Confidential Memorandum of Understanding

The Civil Aviation Working Group, composed of the Delegation representing the Civil Aviation Administration of China (hereinafter referred to as the Chinese Delegation) and the Ministry of Transport of the Russian Federation (hereinafter referred to as the Russian Delegation) met in Beijing from September 3 to 5 2013 for the 17th Meeting of Russia-China Transportation Cooperation Sub-Committee to discuss matters relating to further development of aviation relations between the two countries.

The name lists of the Delegations are attached hereto as Appendix 1 and Appendix 2.

The discussions were conducted in a very cordial and friendly atmosphere.

I. Air Traffic Management Cooperation

The Russian Delegation provided statistic data of annual intensity increase of air traffic between the Russian Federation and the People's Republic of China and requested the following:

1. to open new entry/exit points and new international air traffic routes:

- in location of SIMLI (HRB (Harbin) - 493236N 1281936E (a new entry/exit point at the Russian-Chinese border) –AMERA – VZ (Sredny Beloye), unidirectional use, eastbound from HRB (Harbin).

- in location of TELOK (RITEK - 495025N 1182854E (a new entry/exit point at Russian-Chinese border) –HLD (Hailar).

2. to convert existing route SIMLI - HRB (Harbin) to unidirectional use, westbound from SIMLI.

3. to expand flight levels at entry/exit point BISUN on B451 in Shenyang FIR up to 2400 - 6000m.

4. to organize the following according to provided information and data:

- digital communication channel between Habarovsk and Beijing.

- voice communication channel between Chita and Hailar.

The Chinese Delegation responded that it would carefully study the proposal and coordinate with relevant authority in this regard. The Chinese Delegation further suggested that the Russian Delegation provide more detailed information and both side maintain contact at the technical level.

II. Detailed arrangements for the Agreement on Civil Aircraft Search and Rescue

In accordance with the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on the

Coordination for Civil Aircraft Search and Rescue which was signed on December 6, 2013, the Russian Delegation proposed the arrangement for implementation of the above Agreement to be signed by both aeronautical authorities, which was attached as Appendix 3. The Chinese Delegation agreed to carefully study the proposal and gave its response in due course.

III. Operation of Open-Jaw Routes

Both Delegations agreed that on the basis of reciprocity the designated airlines of each Party may operate the open-jaw scheduled passenger/combination services on no more than fourteen (14) routes provided that each sector of the services shall be counted half (0.5) frequency against the frequency entitlements on the specified routes as provided for in Part A of Appendix 4, and that such open-jaw services shall exclude the routes prescribed in paragraph 1 Part A of the Appendix 4 to this CMOU. Both Delegations further confirmed that an open-jaw route refers to the "V" shape international air service where such service begins and terminates at two different points in the territory of the Party designating the airline.

IV. Expansion of commercial traffic rights arrangements

Both Delegations agreed to expand local air services, triangular air services as well as overflying arrangements for the designated airlines of both sides. With regard to capacity and frequency entitlements of local services as well as overflying frequencies, both sides agreed to new arrangement as set out in Appendix 4 to this CMOU, which shall replace Appendix 4 to the Confidential Memorandum of Understanding signed on August 31, 2012.

V. Cooperation and Coordination on the Climate Change in Aviation

Both Delegations exchanged views of their respective positions and measures on coping with the EU ETS and agreed to maintain cooperation in this regard. Both Delegations further confirmed to strengthen cooperation in ICAO, and to make efforts in developing the globally acceptable solutions to the reduction of international aviation emissions.

VI. Coterminalization of All-Cargo Services

Both Delegations agreed to replace Article II. *coterminalization of all-cargo services* of the CMOU signed on July 28, 2011 with the following:

Both Delegations agreed that subject to customs and border regulations as well as availability of infrastructure resources, the Russian designated airlines may coterminalize on any two points among Zhengzhou, Chengdu, Chongqing, Kunming, Urumqi, Dalian, Yantai and Wuhan for scheduled all-cargo services, while on the

basis of reciprocity, the Chinese designated airlines may exercise similar coterminalization for scheduled all-cargo services on any two points among eight points as freely selected by the Chinese side in the Russian territory. The Russian side may change the above eight points in China for coterminalization operations subject to the approval of the Chinese aeronautical authorities.

