

# MEMORANDUM OF UNDERSTANDING

Delegations representing the Aeronautical Authorities of the Czech Republic and the Russian Federation (hereinafter referred to as the Czech side, the Russian side or both sides respectively) met in Prague on 18 and 19 September 2012 to discuss mutual aviation relations between their respective countries.

The lists of the two delegations are attached as Appendix A.

The discussions were held in a friendly and cordial atmosphere reflecting the mutual respect of the two delegations.

Both sides discussed the following issues:

## **1. New Air Services Agreement (ASA)**

Both sides discussed the draft text of a new Air Services Agreement. The mutually agreed draft text in English language is attached as Appendix B to this Memorandum of Understanding. The new Air Services Agreement was initialled "ad referendum" except pending issues that were put into square brackets and left for further consideration and internal consultations with respective authorities of each side.

Both sides agreed to remain in the close contact and solve pending issues by correspondence until 15 November 2012 with the aim to reach the signature of the new Air Services Agreement within the year 2013.

## **2. Air services between the two countries**

### **2.1 Liberalization of the current operational framework**

Both sides discussed liberalization of the current framework including the principle of single designation on each specified route. It was agreed that from the date of signature of the new Air Services Agreement each Party may designate a second airline to operate scheduled services on the route Prague – Moscow and v.v. up to seven (7) weekly frequencies.

Both sides also agreed that if the Parties fail to sign the new Air Services Agreement by 1<sup>st</sup> September 2013, the aeronautical authorities of both sides will hold consultation by 15<sup>th</sup> September 2013 to review the status of internal procedure relating to the new Air Services Agreement and to decide on designation of second airline from each side to operate scheduled services on the route Prague-Moscow. In this case the second designated airline will be entitled to operate up to seven (7) weekly frequencies on this Prague – Moscow v.v. route. These designations of both sides shall be sent through diplomatic channels.

### **2.2 New points and frequencies**

The Czech side expressed its request to extend the number of points in the territory of the Russian Federation in the present Route Schedule as follows: Kazan, Krasnodar and Perm. The Russian side agreed "Perm" to be the eighth point in the territory of the Russian Federation to be

operated by a Czech designated airline from the IATA Winter Season 2012/2013.

On the basis of the Czech request both sides came to the conclusion to guarantee to designated airline of each side the following minimal number of frequencies starting IATA Winter Season 2012/2013:

Prague – Ufa: 2 weekly frequencies for designated airline of each side

Prague – Nizhniy Novgorod: 2 weekly frequencies for designated airline of each side

Prague – Rostov on Don: 4 weekly frequencies for designated airline of each side

The designated airlines of both sides may consider possibilities to operate more than 2 or 4 guaranteed frequencies respectively.

### 2.3 Charter operations

The Czech side inquired about the possible liberalization of conditions for charter operations between the two countries. The Russian side confirmed the current conditions including limitation on traffic of origin principle which is incorporated in the Russian legislation.

### 3. Visa requirement

The Czech side expressed its concern about visa requirement applied by the Russian authorities to crew members of Czech airlines, while arriving on round trip and not disembarking from the aircraft or staying in the transit area of airport, which is contrary to the principle of fair and equal treatment and not in line with international standards and recommended practices (SARPS) of Annex 9 Facilitation to the Chicago Convention.

The Russian side explained that according to the national legislation the discussion on that matter fell out of the competence of the Ministry of Transport of the Russian Federation.

### 4. Agreed Principles

The Czech side mentioned the “Agreed Principles of the Modernisation of the existing system of utilising of the Transsiberian routes” (hereinafter referred to as the Agreed Principles) which entered into force on 1 January 2012 and asked to implement the Agreed Principles into bilateral relations between the Czech Republic and the Russian Federation.

The Russian side informed that implementation of the Agreed Principles towards the Czech side is possible only on condition that the Russian airlines would be excluded from the EU ETS.

### 5. EU Emission Trading Scheme

The Czech side was informed about the position of the Russian Federation in relation to the EU resolution on the inclusion of international aviation in the European emissions trading system for greenhouse gas emissions, as well as the signing Joint Declaration in Moscow Conference held on 21 – 22 February 2012 on the inclusion of international civil aviation in the European emissions trading system (EU ETS).

