

RECORD OF DISCUSSION

Delegations representing the Ministry of Transportation of the Republic of Indonesia and the Ministry of Transport of the Russian Federation met in Moscow on 29th of April, 2010 to finalize the draft of the Air Services Agreement between the Government of the Russian Federation and the Government of the Republic of Indonesia (hereinafter «draft ASA») and to prepare it to be signed at the earliest time convenient for both Sides.

The list of the delegations is attached as Annex I.

The consultations were held in cordial and friendly atmosphere.

As a result of the discussion both delegations finalized the draft ASA and agreed to sign it at the earliest time convenient for both Sides. The draft of ASA is attached as Annex II.

During the discussion both delegations have reached the following understanding:

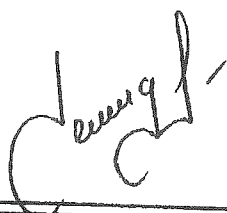
1. Exchange of Traffic Rights

1.1. Passenger Services

1.1.1. The designated airlines of both Sides shall be entitled to operate passenger services on the specified route up to fourteen (14) frequencies per week in each direction based on the 3rd and the 4th freedom traffic rights.

1.1.2 Designated airlines of both Sides may have cooperation arrangement so as to ensure the operation economically viable.

1.1.3 Both delegations agreed to discuss the issue of the 5th freedom traffic rights in further rounds of consultations.



1.2. All-Cargo Services

1.2.1. The designated airlines of both Sides shall be entitled to operate in schedule all-cargo services on the specified route in total up to 3 frequencies per week based on the 3rd and the 4th freedom traffic rights.

1.2.2 Designated airlines of both Sides may have cooperation arrangement so as to ensure the operation economically viable.

1.3. Co-Terminalization

The designated airlines of both Sides have the right to co-terminalize points of destination on the territory of the other Side within the framework of the route schedule in force and agreed capacity entitlements.

2. Code Sharing Arrangement

Both delegations agreed, in order to create and develop market between the countries, to grant to the designated airline(s) of both Sides to enter into cooperative arrangements such as block-space or code sharing arrangement, with:

- an airline of its Side;
- an airline or airlines of the other Side.

Provided that:

- a. The above provisions are, however, subject to the condition that all designated airlines in such arrangements hold the appropriate traffic rights.
- b. No services are held out by an airline of one Side for the carriage of local passengers between two points in the territory of the State of the other Side, unless that airline is entitled to operate and carry local traffic between those two points in its own right.
- c. For the purpose of calculating the capacity entitlement used in such code-sharing operations, the capacity used in code-sharing services are not counted against the capacity entitlement of the marketing carrier(s).

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d. In respect of each ticket sold, the purchaser shall be informed, at the point of sale, of the name of carrier which will operate on each sector of the service.

e. The schedules of code-sharing services will be notified to the Aeronautical Authorities of both Sides at least thirty (30) days before the proposed date of their introduction.

Both delegations agreed that designated airlines may exercise code-share operation with each other via any intermediate points as marketing partners to which that designated airlines have their own operations.

3. Aircraft Leasing

3.1. Either Side may prevent the use of leased aircraft for services under ASA which does not comply with Articles 6 (Aviation Security) and 7 (Aviation Safety).

3.2. Subject to paragraph 1 above, the designated airlines of each Side may use leased aircraft from other airlines to operate the agreed services under the ASA, provided that the leasing arrangements entered into satisfy with the following conditions:

a. such arrangements are not equivalent to giving a lessor airlines of another country access to traffic rights not otherwise available to that airlines;

b. the financial benefit to be obtained by the lessor airline will not be related to the financial success of the operations of the lessee airline; and

c. the agreed services operated by the lessee airlines when using the leased aircraft will not be linked so as to provide through services by the same aircraft to or from services operated by the lessor airlines on its own route or routes.

3.3. The proposed leasing arrangements will be subject to the approval of the Aeronautical Authorities of the States of both Sides. The designated airlines



proposing the use of leased aircraft shall give the Aeronautical Authorities of the State of each Side the earliest possible notification of the proposed terms of such arrangements.

3.4. However, the Aeronautical Authorities of the State of each Side shall not withhold approval of arrangements under which the designated airlines or airlines of either Side lease aircraft for emergency reasons, provided that the period of such arrangements does not exceed ninety (90) days and the Aeronautical Authorities are notified of the terms of such arrangements including the nature of the emergency.

3.5. Nothing in the foregoing will prevent the leasing of aircraft by designated airline from the other designated airline or airlines of either Side or from a non-airline source which does not control (and is not controlled by and is not under common control with) another airlines. In such cases a simple notification by the designated airline to the Aeronautical Authorities of the State of the other Side will suffice.

4. Other Matters

4.1. Both delegations agreed to grant the designated airlines of both Sides to perform charter passengers and all-cargo services, provided that such services should be regarded as supplementary services to the scheduled passengers and all-cargo services and should be operated in accordance with the national legislation of the States of both Sides.

4.2 Both delegations agreed to meet in the near future to review actual operation and determine the steps to be taken to further expand aviation relation between the two countries.

4.3. Both delegations also agreed to add points Solo and Novosibirsk as the points of destination for designated airlines of the Russian Federation and the Republic of Indonesia accordingly.



5. Settlement of Differences

Any differences arising out of the interpretation and/or implementation of this Record of Discussion shall be settled amicably through consultations or negotiations between both Sides.

6. Amendment

The present Record of Discussion may be amended at any time by mutual written consent of both Sides.

7. Entry into force

- a. The present Record of Discussion shall come into force on the date of the signing.
- b. Each Side may terminate this Record of Discussion by giving six (6) month's advance notice in writing to the other Side.

Both delegations confirmed that the Agreed Minutes between Aeronautical Authorities of the Republic of Indonesia and the Russian Federation signed on February 16, 2007 and the Annex to the Air Services Agreement between the Government of the USSR and the Government of the Republic of Indonesia signed on May 12, 1990 as amended by the Confidential Memorandum of Understanding of April 13, 1993 are still in force.

Done in Moscow on 29th of April 2010.

For the Indonesian Delegation

For the Russian Delegation



Tri S. Sunoko



Oleg O. Demidov

Route Schedule:**Indonesia**

Point of Origin	Intermediate Points	Points of Destination	Points Beyond
Points in the Republic of Indonesia	<ul style="list-style-type: none"> - Singapore or - Kuala Lumpur - Bangkok - Colombo - Bombay or New Delhi - Karachi - Abu Dhabi or Dubai - Amman or Istanbul - Beijing - Ho Chi Minh City or Yangon - Amsterdam - Frankfurt or Paris 	<ul style="list-style-type: none"> - Moscow, - St.Petersburg, - Vladivostok, - Novosibirsk 	Points in the third countries

Rusia

Point of Origin	Intermediate Points	Points of Destination	Points Beyond
Points in the Russian Federation	<ul style="list-style-type: none"> - Dubai - Doha - One point in India - Bangkok - Colombo - Kuala Lumpur - Singapore - Hong Kong - Maldives - Yangon - Seoul 	<ul style="list-style-type: none"> - Jakarta, - Denpasar, - Manado, - Solo 	Points in the third countries