Both Delegations further agreed that subject to customs and border regulations as well as availability of infrastructure resources, the Russian designated airlines may coterminalize between any point among Zhengzhou/Chengdu/Chongqing/Kunming/ Urumqi/Dalian/Yantai/Wuhan and Beijing for scheduled all-cargo services up to seven (7) frequencies per week and any point among Zhengzhou/Chengdu/ Chongqing/Kunming/Urumqi/Dalian/Yantai/Wuhan and Shanghai up to seven (7) frequencies per week respectively, provided that each of such coterminalization flights operate no more than one landing and take-off at any Chinese airport. The Russian side may change the above eight points in China for coterminalization operations subject to the approval of the Chinese aeronautical authorities.

VII. Passenger Charter Operations

With a view to facilitating tourism development between the two countries and on the basis of reciprocity, the Chinese Delegation requested to remove the restriction on charter flights operated by Chinese airlines to carry passengers other than Chinese nationalities. The Russian Delegation responded that they would give serious consideration to such request.

VIII. Other Issues

Both Delegations discussed the issues of day-time slots at major Chinese airports, delays of scheduled passenger flights operated by Russian airlines through Beijing FIR, requirement of the both sides on API, working visa issuance for staff of the representative offices of the designated airlines and procedure simplification for dangerous goods license. Both delegations agreed to do their utmost to facilitate relevant operations in accordance with respective rules and procedures.

In response to the request of the Russian carriers for application of day-time slots in Beijing, the Chinese Delegation stated that the day-time slots between 0610 and 0050⁺¹ have been completely utilized, which could be checked through the website at hb.caac.gov.cn. Nevertheless, the Northern China Regional Administration was willing to study all possible solutions including the slots swap arrangements between Chinese and Russian airlines, in accordance with relevant slot coordination and allocation regulations and procedures.

The Chinese Delegation requested the Russian side to reduce the processing time for overflying applications adjustments for scheduled air services operated by Chinese airlines. The Russian Delegation stated that they would give serious consideration to

Sex

such request.

In anticipation of the Olympic Games, both sides confirmed their readiness to consider positively any requests from air carriers of both sides to ensure the Olympic Games in Sochi in 2014.

This Confidential Memorandum of Understanding shall come into effect on the date of signature.

Done in Beijing on September 5 2013 in English language.

For the Aeronautical Authorities of the People's Republic of China

For the Aeronautical Authorities of the Russian Federation

Mr. L xue

Mr. Valery M. Okulov

Appendix 3

AGREEMENT

between the Ministry of Transport of the Russian Federation and the Directorate General of Civil Aviation of the People's Republic of China on cooperation while implementing Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on cooperation regarding aeronautical search and rescue

The Ministry of Transport of the Russian Federation and the Directorate General of Civil Aviation of the People's Republic of China (hereinafter referred to as "Parties"),

in accordance with Articles 6 of the Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on cooperation regarding aeronautical search and rescue dated "___" 20 (hereinafter referred to as Agreement),

have agreed as follows:

Article 1 Terms and Definitions

For the purposes of the present Agreement the terms and definitions contained in the Chapter 1 of Annex 12 to the Convention on International Civil Aviation opened for signature on the 7th day of December, 1944 shall be applicable.

Article 2

Authorities Responsible for the Implementation of the Specific Agreement

The responsible authorities for the implementation of the present Agreement(hereinafter referred to as "Competitive Authorities"), are:

In case of the Russian Federation – the Ministry of Transport of the Russian Federation or a person or organization which is authorized to perform the functions of this Ministry;

In case of the People's Republic of China-

The change of the Competitive Authorities shall be notified through a diplomatic channel by the Parties.

Article 3 Services Responsible for the Aeronautical Search and Rescue

1. Services responsible for the Aeronautical Search and Rescue (hereinafter referred to as SAR services), are as follows:

heles

In the Russian Federation – the Federal State Enterprise "Joint System of Aviation and Space Search and Rescue";

the Federal State Enterprise "Far-Eastern Aviation Search and Rescue Centre"; In the People's Republic of China–

2. The SAR services shall inform each other of their respective search and rescue forces and facilities and their on-board equipment for search and rescue and shall immediately notify each other of any related changes.