The Czech side took note of this information.

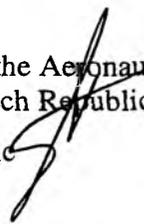
Both sides concurred to continue the consultations at a date to be agreed between both sides later on.

This Memorandum of Understanding comes into effect on the date of its signature.

Done in Prague on 19 September 2012.

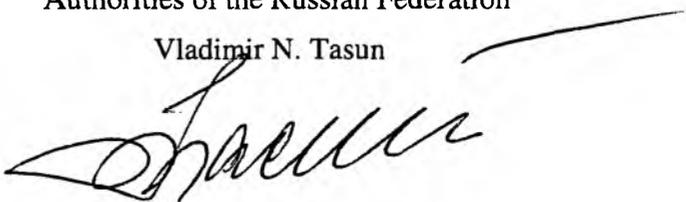
For the delegation of the Aeronautical  
Authorities of the Czech Republic

Jaromir Stole



For the delegation of the Aeronautical  
Authorities of the Russian Federation

Vladimir N. Tasun



**CZECH DELEGATION**

Mr. Jaromir Stolec (Head of delegation)	Director General, Civil Aviation Department Ministry of Transport
Mr. Marek Skrna	Head of Air Transport Division, Civil Aviation Department Ministry of Transport
Mr. Tomas Vokaty	Senior Officer, Civil Aviation Department Ministry of Transport
Mr. Petr Cecak	Senior Officer, Civil Aviation Department Ministry of Transport
Mr. Pavel Frouz	Senior Lawyer, International Law Department Ministry of Foreign Affairs

**Industry observers**

Mr. Jiri Marek	Czech Airlines
Mr. Karol Marsovszky	Czech Airlines
Mr. Daniel Schur	Czech Airlines
Ms. Violeta Prokofjeva	Czech Airlines
Mr. Radek Müller	Travel Service (SmartWings)
Mr. Miroslav Andres	Travel Service (SmartWings)
Ms. Katerina Majercinova	Travel Service (SmartWings)

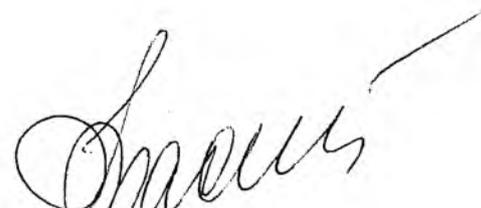


**RUSSIAN DELEGATION**

Mr. Vladimir N. Tasun (Head of delegation)	Director of Department of State Policy in Civil Aviation, Ministry of Transport
Ms. Liya K. Tomcuk	Chief of Bilateral Cooperation Division, Department of International Cooperation, Ministry of Transport
Mr. Valeriy V. Pastukhov	Deputy Chief of Air Service Division, Department of State Policy in Civil Aviation, Ministry of Transport
Mr. A. P. Katkov	Russian Embassy in Prague
Mr. Aleksander Turov	Head of Trade Representation of Russian Federation in the Czech Republic
Mr. Vadim V. Bikov	Deputy Head of Trade Representation of Russian Federation in the Czech Republic

**Industry observers**

Mr. Oleg V. FirsaeV	Aeroflot – Russian Airlines
Mr. Vladimir A. Bondarev	Rossiya
Mr. Victor N. Okunev	Rossiya
Mr. Roman Semenets	UTair
Ms. Asiya M. Madyarova	UTair
Ms. Natalya V. Pechinkina	Transaero
Mr. Alexander I. Delezha	Transaero
Mr. Alexey G. Fomin	Ural Airlines
Mr. Kamil R. Feyzrakhmanov	Polet
Mr. Yuri N. Gutchenko	Vnukovo International Airport
Mr. Andrey Kapinos	Domodedovo International Airport



**AIR SERVICES AGREEMENT**

**between**

**the Government of the Russian Federation**

**and**

**the Government of the Czech Republic**

The Government of the Russian Federation and the Government of the Czech Republic hereinafter referred to as the Parties;

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

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

Have agreed as follows:

Article 1

Definitions

For the purpose of this Agreement, unless the context otherwise requires:

- (a) the term "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 that Convention and any amendment of the Annexes or of the Convention under Article 90 and 94 ratified by the Russian Federation and the Czech Republic respectively;

