

June 1, 1990

CIVIL AIR TRANSPORT AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND  
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics, being Parties to the Convention on International Civil Aviation, opened for signature at Chicago on December 7, 1944, (hereinafter called the "Convention") and desiring to conclude an Agreement for the purpose of establishing air transport services, have agreed as follows:

ARTICLE 1

Each Contracting Party grants the other Contracting Party the rights enumerated in this Agreement and the Annexes hereto for the purpose of establishing and operating the scheduled air services (hereinafter called "agreed services") and charter air services envisaged herein. The Annexes to this Agreement shall be deemed integral parts of this Agreement, and all references to the Agreement shall refer also to the Annexes.

ARTICLE 2

1. The flight routes of aircraft on the agreed services and the points for crossing national boundaries shall be established by each Contracting Party within its territory.

2. All technical and commercial questions not covered by this Agreement or other agreement(s) of the Contracting Parties concerning the flights of aircraft and the transportation of passengers, baggage, cargo, and mail on the agreed services, as well as such questions concerning commercial cooperation may be resolved by agreement between the respective designated airlines.

3. All agreements between the designated airlines and amendments thereto shall be subject to approval by the appropriate authorities of the Contracting Parties.

ARTICLE 3

1. The capacity to be provided by each designated airline on the agreed services shall be related primarily to the requirements of the traffic having its initial origin or ultimate destination in the territory of the Contracting Party whose nationality the airline possesses. Such origin and destination is determined by the ticket or air waybill. Traffic which transits the territory of a Contracting Party, with or without stopover, shall not be considered to have its origin or destination in that territory.

2. The designated airlines of each Contracting Party shall, upon request, submit to the other Contracting Party traffic statistics.

3. There shall be fair and equal opportunity for the designated airlines of each Contracting Party to operate and promote the agreed services.

ARTICLE 4

All fares and rates to be charged for traffic which moves over the agreed services for all or part of its transportation by air shall be established at reasonable levels, due regard being paid to all relevant factors, such as costs of operation, reasonable profit, and the rates charged by any other carriers, as well as the characteristics of each service. Such fares and rates shall be filed with the appropriate authorities of the Contracting Parties for review in accordance with applicable national law. Fares and rates filed on or before the thirtieth day prior to their effectiveness shall be acted upon not later than fifteen days after the filing date.

ARTICLE 5

Each Contracting Party reserves the right to withhold, suspend, or revoke permission to operate the agreed services from a designated airline of the other Contracting Party in the event that it is not satisfied that substantial ownership and effective control of such airline are vested in nationals or agencies of the other Contracting Party. Such action may also be taken by either Contracting Party in case of the failure of an airline of the other Contracting Party to comply with the laws and regulations of the first Contracting Party referred to in Article 10 of this Agreement, or in case of failure of an

airline or the other Contracting Party to perform its obligations under this Agreement or under the Supplementary Agreement referred to in Article 6 of this Agreement or to fulfill the conditions under which the rights are granted in accordance with this Agreement on the basis of reciprocity. For the purpose of this Article, 'permission to operate' includes both operating authorization and technical permissions. Such action shall normally be taken only after prompt consultation between the appropriate authorities of the Contracting Parties, except in case of a failure to comply with laws and regulations referred to in Article 10, Paragraphs 1 and 2 and as provided in Article 7.

ARTICLE 6

1. The Contracting Parties shall take all necessary measures to ensure safe and effective operation of the agreed services and charter air services. To this end, the Supplementary Agreement of November 4, 1966, as amended, shall remain in force concurrent with this Agreement.

2. (a) Each Contracting Party shall recognize as valid, for the purpose of operating the air transportation provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the other Contracting Party and still in force, provided that

the requirements for such certificates or licenses at least equal the minimum standards which may be established pursuant to the Convention. Each Contracting Party may, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party.

(b) Each Contracting Party may request consultations concerning the safety standards maintained by the other Contracting Party relating to aeronautical facilities, aircrew, aircraft, and operation of the designated airlines. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards which may be established pursuant to the Convention, the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards; and the other Contracting Party shall take appropriate corrective action. In the event the other Contracting Party does not take such appropriate action within a reasonable time, the provisions of Article 5 shall apply.

ARTICLE 7

1. Consistent with rights otherwise enjoyed under international law, the Contracting Parties reaffirm that their obligation to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement.

2. The Contracting Parties shall provide all necessary aid to each other to prevent acts of unlawful seizure of aircraft and other unlawful acts against the safety of aircraft, airports and air navigation facilities and any other threat to aviation security.

3. The Contracting Parties shall act in full conformity with the provisions of the Convention on Offences and Certain Other Acts Committed On Board Aircraft, signed at Tokyo, on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970 and the Convention for the Suppression of Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971.