3. The forces and facilities of the Parties on duty, which are involving into joint search and rescue operations, are indicated in Annex \mathbb{N} 1 to the present Agreement.

Article 4 Working Language

English shall be applicable as the working language during conducting of the joint search and rescue operations, exercises and meetings of the Competitive Authorities' representatives according to para e) of point 4.2.2 of the International Aeronautical and Maritime Search and Rescue Manual of the International Maritime Organization and the International Civil Aviation Organization.

Article 5

Communicating Search and Rescue Co-ordination Centres

Communicating Search and Rescue Co-ordination Centres of the Competitive Authorities (hereinafter referred to as RCCs) are:

In case of the Russian Federation:

The Main Aeronautical SAR Co-ordination Centre of the Federal State Enterprise "Joint System of Aeronautical and Space Search and Rescue" located in Moscow;

RCC of the Federal State Enterprise "Far-Eastern Aeronautical Search and Rescue Centre" located in Khabarovsk;

In case of the People's Republic of China:

RCC located in

Communication circuit between the communicating RCCs is indicated in Annex

 N_{2} 2 to the present Agreement.

Article 6

Access to the Territory of the Russian Federation or the People's Republic of China for the Search and Rescue purposes

1. Request for assistance in cases covered by the Article 5 of the Agreement shall be forwarded from the RCC of one Competitive Authority to the respective RCC of the other Competitive Authority through the communication channels indicated in Annex \mathbb{N}_2 to the present Agreement.

2. Receipt of all requests for assistance shall be immediately acknowledged by the receiving RCC.

3. The receiving RCC shall as soon as possible inform whether requested assistance can be rendered and if so, provide information about quantity, type(s), call sign(s) of the assignable search and rescue forces and facilities and their equipment with the communication components.

4. The requesting for assistance RCC shall, upon receipt of information on the assignable search and rescue forces and facilities mentioned in para 3 of the present Article, arranges receiving of the necessary permit to entry into the territory of its State for the search and rescue forces and facilities of the other Competitive Authority.

5. Permit to entry mentioned in para 4 of the present Article contains conditions for access including data on aerodromes and landing arias to be used, information on customs and immigration formalities and is transmitted to the RCC of the other Competitive Authority as quickly as possible.

6. For the purpose of search and rescue each SAR service shall make all possible efforts to facilitate access of the search and rescue units of SAR service of the other State to conduct search and rescue operations within the territory of its respective State.

Article 7

Principles of co-ordination and communication

1. Search and rescue operations in the search and rescue States region of each Party shall be co-ordinated by the RCC responsible for that region.

In order to ensure efficient conducting of the search and rescue operations the respective RCCs of the Competitive Authorities may agree as an exception on alternative way of co-ordination in respect to specific operation.

2. During conducting of search and rescue operation the RCC of the Competitive Authority within which search and rescue region such operation is being performed agrees with the RCC of the other Competitive Authority on the ways of communication with the search and rescue forces and facilities. Any changes in the communication procedures between RCCs shall be confirmed in written form.

30

3. The RCCs shall conduct regular checks (at least once per week) of the intergovernmental communication channels indicated in Annex 2 to the present Agreement.

4. SAR services shall inform each other of the frequencies and call signs for radio communication; telex, phone and fax contacts, AFTN network contacts and other available communications, as well as immediately notify each other of any related changes.

Article 8

Responsibilities of the Parties and cost recovery

1.Each State of Party, unless otherwise arranged in writing, shall finance its own activity pursuant to Article 8 of the Agreement.

2. Evacuation of the aircraft in distress from the place of distress shall be performed by its operator or by any other forces of the Competitive Authorities at the operator's expense.

Article 9 Debriefing

After conducting of joint search and rescue operation the Competitive Authorities shall hold common debriefing in the shortest possible time.

