the operation of international air services by the Party receiving the designation.

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- 3.- On receipt of the operating authorization of paragraph 2, a designated airline may at any time begin to operate the agreed services for which it is so designated, provided that the airline complies with the applicable provisions of this Agreement.

Article 4
Suspension and Revocation

- 1.- Either Contracting Party may revoke, suspend or limit the operating authorization or technical permissions of an airline by the other Contracting Party, where:
- a) in the case of an airline designated by the Hellenic Republic:
 - i) it is not established in the territory of the Hellenic Republic under the EU Treaties or does not have a valid Operating Licence in accordance with European Union law; or
 - ii) effective regulatory control of the airline is not exercised or not maintained by the European Union Member State responsible for issuing its Air Operator's Certificate or the relevant aeronautical authority is not clearly identified in the designation;
 - b) in the case of an airline designated by the Russian Federation:
 - i) it is not established in the territory of the Russian Federation and is not licensed in accordance with the applicable law of the Russian Federation; or
 - ii) the Russian Federation is not maintaining effective regulatory control of the airline; or
 - c) such airline is unable to prove that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied in conformity with the Convention to the operation of international air services by the Party receiving the designation; or
 - d) the airline fails to comply with the laws and/or regulations of the Contracting Party granting these rights; or
 - e) the airline otherwise fails to operate in accordance with the conditions prescribed under the present Agreement.
- 2.- Unless immediate revocation or suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, such right shall be exercised only after consultation with the other Contracting Party, in conformity with Article 16 of this Agreement.

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Article 13
Air Transport Tariffs

1. The tariffs in respect of international air services operated to/from/through the territory of either Contracting Party shall be established by the designated airline at reasonable levels, due regard being paid to all relevant factors, including cost of operation, reasonable profit and the tariffs of other airlines.

2. The tariffs established under par.1 above shall not be required to be filed by the designated airlines of one Contracting Party with the aeronautical authorities of the other Contracting Party. Notwithstanding this, each Contracting Party shall have the right to intervene so as to:
 - a) prevent unreasonably discriminatory prices or practices;
 - b) protect consumers from prices that are unduly high or restrictive due to the abuse of a dominant position; and
 - c) protect airlines from prices that are artificially low.

3. Notwithstanding par. 1 and 2 above, the designated airlines of one Contracting Party shall provide, on request, to the aeronautical authorities of the other Contracting Party information relating to the tariffs, in a manner and format as specified by such authorities.

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