

EC/Russia Agreement: agreed principles of the modernisation of the existing system of utilisation of the Transsiberian routes

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PURPOSE: to conclude an agreement on the modernisation of the existing system of utilisation of the Transsiberian routes between the European Community and its Member States, on the one hand, and the Russian Federation, on the other hand.

PROPOSED ACT: Decision of the Council and the representatives of the governments of the EU Member States meeting within the Council.

BACKGROUND: this draft agreement aims to solve the issue of Siberian overflight payments requested by the Russian Federation from EC carriers for overflights over Russian territory which were

an important stumbling block in EU-Russia relations. The payments are an EU-Russia trade irritant which has to be solved before Russia's accession to WTO.

The agreement will strengthen transport cooperation in the framework of the EU-Russia Common Economic Space. It lays down general principles which will have to be implemented in bilateral air services agreements between Member States and the Russian Federation.

Based on the negotiating directives of the mandate, the text of the agreement was agreed ad referendum at the final negotiating round on 24 November 2006 between Vice-president Barrot and Mr. Levitin, Transport Minister of the Russian Federation, in the margins of the EU-Russia summit in Helsinki.

CONTENT: the agreement contains key principles which must be implemented in the bilateral agreements between Member States and the Russian Federation and includes the following results:

- all payments after 1st January 2014 shall be cost-based, transparent and non-discriminatory between foreign carriers and in line with the Chicago Convention;
- the provisions of bilateral agreements between EU Member States and the Russian Federation requiring prior conclusion of commercial agreements for Transsiberian routes shall be terminated;
- all new frequencies granted by the Russian side during the transition period and beyond shall be free of payments and will not need the prior conclusion of a commercial agreement;
- all frequencies currently leased by EC carriers from Russian carriers will be grandfathered. In return, the Member States will have the choice either of increasing overflight frequencies for the Russian side or agreeing bilaterally with the Russian side on any other means;
- the current level of payments will be reduced in 2010 for certain parts of the payments.

In a separate letter, the Russian Minister Levitin stated the Russia Federation's readiness to increase overflight frequencies for EC carriers in future bilateral negotiations with Member States. The increase of overflight frequencies to Asian destinations will be made taking into account the traffic rights obtained by EU Member States to destinations in the Far East.

Lastly, it should also be noted that bilateral air services agreements will be amended, but will remain in force.