4. The Contracting Parties shall act in full conformity with the aviation security provisions and regulations established by the International Civil Aviation Organization

and designated as Annexes to the Convention on International Civil Aviation; they shall require that operators of aircraft of their registry or operators who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory act in conformity with such aviation security provisions.

5. Each Contracting Party agrees to observe the security provisions required by the other Contracting Party for entry into the territory of the other Contracting Party and to take adequate measures to protect aircraft and inspect passengers, their carry-on items as well as cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for special security measures, to meet a particular threat.

6. When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, airports and air navigation facilities occurs, the Contracting 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 Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of the first Contracting Party may request immediate consultations with the aeronautical authorities of that Contracting Party. Failure to reach a satisfactory agreement within 15 days from the date of the request for consultations, or an urgent threat to the security of international civil aviation, will constitute grounds for application of Article 5 of this Agreement.

#### ARTICLE 8

1. User charges imposed by the competent charging authorities on the airlines of the other Contracting Party shall be just and reasonable.

2. User charges imposed on the airlines of the other Contracting Party may reflect, but shall not exceed, an equitable portion of the full economic cost to the competent charging authorities of providing the airport, air navigation, and aviation security facilities and services. Neither Contracting Party shall impose or permit to be imposed on the airlines of the other Contracting Party user charges higher than those imposed on its own or any other airlines operating similar international air transportation. Facilities and

services for which charges are made shall be provided on an efficient and economic basis. Reasonable notice shall be given prior to changes in user charges. Each Contracting Party shall encourage consultations between the competent charging authorities in its territory and airlines using the services and facilities, and shall encourage the competent charging authorities and the airlines to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges.

ARTICLE 9

1. On arriving in the territory of one Contracting Party, aircraft operated in international air services by the airlines of the other Contracting Party, their regular equipment, fuel, lubricants, consumable technical supplies, spare parts including engines, aircraft stores (including but not limited to such items as food, beverages and liquor, tobacco and other products destined for sale to or use by passengers in limited quantities during the flight), and other items intended for or used solely in connection with the operation or servicing of aircraft engaged in international air transportation shall be exempt, on the basis of reciprocity, from all import restrictions, property taxes and capital levies, customs

duties, excise taxes, and similar fees and charges imposed by the national authorities, and not based on the cost of services provided, provided such equipment and supplies remain on board the aircraft.

2. There shall also be exempt, on the basis of reciprocity, from the taxes, duties, fees and charges referred to in paragraph 1 of this Article, with the exception of charges based on the cost of the service provided:

(a) aircraft stores introduced into or supplied in the territory of a Contracting Party and taken on board, within reasonable limits, for use on outbound aircraft of an airline of the other Contracting Party engaged in international air transportation, even when these stores are to be used on a part of the journey performed over the territory of the Contracting Party in which they are taken on board;

(b) ground equipment and spare parts including engines introduced into the territory of a Contracting Party for the servicing, maintenance or repair of aircraft of an airline of the other Contracting Party used in international air transportation; and

(c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Contracting Party for use in an aircraft of an airline of the other Contracting Party engaged in international air transportation, even when these supplies are to be used on a part of the journey performed over the territory of the Contracting Party in which they are taken on board.

3. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities.

4. The exemptions provided for by this Article shall also be available where an airline of one Contracting Party has contracted with another airline, which similarly enjoys such exemptions from the other Contracting Party, for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraphs 1 and 2 of this Article.

5. Each Contracting Party shall use its best efforts to secure for the airlines of the other Contracting Party, on the basis of reciprocity, an exemption from taxes, duties, charges and fees imposed by State, regional and local authorities on the items specified in paragraph 1 and 2 of this Article, as well as from fuel through-put charges, in the circumstances described in this Article, except to the extent that the charges are based on the actual cost of providing the service.

6. Each Contracting Party shall ensure the provision at a reasonable price or facilitate the importation into its territory of an adequate quantity of aviation fuel of required grade, quality, and specifications for the airlines of the other Contracting Party in accordance with the request of such airlines.

7. The designated airlines of one Contracting Party may, in accordance with the laws and regulations of the other Contracting Party relating to customs and duties, bring in and maintain at each of the points on the agreed routes within the territory of the other Contracting Party material and equipment required by those airlines for the provision and promotion of air services. Promotional materials, such as advertisements, printed catalogs, price lists, trade notices, or tourist and other literature (including posters) shall be admitted duty free.

#### ARTICLE 10

1. The laws and regulations of one Contracting Party governing the entry into and exit from its territory of civil aircraft in international flight in accordance with the present Agreement or the operation and navigation of such aircraft while within the limits of its territory shall apply to the aircraft of the airlines of the other Contracting Party.

2. The laws and regulations of one Contracting Party governing the arrival and sojourn in and departure from its territory of aircraft crews, passengers, baggage, cargo and mail carried on board aircraft, in particular regulations governing landing permits, passports, customs and immigration, currency, and quarantine formalities, shall apply to the crews, passengers, baggage, cargo and mail of the aircraft of the airlines of the other Contracting Party during their arrival and sojourn in and departure from the territory of the first Contracting Party.