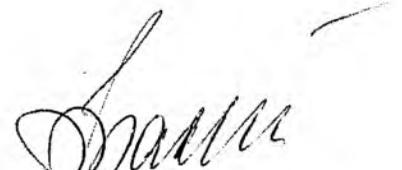


- (b) the term "aeronautical authorities" means in the case of the Russian Federation the Ministry of Transport of the Russian Federation or any person or body authorized to perform any function presently exercised by the said Authority and in the case of the Czech Republic the Ministry of Transport or any person or body authorized to perform any function presently exercised by the said Ministry;
- (c) the term "designated airline" means an airline, which has been designated and authorized in accordance with Article 3 of this Agreement;
- (d) the term "territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention;
- (e) the terms "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meaning respectively assigned to them in Article 96 of the Convention;
- (f) the term "capacity" in relation to agreed services means the capacity of the aircraft used on such services, multiplied by the frequency operated by such aircraft over a given period on a route or section of a route, and in relation to an aircraft means the payload of the aircraft available on the route or section of a route;
- (g) the term "Annex" means the Annex to this Agreement or as modified in accordance with the provisions of Article 20 of this Agreement. The Annex forms an integral part of this Agreement and all references to the Agreement shall include the Annex except where explicitly agreed otherwise;
- (h) the term "tariff" means the prices or rates to be paid for carriage of passengers, baggage and cargo (excluding remunerations and conditions for the carriage of mail) and the conditions under which those prices and rates apply, including commissions to be paid on the carriage for agency services, charges and conditions for any services ancillary to such carriage which are offered by airlines and also include any significant benefits provided in association with the carriage.

## Article 2

### Granting of Traffic Rights

1. Each Party grants to the other Party the rights specified in this Agreement for the purpose of establishing and operating international air services by the designated airlines over the routes specified in the appropriate section of the Annex. Such services and routes are hereinafter called "agreed services" and "specified routes" respectively.



2. Subject to the provisions of this Agreement the designated airlines of each Party shall enjoy, while operating the agreed services on the specified routes, the following rights:
  - (a) right to fly without landing across the territory of the State of the other Party;
  - (b) right to make stops in the territory of the State of the other Party for non-traffic purposes;
  - (c) right to embark and disembark in the territory of the State of the other Party at points specified in the Annex passengers, baggage and cargo including mail, separately or in combination.
3. Nothing in paragraph 2 of this Article shall be deemed to confer on the designated airlines of one Party the right of taking on, in the territory of the State of the other Party, passengers, baggage and cargo including mail carried for remuneration or hire and destined for another point in the territory of the State of the other Party.
4. The flight routes of aircraft on the agreed services and the points for crossing national boundaries shall be established by each of the Parties within the territory of its State.

### Article 3

#### Designation and Operating Authorization

1. Each Party shall have the right to designate to the other Party in writing any number of airlines for the purpose of operating the agreed services on the specified routes.
2. On receipt of notification that the Party has designated an airline, the other Party shall, subject to the provisions of paragraph 3 and 4 of this Article, grant without delay to the designated airline of the other Party the necessary operating authorizations.
3. Each Party may require the airline designated by the other Party to prove that it is qualified to fulfill the conditions prescribed under the laws and regulations applied to the operation of international air services by the said Party.
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, or has a valid Operating Licence and -

Air Operator Certificate in accordance with the applicable laws and regulations of the State of the designating Party or 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 in accordance with the provisions established under this Agreement.

#### Article 4

##### Revocation and 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 laws and regulations in force in the territory of State of the Party granting these rights; or
  - (c) in case the airline otherwise fails to operate in accordance with the conditions prescribed under this 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 action is essential to prevent further infringement of the laws and regulations referred to above, the rights enumerated in paragraph 1 of this Article shall be exercised only after consultations with the aeronautical authorities of the other Party. Unless otherwise agreed by the aeronautical authorities, such consultations between the aeronautical authorities of both Parties shall begin within a period of sixty (60) days from the date of request made by either aeronautical authorities.