Article 10

Meetings of representatives of SAR services

Representatives of SAR services of the Competitive Authorities at least once per year shall hold meetings by turns in the Russian Federation and in the People's Republic of China. During such meetings they shall consider issues related to:

necessity to call a meeting of the Competitive Authorities;

reciprocal visits of search and rescue experts;

conducting joint search and rescue exercises;

participation of search and rescue experts of one Party as observers in the domestic search and rescue exercises of the other Party;

preparation of proposals regarding development of cooperation within the framework of the present Specific Agreement;

planning, elaboration and utilization of information and communication systems;

other issues.

Bre

4

Article 11 Amendments

As appropriate the present Agreement may be modified by mutual agreement of the Parties.

Article 12 Entry into Force and Duration

The present Agreement comes into force on the day of its signing and remains in force for the period until the Agreement in force.

Done at ______ on _____, 20____, in two duplicates, each in the Russian, Korean and English languages, all texts being equally authentic.

For the Ministry of Transport of the Russian Federation For the Directorate General of Civil Aviation of the People's Republic of China

kros

5

Appendix 4

Route Schedule Specifications:

A. PASSENGER AIR SERVICES

1. Common frequencies entitlements for designated carriers of Russia and China (major city pairs):

Moscow - Beijing

26

Moscow – Shanghai

Saint-Petersburg – Beijing

Saint-Petersburg – Shanghai

21 flights per week
14 flights per week
7 flights per week
7 flights per week

1300

2. For designated carriers of Russia:

Local services:

Points in Russia (except Moscow and Saint-Petersburg) - Beijing

Points in Russia (except Moscow and Saint-Petersburg) - Shanghai

Points in Russia – Harbin, Shenyang, Urumqi, Dalian, Tianjin, Guangzhou, Qingdao, Sanya, Mudanjiang, Hailar, Yanji, Manzhouli and two other points (except Beijing and Shanghai) to choose by the Russian Side

Triangular routes:

Berlin – Moscow – Beijing

Points of intermediate stops and/or points beyond

Including with commercial landing in China (without 5th traffic rights):

Including with 5th traffic rights:

90 flights per week, but not more than 7 flights per week for each route

14 flights per week, but not more than 7 flights per week for each route

14 flights per week for each route

1 flight per week

points in Asia, Africa, Middle East, Far East and Northern America, 1 point in CIS countries to choose by the Russian Side

14 flights per week, but not more than 5 flights per week via Beijing and 5 flights per week via Shanghai

7 flights per week from points in Russia excluding Moscow and Saint-Petersburg but not more than 3 flights per week via Beijing and 3 flights per week via Shanghai via/to Singapore, Bangkok, Seoul

face

Overflying frequency entitlements (for passenger and cargo):

Currently 448 flights per week, of which the newly added 25 frequencies per week are subject to the ATC handling capability of China.

The selection of destination points to third countries are at the discretion of the Russian carriers

Over flights with technical stop in China shall not be counted against the total overflying frequencies of Russia

B. CARGO AIR SERVICES

1. Common frequencies entitlements for designated carriers of Russia and China (major city pairs):

Moscow – Beijing

Moscow – Shanghai

Moscow – Tianjin

21 flights per week

28 flights per week

14 flights per week

2. For designated carriers of Russia:

Local services:

Points in Russia (except Moscow)-Beijing

Points in Russia (except Moscow)-Shanghai

Points in Russia (except Moscow)-Tianjin

Points in Russia – Harbin, Shenyang, Urumqi, Dalian, Guangzhou, Qingdao, Sanya, Mudanjiang, Zhengzhou, Chengdu, Xiamen, Yantai and Chongqing

21 flights per week, but not more than 7 flights per week for each route

10 flights per week, but not more than 7 flights per week for each route

14 flights per week, but not more than 7 flights per week for each route

14 flights per week for each route

Triangular air services:

Points of intermediate stops and/or points beyond

Including with commercial landing in China (without 5th freedom traffic rights):

Including with commercial landing in China (with 5th freedom traffic rights):

Almaty, points in Asia, Africa, Middle East, Far East and Northern America to choose by the Russian side

7 flights per week, but not more than 3 flights per week via Beijing and 3 flights per week via Shanghai

3 flights per week, from any point in Russia to one point in China and beyond to one point in North America to be freely selected by Russia (without fifth freedom traffic rights in the direction from North America to China)