3. (a) The Contracting Parties shall grant, without limitation, in advance, and with a validity of at least twenty four months, visas for all aircraft crews and cabin crews of each designated airline operating the agreed services. These visas shall be valid for any number of flights into and out of the territory of the other Contracting Party during the period of their validity.

(b) The Contracting Parties shall grant in advance visas of appropriate duration and scope for the aircraft crews and cabin crews of each airline operating approved charter air services.

4. Visas for the employees of the designated airlines of one Contracting Party stationed at points on the agreed routes within the territory of the other Contracting Party as provided in Article 13 of this Agreement shall be granted in advance with multiple entry and a validity of at least twelve months.

5. Crews employed on the agreed services may stay temporarily in the cities set forth in Section II of Annex 1, provided that they leave on the aircraft on which they arrived or on the next regularly scheduled flight of their airline, unless prevented by illness or crew rest requirements.

6. Each Contracting Party shall assist the other in obtaining copies of the relevant laws and regulations referred to in this Article.

ARTICLE 11

1. All aircraft of the designated airlines of one Contracting Party during flights over the territory of the other Contracting Party must have the identification marks of their state established for international flights, and also the following documents:

- (a) Certificate of registration;
- (b) Certificate of airworthiness;
- (c) License for radio equipment;
- (d) Appropriate certificates for each member of the crews; and,
- (e) When carrying cargo, documents describing the cargo unless transmitted by other means.

2. All of the aforementioned documents issued or rendered valid by one Contracting Party shall be recognized as valid by the other Contracting Party, provided that the requirements under which the certificates or licenses were issued or rendered valid are not less stringent than standards prescribed in the Annexes to the Convention.

ARTICLE 12

1. In case of a forced landing, accident or other incident involving an aircraft of a airline of one Contracting Party within the territory of the other Contracting Party, the Contracting Party in whose territory the incident took place shall without delay and by the quickest means notify the other Contracting Party thereof, and of the available particulars and circumstances of the occurrence, take necessary measures for the investigation of the causes of the incident, and also undertake immediate steps to give such assistance as may be necessary to the crew and passengers, provide for the safety of the aircraft and the mail, baggage, and cargo of such aircraft in the condition in which they are after the incident, and provide for their rapid onward transportation.

2. (a) The Contracting Party whose registry the aircraft possesses shall have the right to appoint its observers, who shall be present and participate in the investigation of the incident.

(b) The preparation of the report, findings, and the determination of probable cause of such incident will be accomplished by the appropriate authorities of the Contracting Party in whose territory the incident occurred.

3. The Contracting Party conducting the investigation of the incident is required to:

(a) upon the request of the other Contracting Party, leave the aircraft and its contents undisturbed (so far as is reasonably practicable) pending their inspection by representatives of the appropriate authorities of such Contracting Party and of the airline whose aircraft is involved;

(b) grant immediate access to the aircraft to accredited representatives of the other Contracting Party and to representatives of the airline whose aircraft is involved;

(c) ensure the protection of evidence;

(d) conduct an inquiry into the incident and furnish the other Contracting Party with a report of the facts, conditions, and circumstances thereof; and

(e) on request of the other Contracting Party, release to any person or persons designated by it the aircraft, its contents or any part thereof, as soon as these are no longer necessary for the inquiry, and facilitate removal thereof to the territory of the other Contracting Party.

4. The crew of the aircraft involved in the incident and the representatives of the airline whose aircraft is involved shall comply with all accident investigation laws and regulations applicable within the territory where the incident took place.

5. Prior to commencement of the agreed services each Contracting Party shall establish air search and rescue procedures, activities and centers within its territory so as to promote efficient organization of search and rescue operations in connection with flights conducted under this Agreement, including arrangements for mutual participation in such operations with the consent of the Contracting Party in whose territory the search and rescue activities are to be conducted. Information on search and rescue procedures will be exchanged on a current basis.

#### ARTICLE 13

1. To facilitate the conduct of the operation of the agreed services, including the servicing of aircraft, upon signature of this Agreement, the designated airlines of the Union of Soviet Socialist Republics shall be permitted to have

a representation at New York and Washington of a combined total of twelve employees. On and after January 1, 1991, the designated airlines of the Union of Soviet Socialist Republics shall be permitted:

(a) to have a representation at New York and Washington of a combined total of sixteen employees; and

(b) to have a representation in U.S. cities set forth in Section II of Annex 1 other than New York and Washington of not more than six employees, with no more than three such employees assigned to any one such city.