#### Article 5

##### Application of Laws and Regulations

1. The laws and regulations in force in the territory of the State of one Party relating to the arrival in or the departure from its territory of aircraft engaged in international air services or to

operation and navigation of such aircraft while within its territory shall be applied to aircraft of the airline designated by the other Party.

2. The laws, regulations and procedures in force in the territory of the State of one Party relating to admission to, stay in, transit through, or departure from territory of its State of passengers, crews, baggage, and cargo including mail, such as laws, regulations and procedures relating to entry, exit, immigration, passports, customs, currency, quarantine, health, veterinary or sanitary measures, shall apply to passengers, crew, baggage, cargo and mail carried by the aircraft of the designated airline of the other Party upon entry into or departure from or while within the territory of the State of the said Party.
3. Neither Party shall give preference to its own or any other airline over an airline of the other Party engaged in similar international air services in the application of its customs, quarantine and similar regulations.

#### Article 6

#### 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 this Agreement.
2. The Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on September 14, 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970, the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal on September 23, 1971 and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on February 24, 1988, the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on March 1, 1991 and any other agreements governing aviation security binding upon both States of the Parties.
3. 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.
4. The Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as annexes to the Convention to the extent, that such security provisions are applicable to the

Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in the territory of their States or, in the case of the Czech Republic, operators of aircraft which are established in its territory under the Treaty establishing the European Union and have valid operating licenses in accordance with European Union law, and the operators of international airports in territory their States act in conformity with such aviation security provisions.

5. Each Party agrees that such operators of aircraft shall be required to observe the aviation security provisions in conformity with the laws and regulations in force in the territory of the State of the other Party. Each Party shall ensure that adequate measures are effectively applied within the territory of its State 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 a sympathetic consideration to any request from the other Party for reasonable special security measures to meet a particular threat.
6. 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, airports 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.
7. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory agreement within thirty (30) days of the date of such request shall constitute grounds for application of Article 4 of this Agreement. If required by an emergency, either Party may take interim action prior to the expiry of this period.

#### Article 7

##### Aviation Safety

1. Each Party may request consultations at any time concerning the safety standards maintained by the other Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. 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 the areas referred to in paragraph 1 that are at least equal to the minimum standards established at that time pursuant to the Convention, the other Party shall be informed of such findings and of the steps considered necessary to conform with

those minimum standards and the other Party shall then take appropriate corrective action within an agreed time period.

3. Pursuant to Article 16 of the Convention, it is further agreed that any aircraft operated by, or, under lease agreement, on behalf of an airline of one Party, on services to or from the territory of the State of the other Party, may, while within the territory of the State of the other Party be the subject of a search, on board and around the aircraft, by the authorized representatives of the other Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search (in this Article called "ramp inspection") is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the minimum standards established at that time pursuant to the Convention.
4. If any such ramp inspection or series of ramp inspections gives rise to:
  - (a) serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at the time pursuant to the Convention, or
  - (b) serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time 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 certificate or licenses 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 or above the minimum standards established pursuant to the Convention.
5. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by, or, on behalf of the airline of one Party in accordance with paragraph 3 above is denied by the representative of that airline or airlines, the other Party shall be free to infer that serious concerns of the type referred to in paragraph 4 above arise and draw the conclusions referred to in that paragraph.
6. When urgent action is essential to ensure the safety of an airline operation, each Party reserves the right to immediately suspend or vary the operating authorization of an airline or airlines of the other Party.
7. Any action by one Party in accordance with paragraph 4 above shall be discontinued once the basis for the taking of that action ceases to exist.

8. With reference to paragraph 2 above, if it is determined that one Party remains in non-compliance with International Civil Aviation Organization standards when the agreed time period has lapsed, the Secretary General of International Civil Aviation Organization should be advised thereof. The latter should also be advised of the subsequent satisfactory resolution of the situation.

[9. Where the Czech Republic has designated an airline whose regulatory control is exercised and maintained by another European Union Member State, the rights of the other Party under this Article shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that other European Union Member State and in respect of the operating authorisation of that airline.]

#### Article 8

##### Recognition of Certificates and Licenses

1. Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Party and still in force, shall be recognized as valid by other Party for the purposes of operating the agreed services, provided that such certificates and licenses are at least equal to or above the minimum standards, which are established pursuant to the Convention.
2. However, each Party reserves the right to refuse to recognize for flights above the territory of its State, certificates of competency and licenses granted to its own nationals by the other Party or by any other State.

