

## Memorandum of Understanding

The delegation of the Republic of Iceland and the delegation of the Aeronautical Authorities of the Russian Federation met in Reykjavík 16-17 August 2007 to exchange views on amending the bilateral Air Transport Agreement, signed on 11 December 1998.

The exchanges took place in a cordial and friendly atmosphere. The delegations expressed their wish of closer cooperation between the two countries in this field of growing importance in their relations. The list of Members is attached as *Appendix 1*.

### *New Annex on Air Services*

The two delegations recognized the need for an amendment to the current Air Transport Agreement, signed on 11 December 1998, and agreed upon a new Annex which shall enter into effect upon its signature and supersede the previous Annex. The text of the new Annex is attached as *Appendix 2*.

### *Intermediate points and points beyond*

The delegations agreed to meet again or correspond in the near future to exchange views on the selection of intermediate points and points beyond to be served by the designated airlines of each Contracting Party.

### *Frequency and capacity*

The frequency of each designated airline of both Contracting Parties to serve each point of destination, in each direction, shall be limited to three (3) flights per week. The capacity of each aircraft operated shall not exceed 500 passenger seats.

### *Transsiberian, Transpolar and Transasian Air Routes*

The Russian delegation informed that any operations along the Transsiberian, Transpolar and Transasian Air Routes networks in the airspace of the Russian Federation would be subject to the separate agreement between the Aeronautical Authorities of the Contracting Parties.

The delegations agreed to meet after the entry into force of the "Agreed Principles of the Modernisation of the existing system of utilisation of the Transsiberian routes" between the Government of the Russian Federation and the European Community and its Member States to discuss its subsequent effects.

### *Agreed services St. Petersburg – Reykjavik*

The delegations took note of a declaration of intent on code-share, signed on 15 August 2007, between Rossiya Airlines and Icelandair, which will serve to commence air services between St. Petersburg and Reykjavik.

It is understood that the airlines aim to sign an agreement on the basis of this declaration and the delegations agreed that prior to the commencement of the air services for the route

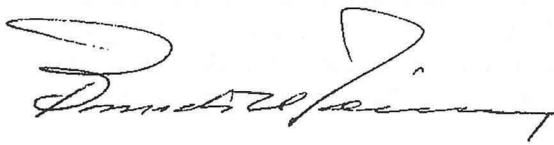
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Reykjavik - St. Petersburg and vice versa, the Aeronautical Authorities shall approve this agreement on the mutual operation of that route between the designated airlines.

*Reykjavik, 17 August 2007*

For the Delegation  
of the Republic of Iceland

A handwritten signature in black ink, appearing to read 'Benedikt Jonsson', written over a horizontal line.

Mr. Benedikt Jonsson

For the Delegation  
of the Aeronautical Authorities of the  
Russian Federation

A handwritten signature in black ink, appearing to read 'Irina G. Fedechkina', written over a horizontal line.

Mrs. Irina G. Fedechkina

**List of Names**

**Delegation of the Republic of Iceland**

Mr. Benedikt Jonsson, Ambassador, Ministry for Foreign Affairs

Mr. Halldor S. Kristjansson, Deputy Permanent Secretary, Ministry of Communications

Ms. Astridur S. Thorsteinsson, Legal Advisor, Ministry of Communications

Mr. Helgi Hilmarsson, VP Operations, Air Atlanta Icelandic

Mr. Sigurthor Gunnlaugsson, Manager of Operations, Air Atlanta Icelandic

Mr. Tomas Ingason, Director Revenue Management & Pricing, Icelandair

**Delegation of the Russian Federation**

Mrs. Irina G. Fedechkina, Head Air Services Division, Ministry of Transport

Mr. Victor I. Tatarintsev, Ambassador of the Russian Federation to Iceland

Ms. Julia A. Volodina, Chief Expert, Ministry of Transport

Ms. Natalia I. Prostit, Chief Expert Air Services Division, Ministry of Transport

Ms. Valery G. Polyakov, Minister Councillor, Russian Embassy

Mr. Sergey S. Gushchin, Second Secretary, Russian Embassy

Mr. Andrey M. Larchenko, Head of External Relations Department, Rossiya Airlines

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*27*

ANNEX

Routes which may be operated by the designated airlines of the Russian Federation in both directions:

| Points of origin                 | Intermediate points       | Points of destination                                                                  | Points beyond             |
|----------------------------------|---------------------------|----------------------------------------------------------------------------------------|---------------------------|
| Points in the Russian Federation | Points in third countries | Reykjavik, one additional point to be decided by the Russian Federation, other points* | Points in third countries |

Routes which may be operated by the designated airlines of Iceland in both directions:

| Points of origin  | Intermediate points       | Points of destination                 | Points beyond             |
|-------------------|---------------------------|---------------------------------------|---------------------------|
| Points in Iceland | Points in third countries | Moscow, St. Petersburg, other points* | Points in third countries |

\*shall be subject to an agreement between the Aeronautical Authorities of the Contracting Parties.

Notes:

1. Intermediate points and points beyond the territories of the States of the Contracting Parties shall be subject to an agreement between the Aeronautical Authorities of the Contracting Parties. Intermediate points and points beyond may be omitted by the designated airlines of the Contracting Parties at their discretion.
2. The right of a designated airline of one Contracting Party to serve two points of destination on the same flight in the State of the other Contracting Party shall be subject to a prior approval by the Aeronautical Authorities of the other Contracting Party.
3. The right of the designated airlines of one Contracting Party to transport passengers, cargo and mail between the points in the territory of the State of the other Contracting Party and points in the territory of the third countries (exercise of fifth freedom traffic right) shall be subject to an agreement between the Aeronautical Authorities of the Contracting Parties.
4. Charter, additional and non-scheduled flights shall, unless otherwise agreed, be carried out based on prior request of the designated airlines, as well as non-designated airlines, submitted to the Aeronautical Authorities in accordance with the national legislation of the State of each Contracting Party.
5. The charter services should not jeopardize scheduled services on the agreed routes.
6. Designated airlines of one Contracting Party, which operate flights on the specified routes, may enter into commercial arrangements included, but not limited to block-space

27

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and code-share, with the designated airlines of the other Contracting Party. The Aeronautical Authorities of the Contracting Parties shall approve such arrangements. Similar arrangements with airlines of third countries shall be subject to the approval by the Aeronautical Authorities of the Contracting Parties.

7. The capacity and frequency to be provided by the designated airlines shall be agreed upon between the Aeronautical Authorities of the Contracting Parties. However, the capacity and the frequency of the service offered by the designated airline(s) shall be sufficient to ensure the commercial viability of such service.

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