2. To facilitate the conduct of the operation of the agreed services, including the servicing of aircraft, upon signature of this Agreement, the designated airlines of the United States of America shall be permitted to have a representation at Moscow and Leningrad of a combined total of twelve employees. On and after January 1, 1991, the designated airlines of the United States of America shall be permitted:

(a) to have a representation at Moscow and Leningrad of a combined total of sixteen employees; and

(b) to have a representation at Soviet cities set forth in Section II of Annex 1 other than Moscow and Leningrad of not more than six employees, with no more than three such employees assigned to any one such city.

3. Nothing in paragraphs 1 and 2 of this Article shall obligate a Contracting Party to permit the entry of representatives who are not nationals of the other Contracting Party.

4. Additionally, each Contracting Party grants the right of entry into its territory for short periods not exceeding ninety days to those personnel required by the designated airlines of the other Contracting Party for the normal conduct of its activities.

#### ARTICLE 14

1. Flights of the airlines of both Contracting Parties on the agreed routes shall be suspended upon thirty days' notice given by one Contracting Party to the other if it finds that its designated airlines are prevented from operating flights on the agreed services because of circumstances beyond the control of the first Contracting Party. Such flights may be suspended

immediately by either Contracting Party if extraordinary circumstances arise which are beyond the control of the appropriate authorities of that Contracting Party.

2. Services so suspended can thereafter be reinstated through an exchange of notes between the Contracting Parties and shall be carried on in accordance with the terms of this Agreement and the Supplementary Agreement.

ARTICLE 15

1. Subject to the provisions of Annex 3, all financial accounting and payments between the designated airlines of the Contracting Parties shall be carried out, as agreed upon by the designated airlines, in United States dollars, or in rubles if such payments in rubles become legal under the currency regulations of the Union of Soviet Socialist Republics, through the transfer of sums due to the designated airlines of the Union of Soviet Socialist Republics to their respective accounts in the Bank for Foreign Economic Affairs of the U.S.S.R. and of sums due to the designated United States airlines to their respective accounts in banks of their choice in the United States of America. Particular payments may be made in third country currencies by agreement between the designated airlines.

2. The above-mentioned sums shall be transferred freely and such transfers shall be exempt from any taxation or any other restrictions.

3. Passengers intending to undertake a trip, regardless of their citizenship, shall be free to choose the airline or airlines. They shall be free, when paying for the air service, to pay for it in the currency of that country where the payment takes place if the tariffs of the carrier provide for payment in such currency.

4. Except as otherwise agreed by the designated airlines and approved by the Contracting Parties, the rate of conversion between the rubles and the United States dollars for all purposes pursuant to this Agreement including pricing of and payment for commodities and services and settlement of outstanding balances between the designated airlines shall be the rate of exchange for the sale of air transportation on the date of application or submission for settlement of outstanding balances. If there should be a change in the rate of exchange applied for such sales of transportation, the designated airlines will make a special settlement at the old rate as of the date of such change.

5. The rates of exchange which shall be applicable to sales made in currencies of third countries of transportation performed by the designated airlines pursuant to this Agreement may be provided for in airline agreements.

6. The provisions of this Article shall be applicable to cargo as well as passenger transportation.

ARTICLE 16

Either Contracting Party may at any time request consultations between the appropriate authorities of both Contracting Parties for the discussion, interpretation, application or amendment of this Agreement. Such consultation shall begin within sixty days after the receipt of the request by the Department of State of the United States of America or by the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics, respectively. In the event that agreement is reached concerning the amendment of this Agreement, these amendments shall come into force upon confirmation by an exchange of diplomatic notes.

ARTICLE 17

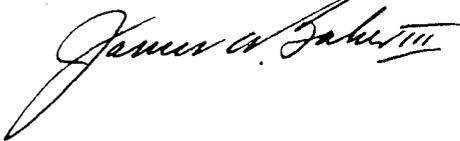
This Agreement shall enter into force upon signature and shall remain in force until six months after the date of written notice by diplomatic note from one Contracting Party to the other Contracting Party of its intention to terminate this Agreement.

Upon entry into force, this Agreement shall supersede the November 4, 1966, Civil Air Transport Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics, as amended.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed the present agreement.

DONE at Washington, in duplicate, this *First* day of *June*, 1990, in the English and Russian languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE UNION  
OF SOVIET SOCIALIST REPUBLICS:



ANNEX 1

SCHEDULED AIR SERVICE

Section I--Designations

A. Prior to April 1, 1991, the Government of the United States of America designates Pan American World Airways, Inc., to operate the agreed services on the routes specified in Section II of this Annex. On and after April 1, 1991, the Government of the United States of America may designate an additional four combination airlines and two all-cargo carriers to operate the agreed services on the routes specified in Section II of this Annex.

B. Prior to April 1, 1991, the Government of the Union of the Soviet Socialist Republics designates Aeroflot (Soviet Airlines) to operate the agreed services on the routes specified in Section II of this Annex. On and after April 1, 1991, the Government of the Union of Soviet Socialist Republics may designate an additional six airlines to operate the agreed services on the routes specified in Section II of this Annex.