#### Article 9

##### Exemption from Customs Duties

1. Each Party shall on the basis of reciprocity exempt a designated airline of the other Party from import restrictions, customs duties, indirect taxes, inspection fees and other national and local duties and charges, except those mentioned in paragraph 6 of this Article, on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores including food and other items intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline of such other Party operating the agreed services, [as well as necessary documents with the airlines' symbol including air tickets and airway bills used by the designated airlines in connection with operation of 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 other Party;
- (b) retained on board aircraft of the designated airline 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 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 or partly 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 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. The exemptions provided for by this Article shall also apply in respect of consumable technical supplies, spare parts including engines and regular airborne equipment in situations where the designated airline of either Party has entered into arrangements with another airlines for the loan or transfer in the territory of the other Party provided such other airlines similarly enjoy such exemptions from such Party. Such loans and transfer shall be announced by airline to respective customs authorities.]

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

6. Charges corresponding to the services performed, storage and customs clearance will be charged in accordance with the national laws and regulations in force in the territories of the States of the Parties.

#### Article 10

#### Facilities and Airport Charges

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



- [2. In the use of airports, airways, air traffic services and associated facilities under its control, neither Party shall give preference to its own or any other airline over an airline of the other Party engaged in similar international air services.]
- [3. 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 established by each Party on the territory of its State, in accordance with Convention.]

#### Article 11

##### Transit

Passengers, baggage and cargo in direct transit across the territory of the State of one Party and not leaving the area of the airport reserved for such purpose shall, except in respect of security measures against acts of violence and air piracy, as well as transportation of narcotics, drugs and psychotropic substances, be subject to no more than a simplified control.

#### Article 12

##### Transfer of Earnings

- [1. Each Party shall, on the basis of reciprocity, grant to the designated airlines of the other Party the right to convert and to transfer freely the excess of receipts over expenditure earned by the said airlines in connection with the operation of the international air services. The said transfer shall be made in a freely convertible currency without restrictions at the official exchange rate valid on the date the transfer is made, or, if there are no official exchange rates, at the foreign exchange market rate applicable for these transactions on the date the transfer is made. The actual transfer shall be executed without delay and shall not be subject to any charges except normal service charges collected by banks for such transactions.]
2. The provisions of this Article do not affect the issues of taxation that are the subject of the other agreements between the Parties.

#### Article 13

##### Tariffs

1. The tariffs for the agreed services shall be established at reasonable levels, due regard being paid to all relevant factors, including interests of users, cost of operation, characteristics of service, reasonable profit and when it is deemed suitable, the tariffs of other airlines operating over whole or part of the routes.

2. Each designated airline of either Party develops its tariffs independently.
3. The aeronautical authorities of either Party may request to intervene in a tariff, in case of:
  - (a) prevention unreasonably discriminatory tariffs or practices;
  - (b) protection consumers from tariffs that are unreasonably high or restrictive due to abuse of a dominant position;
  - (c) protection of airlines from tariffs to the extent that they are artificially low because of direct or indirect government subsidy; and
  - (d) protection airlines from tariffs that are low, where evidence exist as to an intent of eliminating competition.
4. The aeronautical authorities of either Party may require tariffs for an agreed service to be submitted for purposes mentioned in paragraph 3 of this Article. In this case, the tariffs shall be submitted to the aeronautical authorities thirty (30) days prior the application of the tariff.

#### Article 14

##### Principles Governing Operation of the Agreed Services

1. The designated airlines of the Parties shall have fair and equal opportunity to operate the agreed services on the specified routes between respective territories of their States.
2. While operating the agreed services the designated airlines of one Party shall take into account the interests of the designated airlines of the other Party so as not to unduly affect the services which the latter provides on the whole or any part of the same routes.
3. The agreed services provided by the designated airlines of the Parties shall be related to the requirements of the public for transportation on the specified routes, and each designated airline shall have as its primary objective the provision, at a reasonable load factor of capacity adequate to carry the current and reasonably anticipated requirements for the carriage of passengers, cargo and mail between respective territories of their States.
4. When air services are provided by the designated airlines of one Party between the points on the territory of the State of the other Party and the points in the third countries, the granted capacity shall be made in accordance with the general principles that capacity shall be related to the requirements of:
  - (a) traffic between the countries of origin and destination;
  - (b) traffic of the area through which the agreed services pass; and

(c) through airline operations.

