

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE AERONAUTICAL AUTHORITIES
OF THE RUSSIAN FEDERATION
AND
THE REPUBLIC OF ICELAND

Delegations representing the Aeronautical Authorities of the Russian Federation and the Republic of Iceland (hereinafter referred to as the Russian Delegation and the Icelandic Delegation respectively) met in Moscow on 31st May and 1st June 2017 to discuss air transport matters of mutual interest.

The name lists of the Delegations are attached hereto as **APPENDIX I**.

The discussions were held in a friendly and constructive atmosphere and both Delegations stressed their interest in expanding their bilateral relations in the field of air transport. The following understanding has been reached:

1. Designation rules

The Delegations agreed on the double designation on the agreed city pairs.

2. Capacity/ Frequencies

The designated airlines of each Side may operate up to 7 (seven) frequencies in total on each city pair in accordance with the Annex.

The capacity of each aircraft operated shall not exceed 500 passenger seats.

3. Liberalised regime to three Russian airports

The Russian Delegation informed the Icelandic Delegation that any Icelandic air carrier could start operations for passenger and/or combination and/or all-cargo operations to Kaliningrad and Sochi for the two IATA seasons from Summer 2017, and Vladivostok for an unlimited period, with 3rd, 4th and 5th freedom traffic rights, without any limitation, provided that these operations do not utilize the Transsiberian route.

4. Code-sharing provisions

The Delegations agreed to amend point 6 of the annex of ASA agreed on the 17 August 2007 as follows:

While operating or holding out the air services on the specified routes the designated airline(s) may enter into commercial and/or co-operative marketing arrangements including, but not limited to, blocked-space or code-sharing with any other airline, including an airline of the same side and an airline of a third country, provided that:

- a) the operating airline in such arrangements holds the appropriate operating authorisation and traffic rights;
- b) both the operating and marketing airlines hold the appropriate route rights (route rights do not require designation and/or traffic rights as for the marketing carrier);
- c) no service is operated by an airline of one country for the carriage of passengers between a point in the territory of the other country and a point in a third country, or between two points in the territory of the other country, and no such passengers are carried, unless that airline itself has traffic rights between those two points;
- d) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each flight forming part of the service;
- e) the activities mentioned are carried out in accordance with the laws and regulations applicable in each country, including those governing competition;
- f) the relevant airline has secured any necessary approvals from its own Authorities, for the purposes of ensuring that the code-sharing arrangement is consistent with bilateral arrangements with any relevant third country; and
- g) code-sharing agreements will be subject to approval by Aeronautical Authorities of both Contracting Parties.

5. Transsiberian overflights

The Icelandic Delegation requested overflight permission from Reykjavik to Beijing, Shanghai, Tokyo, Seoul and Hong Kong utilizing Transsiberian Route Network. The Russian Delegation suggested to revert to the matter of discussing, in a practical manner, traffic rights on the Transsiberian route network during the next round of consultations.

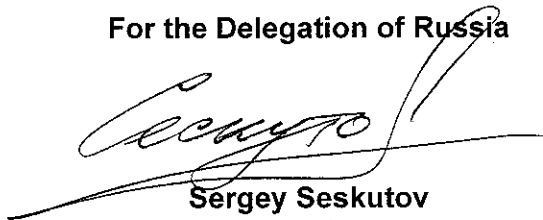
6. Entry into Force and Review

This Memorandum of Understanding shall enter into force on the date of its signature. The provisions covered by earlier bilateral Memoranda remain in force.

The next round of consultations will take place in Reykjavik before the end of September 2017.

Signed in Moscow on 1st June 2017, in two original copies in the English language.

For the Delegation of Russia



Sergey Seskutov
Deputy Director
Department of State Policy in Civil Aviation
Ministry of Transport
of the Russian Federation

For the Delegation of Iceland



Stefan Larus Stefansson
Ambassador
Chief Air Negotiator
Directorate for External Trade and Economic
Affairs
Ministry for Foreign Affairs

DELEGATION OF THE RUSSIAN FEDERATION

Mr. Sergey Seskutov	Deputy Director, Department of State Policy in Civil Aviation, Ministry of Transport of the Russian Federation
Ms. Ludmila E. Pashaeva	Consultant, Bilateral Cooperation Department, Department of International Relations, Ministry of Transport of the Russian Federation
Ms. Illona S. Degtyarenko	First rank specialist, Air Services Division, Department of State Policy in Civil Aviation. Ministry of Transport of the Russian Federation
Ms. Elena A. Loboda	Second Secretary, Ministry of Foreign Affairs of the Russian Federation
Mr. Igor Chernyshov	Aeroflot
Ms. Olga Raznitsina	AirBridgeCargo
Ms. Nataliya Dzyuba	Sheremetievo Airport

DELEGATION OF THE REPUBLIC OF ICELAND

Mr. Stefan Larus Stefansson	Ambassador, Chief air Negotiator, Directorate for External Trade and Economic Affairs, Ministry of Foreign Affairs
H.E. Ms. Berglind Asgeirsdottir	Ambassador of Iceland to the Russian Federation
Mr. Gunnar Orn Indridason	Senior Legal Advisor, Ministry of Transport and Local Government
Ms. Kristin Helga Markusdottir	Head of Legal Section, Icelandic Transport Authority
Mr. Sveinn K. Einarsson	Specialist , Ministry of Foreign Affairs
Ms. Ilona Vasilieva	Trade representative, Embassy of Iceland to the Russian Federation
Mr. Egill Thorvardarson	Air Atlanta
Mr. Arsaell Hardarson	Icelandair
Mr. Jens Bjarnason	Icelandair
Mr. Daniel Snaebjornsson	WOW Air
Mr. Andrew Pyne	WOW Air
Mr. Einar Hannesson	WOW Air