C. Either Contracting Party may substitute any other airline of its nationality for any airlines designated under paragraphs (A) and (B) of this Section subject only to the qualification

of such airline before the aeronautical authorities of the other Contracting Party under the laws normally applied. Each Contracting Party shall issue all necessary operating and technical permissions to the designated airlines of the other Contracting Party without undue delay.

Section II--Routes

A. Airlines of one Contracting Party designated for scheduled air services shall, in accordance with the terms of their designation, be entitled to operate scheduled international air services (1) between points on the following routes, and (2) between points on such routes and points in third countries through points in the territory of the Contracting Party which has designated the airlines.

1. Routes for the airline or airlines designated by the Government of the United States: 1/

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1/ Not more than two combination and one all-cargo airlines may operate between any city pair on the New York/Washington to Moscow/Leningrad routes. Not more than two U.S. designated airlines may operate between any other U.S./U.S.S.R. city pair.

a. From a point or points in the United States via intermediate points on a North Atlantic routing to Moscow, Leningrad, Kiev, Riga, Minsk, and Tbilisi.

b. From a point or points in the United States on a North Pacific routing to Magadan and Khabarovsk.

2. Routes for the airline or airlines designated by the Government of the Union of Soviet Socialist Republics: 1/

a. From a point or points in the Union of Soviet Socialist Republics via intermediate points on a North Atlantic routing to (1) New York and Washington, (2) Chicago, and (3) Miami; with rights beyond Miami to two points in South America to be mutually agreed later.

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1/ Not more than two combination and one all-cargo airlines may operate between any city-pair on the Moscow/Leningrad and New York/Washington routes. Not more than two U.S.S.R. designated airlines may operate between any other U.S.S.R./U.S. city pair.

b. From a point or points in the Union of Soviet Socialist Republics on a North Pacific routing to Anchorage (mandatory stop) and San Francisco. 2/

B. Each designated airline shall have the following rights in the operation of the agreed services on the respective routes specified in paragraph (A) of this Section:

1. The right to land for technical and commercial purposes at the points on the agreed routes in the territory of the other Contracting Party, as well as to use approved alternative airports and flight facilities in that territory for these purposes;

2. The right to take on or discharge international traffic in passengers, baggage, cargo and mail, separately or in combination, at the agreed points on the routes specified in paragraph (A) of this section (i) in the territory of the other Contracting Party, (ii) at third country intermediate and beyond points, and (iii) at any point or points in the territory of the Contracting Party which

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2/ The mandatory stop at Anchorage shall cease to be required on March 31, 1993.

designates the airline. For each of the points in (i), (ii) and (iii), above, the rights include all connecting (either on-line or with any other airline), stopover (provided the airline has carried the traffic to and from any stopover point in the territory of the other Contracting Party), and local fifth freedom (to and from third country intermediate points) traffic, provided that (subject to the right, to carry its own stopover traffic) neither Contracting Party's designated airlines shall be entitled to carry local cabotage traffic between points in the territory of the other Contracting Party.

C. Each designated airline may, on any or all flights on approved routings at its option, operate flights on the respective routes authorized in paragraphs A(1) and A(2) of this section in either or both directions; combine different flight numbers within one aircraft operation; serve points on the routes in any combination and in any order which may include serving intermediate points as beyond points and beyond points as intermediate points, omit stops at any point or points except as specified in Section II, paragraph (A)(2)(b); and transfer traffic from any of its aircraft to any of its other aircraft at any point on the routes, without directional or geographic limitation, and without any loss of any right to carry traffic otherwise permissible under this Agreement, provided the flight originates or terminates in the territory of the Contracting Party which has designated the airline.

D. Each designated airline may change aircraft at any points referred to in the routes without any limitation in type or number of aircraft operated, or in the utilization of one or more flight numbers, provided that in the outbound direction the transportation beyond such point is a continuation of the transportation from the territory of the Contracting Party which has designated the airline, and, in the inbound direction, the transportation to the territory of the Contracting Party which has designated the airline is a continuation of the transportation beyond such point. For purposes of the frequency conversion factors set forth in Section III of this Annex, the category of aircraft shall be determined by the aircraft which arrives and departs the territory of the other Contracting Party.

Section III--Frequencies

A. Until and through March 31, 1991, the U.S. designated airline may operate up to fifteen point one (15.1) round trip equivalent combination frequencies per week between the United States and Moscow/Leningrad.

B. Until and through March 31, 1991, the Soviet designated airline may operate up to fifteen point one (15.1) round trip equivalent frequencies per week between the Union of Soviet Socialist Republics and New York/Washington.

C. From April 1, 1991, through March 31, 1992, the U.S. designated airlines may operate up to twenty-two (22) round trip equivalent combination frequencies per week between the United States and Moscow/Leningrad. Beginning on April 1, 1992, the U.S. designated airlines may operate up to thirty-seven (37) round trip equivalent combination frequencies per week between the United States and Moscow/Leningrad.