Article 15

Airline Representation

1. With the purpose of ensuring the operation of the agreed services the designated airline of one Party shall be granted, on the basis of reciprocity, the right to establish in the territory of the State of the other Party its own representation offices.
2. The designated airlines of one Party shall be entitled, on the basis of reciprocity, in accordance with the laws and regulations relating to entry, residence and employment in force in the territory 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 who are required for the provisions of the agreed services.
3. These staff requirements may, at the option of the designated airline or airlines 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 respective laws and regulations.
4. Staff shall be subject to the laws and regulations in force in the territory of the State of the other Party, and consistent with such laws and regulations:
  - (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 the requirement of employment authorizations for personnel performing certain temporary duties not exceeding ninety (90) days.
5. The designated airlines of one Party shall be granted the right to sell and market of air transport services in the territory of the State of the other Party. Such sale may be executed directly or through agents or other intermediaries of the airline's choice and any person shall be free to purchase such services in the local currency or in any freely convertible currency normally purchased by banks in that territory in accordance with the laws and regulations in force in the territory of the State of the respective Party.

Article 16

Intermodal Services

The designated airlines of each Party shall have the right to employ, in connection with air transport of passengers and cargo, any surface transport to or from any point in the territories of the States of the Parties or third countries. The designated airlines may elect to perform their own surface transport or to provide it through arrangements, including code-share, with other surface carriers, subject to the laws and regulations in force in the territory of the State of a Party concerned. The intermodal services may be offered as a through service and at a single price for the air and surface transport combined, provided that passengers and shippers are informed as to the facts concerning such transport.

Article 17

Ground Handling

Subject to the laws and regulations in force in the territory of the respective Party each designated airline shall have in the territory of the other Party the right to perform its own ground handling (self-handling) or, at its option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each designated airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

Article 18

Provision of Statistics

The aeronautical authorities of each Party shall provide the aeronautical authorities of the other Party, upon request, periodic statements of statistics or other similar information related to traffic carried as it may be reasonably required for the purpose of reviewing the operation of agreed services.

Article 19

Consultations

1. In a spirit of close co-operation the aeronautical authorities 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.



2. Either of the aeronautical authorities of the Parties may request consultations which may be through discussions or by correspondence. These discussions shall begin within a period of sixty (60) days from the date the other Party receives a written request unless both aeronautical authorities of the Parties agree to an extension of this period.

Article 20  
Modifications

*[CZ proposal:*

1. If either of the Parties considers it desirable to modify any provision of this Agreement, such modification, if agreed between the Parties, shall come into force on the sixtieth (60) day after delivery of the latter of diplomatic notes confirming that the formalities constitutionally required for approval of this modification have been complied with.]

*[RU proposal:*

1. If either of the Parties considers it desirable to modify the terms of the present Agreement it may request a consultation between the Aeronautical Authorities of the States of both Parties in relation to the proposed modification. Consultations shall begin within a period of sixty (60) days from the date 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 effect on the date of receipt via diplomatic channels of the last written notice that all national procedures concerning entry into force of that modifications have been accomplished by both Parties.
2. The modifications of the Annex may be made by arrangements between the Aeronautical Authorities of the States of the Parties.]

*(The Czech side is not able to accept the Russian proposal mentioned under paragraph 2 due to its constitutional requirements. Amendments to the Annex have to be done through the same procedures as the body of the Agreement.)*

Article 21  
Settlement of Disputes

1. In case of dispute arising from the interpretation or application of this Agreement, the aeronautical authorities of the Parties shall in the first place endeavor to settle it by negotiation.



2. If the aeronautical authorities of the Parties fail to reach an agreement, the dispute shall be settled between the Parties 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 International Civil Aviation Organization 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 time of the appointment.

5. In case the President of the Council of the International Civil Aviation Organization 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 International Civil Aviation Organization who is not a citizen of the State of the Parties.