D. From April 1, 1991, through March 31, 1992, the Soviet designated airlines may operate up to twenty-two (22) round trip equivalent flights per week between the Union of Soviet Socialist Republics and New York/Washington. Beginning on April 1, 1992, the Soviet designated airlines may operate up to thirty-seven (37) round trip equivalent flights per week between the Union of Soviet Socialist Republics and New York/Washington.

E. From April 1, 1991, through March 31, 1993, the U.S. designated passenger/combination airlines may operate up to ten (10) round trip equivalent flights per week between the United States and Kiev, Riga, Minsk, Tbilisi, Magadan and Khabarovsk, with none of these cities receiving more than seven (7) weekly round trip equivalent frequencies. From April 1, 1991, through March 31, 1992, the U.S. designated all-cargo airlines may operate up to ten (10) round trip equivalent frequencies per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of

these cities receiving more than seven (7) weekly round trip equivalent frequencies. From April 1, 1992, through March 31, 1993, the U.S. designated all-cargo airlines may operate up to eleven (11) round trip equivalent frequencies per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than seven (7) weekly round trip equivalent frequencies.

F. From April 1, 1991, through March 31, 1992, the Soviet designated airlines may operate up to twenty (20) round trip equivalent frequencies per week between the Union of Soviet Socialist Republics and New York/Washington, Chicago, Anchorage, Miami, and San Francisco, of which not more than ten (10) may operate to New York/Washington and not more than seven (7) may operate to any one of the other cities specified. From April 1, 1992, through March 31, 1993, the Soviet designated airlines may operate up to twenty-one (21) round trip equivalent frequencies per week between the Union of Soviet Socialist Republics and New York/Washington, Chicago, Anchorage, Miami, and San Francisco of which not more than eleven (11) may operate to New York/Washington and not more than seven (7) may operate to any one of the other cities specified.

G. The designated airlines may, at their option utilize any wide or narrow bodied aircraft equipment, provided that the frequencies set forth in paragraphs A-F shall be determined on a capacity equivalency conversion factor, as follows:

1. For combination services:

1	B-737/B-727/IL-62M/TU-154	= 1.0
1	A-310/Stretched DC-8/B-757/B-767 A300-605R with 218 seats IL-86 with 220 seats	= 1.3
1	L-1011/A-300/DC-10 A300-605R with 267 seats IL-96/IL-86 with 250 seats	= 1.5
1	B-747	= 2.0

New or other types of aircraft may be operated based on a conversion factor which most closely approximates the seating capacity for the listed aircraft.

2. For all-cargo services:

1	L-100/B-727/TU-154	= 0.5
1	IL-76/DC-8	= 1.0
1	DC-10-30CF	= 1.3
1	MD-11F	= 1.5
1	B-747/AN-124	= 2.0

New or other types of aircraft may be operated based on a conversion factor which most closely approximates the weight capacity for the listed aircraft.

H. The frequencies mentioned above may be increased in accordance with Article 16 of this Agreement. Extra sections operated by a designated airline of a Contracting Party shall not be counted as a frequency, but must be approved in advance by the appropriate authorities of the other Contracting Party.

#### Section IV--Overflights

Pan American World Airways, a designated airline of the United States, may overfly the territory of the Union of Soviet Socialist Republics nonstop on flights between points in Europe and the Indian subcontinent in both directions, with an aggregate frequency of up to seven (7) round trip flights per week, on airways approved by the aeronautical authorities of the Union of Soviet Socialist Republics. If Pan American World Airways operates fewer than seven (7) round trip flights per week, the remaining number of flights may be operated by any other U.S. scheduled airline upon no less than 30 days advance notice to the Government of the Union of Soviet Socialist Republics through diplomatic channels.

Section V--Termination

This Annex will expire on March 31, 1993. Prior to March 31, 1993, the Parties agree to consult six months in advance of the expiration date to determine whether the provisions of this Annex should be continued or modified. This Section does not modify any other provision of the Agreement regarding consultations, suspension, or termination of the Agreement.

ANNEX 2

CHARTER AIR SERVICE

I. The airlines of each Contracting Party may operate commercial charter flights into points in the territory of the other Contracting Party.

II. All charter applications shall receive positive consideration on the basis of comity and reciprocity by the aeronautical authorities of the Contracting Parties. Such applications shall be subject to advance approval of routings and points in accordance with the safety and national security requirements of the Contracting Party receiving the application.

III. On the North Atlantic route, the total number of such round-trip flights for the airlines of each Contracting Party shall not exceed one hundred (100) charter flights per year. Charter flights over the number mentioned above shall receive positive consideration by the aeronautical authorities of the respective Contracting Party on the basis of comity and reciprocity. The above quota may be changed subject to agreement between the respective authorities of the Contracting Parties.

IV. Temporarily, on the North Pacific route, charter flights shall not be subject to the above quota and requests for them shall be given positive consideration on the basis of comity and reciprocity.

V. Subject to advance approval of routings and points in compliance with entry, transit, customs and immigration laws and regulations, and in accordance with the safety and national security requirements of the receiving Contracting Party, decisions on charter applications shall be made within 20 days of receipt of the application. In the event of denial of an application, the denial shall specify the reason therefor: (A) reciprocity, (B) safety, and (C) national security considerations. Applications filed on short notice shall receive sympathetic consideration.

VI. Charter flights shall be operated in accordance with the charter rules of the country in which the charter traffic originates.

VII. Humanitarian charters, approved by the Contracting Parties as such, shall not be included in the numerical limitations set forth in section III above.

VIII. All flights not "engaged in the carriage of passengers, cargo, or mail for remuneration or hire" within the meaning of

Article 5, paragraph 2, of the Convention on International Civil Aviation, are governed by that Article, and are not subject to quota under this Annex.

IX. Nothing in this Annex shall preclude the establishment of joint ventures between a U.S. airline authorized to operate charter services and an airline of the U.S.S.R., subject to the approval of both Contracting Parties. Flights operated in any such joint venture shall not be subject to quota under this Annex.

X. This Annex shall become effective on January 1, 1991, and shall expire on March 31, 1993. Prior to March 31, 1993, this annex may be terminated on 60 days notice by either Contracting Party by diplomatic note. The Parties agree to consult six months in advance of the expiration date to determine whether the provisions of this Annex should be continued or modified. This paragraph does not modify any other provision of the Agreement regarding consultations, suspension, or termination of the Agreement.

ANNEX 3

FINANCIAL OPPORTUNITIES

I. At such time as any currency of the U.S.S.R. shall become freely convertible, or at such time as any currency of the Soviet Union shall become freely convertible when used for the purpose of purchasing international transportation services from either a Soviet or foreign entity,<sup>1/</sup> the airlines of the Contracting Parties, alone or, at their option, as participants in a joint-venture, shall, to an equal extent, have the right to:

A. engage in the sale of air transportation in the territory of the other Contracting Party, either directly or, at the airlines' discretion, through its agents;

B. sell air transportation on their own transportation documents, and any person shall be free to purchase such transportation, in such currency of the other Contracting Party, or in freely convertible currencies;

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<sup>1/</sup> At such time as the above conditions have been met, the Contracting Parties shall consult to discuss implementation of the rights set forth in paragraphs A through E of this section.

C. convert and remit, on demand, without restrictions or taxation with regard to these operations, to or from the U.S. and U.S.S.R. local revenues in freely convertible currencies, in excess of sums locally disbursed, at the exchange rate applicable on the date the designated airline makes the initial application for remittance and at the maximum exchange rate permitted for any foreign businesses conducting business in that country;2/

D. pay for local expenses including purchases of fuel, in the territory of the other Contracting Party, in such currency, or, at their discretion, pay for such expenses in freely convertible currencies according to currency regulations;2/ and

E. hold bank accounts in their own names in the territory of the other Contracting Party, in the currency of either Contracting Party, or in any freely convertible currency, at the airlines' option.

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2/ In the event that the conditions in the first sentence of this section have been met by the establishment of a currency or exchange rate limited to transportation services, the Contracting Parties shall meet to discuss implementation of this section in accordance with Soviet currency controls.

II. Prior to such time as U.S. airlines shall be permitted under Soviet law to fully exercise all rights specified in I A through E above, U.S. airlines may exercise those rights in the U.S.S.R. to the maximum extent permitted by Soviet law, and in any event to the maximum extent permitted to any other airline of any nationality other than national airlines of the U.S.S.R. Designated U.S. airlines are permitted to sell freely passenger and cargo transportation in Soviet territory on their own transportation documents for freely convertible currency at their city offices and through U.S.S.R. travel agents, as well as to appoint agents at their discretion, in addition to designated carriers of the U.S.S.R., subject to applicable Soviet law.

III. To the extent that Soviet law may require participation in a joint venture with a Soviet entity in order for U.S. airlines to exercise the rights provided in I A through E, above, U.S. designated airlines shall be permitted to participate in such joint ventures, and all necessary actions or participation by Soviet airlines or entities shall be accomplished, to the effect that the specified rights may be exercised by U.S. designated airlines to the maximum extent permitted by Soviet law.

IV. To the extent U.S. designated airlines are not permitted to fully exercise the rights set forth in I A through E, above, and/or are required to make sales through a Soviet national

airline and/or other entity, U.S. designated airlines may select a General Sales Agent of their choice from among those authorized to make such sales and may, in this connection, choose any agent permitted to be utilized by any airline of any nationality other than national airlines of the U.S.S.R.