In case the Vice-president of the Council of the International Civil Aviation Organization is also a citizen of the State of one of the Parties, the appointment shall be made by senior member of the Council of International Civil Aviation Organization 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 arbitral tribunal shall reach its decisions by a majority of votes. 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 arbitral 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 the International Civil Aviation Organization in connection with the appointment of the umpire and/or the arbitrator of the failing party as referred to in paragraph 4 of this Article shall be considered to be part of the expenses of the arbitral tribunal.



Article 22

Registration

This Agreement and any subsequent amendments thereto shall be registered with the International Civil Aviation Organization.

Article 23

Termination

Either Party may at any time give notice in writing through diplomatic channels to the other Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization.

In such case this Agreement shall terminate 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 International Civil Aviation Organization.

Article 24

Entry into force

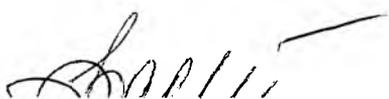
This Agreement shall enter into force on the sixtieth (60) day after delivery the last notification through diplomatic notes by either Party to the other Party that it has fulfilled the procedures necessary for the entry into force of this Agreement.

From the date this Agreement comes into force, the Agreement between the Government of the Union of the Soviet Socialist Republics and the Government of the Czechoslovak Socialist Republic on air transport, signed at Moscow on 22 November 1966, and all supplements annexes and amendments to this Agreement are terminated in regard to relations between the Russian Federation and the Czech Republic.

Done at (.....) this (....) day of (.....) in two originals each in the Russian, Czech and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall be applicable.

For the Government  
of the Russian Federation

For the Government  
of the Czech Republic



**ANNEX**  
**to the Air Services Agreement between the Government of the Russian Federation**  
**and the Government of the Czech Republic**

1. Route Schedule

a) The airlines designated by the Russian Federation shall be entitled to operate international air services on the routes specified hereafter:

Points of origin	Intermediate points	Points in the Czech Republic	Points beyond
Any points in the Russian Federation	Any points agreed between the Aeronautical Authorities	Prague Karlovy Vary Brno Pardubice Ostrava other points agreed between the Aeronautical Authorities	Any points

b) The airlines designated by the Czech Republic shall be entitled to operate international air services on the routes specified hereafter:

Points of origin	Intermediate points	Points in the Russian Federation	Points beyond
Any points in the Czech Republic	Any points agreed between the Aeronautical Authorities	Moscow St.Petersburg Ekaterinburg Samara Rostov-on-Don Nizhniy Novgorod Ufa Perm other points agreed between the Aeronautical Authorities	Any points*

\* except points in China, Japan and Korea while using Transpolar, Transsiberian and Transasian routes. These points will be subject to an agreement between the Aeronautical Authorities of the Parties.

2. Notes:

- a) Intermediate points and points beyond may be omitted by the designated airlines of the Parties at their discretion;
- b) Charter, additional and non-scheduled flights shall be carried out based on preliminary request of the designated as well as non-designated airlines, submitted to the aeronautical authorities at least (72) hours before the departure, except weekends and holidays;
- c) While operating or holding out the authorized services, any designated airline of one Party may enter into cooperative marketing arrangements such as "block space", "code sharing", or dry leasing arrangements, with:
  - an airline or airlines of either Parties, provided that all airlines in such arrangements hold the appropriate authority and meet the requirements normally applied to such arrangements; and
  - an airline or airlines of a third country, provided that all airlines in such arrangements hold the appropriate authority of both Parties and meet the requirements normally applied to such arrangements, and provided further that such third country authorizes or allows comparable arrangements to, from, and via such third country.

The code-sharing airlines are required to file proposed code-sharing and blocked-space arrangements with the aeronautical authorities of both Parties at least forty five (45) days before its proposed introduction. Such arrangements shall be subject to approval of the aeronautical authorities of both Parties;

- d) The right of the designated airline of one Party to transport passengers, cargo and mail between the points in the territory of State of the other Party and the points in the territory of the third countries shall be subject to an agreement between the Aeronautical Authorities of the Parties;
- e) An airline designated by one Party shall file to the aeronautical authorities of the other Party for approval at least forty-five (45) days in advance, the timetable of its intended services, specifying the frequency, type of aircraft, times, configuration and number of seats to be made available to the public and period of timetable validity. The same procedure shall apply to any modification thereof.