V. Effective April 1, 1991, and until such time as conditions will be created in the U.S.S.R. for the full exercise of those rights set forth in Section I of this Annex 3:

A. Ruble sales in the U.S.S.R., by designated U.S.S.R. airlines, on flights operated from the U.S.S.R. and return by U.S. designated airlines, are guaranteed equivalent to eight and three quarters (8.75) percent of the average annual round trip (one round trip equals two one way flights) available capacity offered by each U.S. designated airline, in accordance with tariffs established pursuant to Article 4 of this Agreement and applicable to the U.S. airlines. Payments will be made monthly to the U.S. airlines, in dollars, at the official exchange rate on the date of sale, no later than 45 days after such sales have been made.

B. The provisions of this Section V, paragraph A, shall apply equally to sales on scheduled all-cargo service.

C. Commission rates for sales by such designated airlines shall not exceed the commission rates set forth in IATA Resolutions.

Prior to April 1, 1991, the Agreed Balancing Mechanism set forth by the exchange of diplomatic notes of February 13, 1986, shall remain in force.

VI. The designated airlines of the U.S.S.R. shall have the right to freely sell passenger and cargo air transportation on their own documents of carriage within the U.S. territory within their own offices and through U.S. travel agencies, as well as to appoint sales agents of their own choice. Such sales and appointments are subject to generally applicable U.S. law.

VII. The local expenses of U.S. airlines within the territory of the Soviet Union shall be reviewed by both Contracting Parties, annually or as otherwise agreed by the Contracting Parties, to ensure that no discriminatory practices exist in the provision or cost of those expenses, and that such expenses are not higher than equivalent expenses in the United States, or those paid by any other foreign airline in the U.S.S.R.

VIII. The Governments of the U.S. and the U.S.S.R., and/or U.S. and U.S.S.R. aviation authorities, retain the right to assign agents for ground service in the U.S. and in the U.S.S.R., for any and all U.S. and U.S.S.R. airlines.

IX. Ground handling expenses, airport landing fees, fuel, en route charges for flights landing in the territory of the Contracting Parties, and other charges at Soviet airports shall not, in the aggregate, exceed those charged for corresponding services, as follows:

A. for New York and Washington services, the average of those charged at John F. Kennedy airport, New York, and Dulles International Airport, Washington, D.C.;

B. for North Atlantic services other than New York and Washington, the average of those charged at Miami International and Chicago O'Hare Airports;

C. for Pacific services, the average of those charged at San Francisco airport in California, and Anchorage airport in Alaska.

For the purposes of this paragraph ground handling shall include those activities specified in the appropriate Annex to the standard IATA handling agreement.

X. The Governments of the U.S. and the U.S.S.R., and/or the U.S. and U.S.S.R. aviation authorities, retain the right to assign an exclusive general agent for the sale of passenger and cargo transportation for the execution of sales in their respective territories on flights of one or all designated airlines of the other Contracting Party, or to restrict the sale of transportation by any or all designated airlines of the other Contracting Party to the degree necessary to ensure an equivalency of opportunities for the designated carriers of the Contracting Parties. At the request of the Governments of the U.S. or the U.S.S.R., and/or the U.S. or U.S.S.R. aviation authorities, the designated airlines of the other Contracting Party shall provide, within a 60 day period from the date of the request, an accounting of the sales on such airlines within the territory of the Contracting Party requesting the accounting.

XI. Either side may withhold or suspend equivalent authority provided under Annexes 1 and 2 of this Agreement in the event that the necessary commercial agreements under Article 2 of the Agreement, despite serious negotiations, cannot be, or have not been consummated to the satisfaction of the airlines and the appropriate authorities of the Contracting Parties.

XII. Each Contracting Party shall endeavor to ensure that there is available to the designated airlines of the other Contracting Party offices for the administration, sale and promotion of air transportation including facilities of a quality, accessibility, size, location and cost not less favorable than available to its designated airlines or any other airline engaged in international air transportation.

XIII. Airlines, as well as appropriate authorities, agencies or departments of both Contracting Parties will cooperate in facilitating marketing programs as well as in carrying out measures aimed at securing priority in hotel reservations and other ground arrangements or requirements of travel, for passengers traveling on flights of the airlines of both Contracting Parties to the extent necessary to assure that the opportunities for such marketing programs, hotel reservations and other ground arrangements or requirements of travel shall be no less favorable for the services of one Contracting Party than for the services of the other Contracting Party, or for the services of the airlines of any third country.

XIV. This Annex will expire on March 31, 1993. Prior to March 31, 1993, this Annex may be terminated on 60 days notice by either Contracting Party by diplomatic note. The Parties agree to consult six months in advance of the expiration date to determine whether the provisions of this Annex should be continued or modified. This Section does not modify any other provision of the Agreement regarding consultations, suspension, or termination of the Agreement.