

## JOINT MEMORANDUM OF UNDERSTANDING

The representatives of the governments of the United States of America and the Russian Federation, having met in Washington, on 29 - 30 January 1996, and having discussed matters relating to aircraft market access and the integration of the Russian aircraft sector into the world economy and the international trading system,

agree as follows:

1. The Russian Federation affirmed its intention, as reforms proceed, to increase access to the Russian market, including, among other sectors, the civil aircraft sector. It reiterated its expectation that current efforts to restructure its aircraft industry would be completed by 1998-1999, allowing for full integration of that industry into the world economy.
2. The Russian Federation confirmed that it will join the Agreement on Trade in Civil Aircraft on terms and conditions acceptable to the Russian Federation and other parties within a reasonable period of time. The appropriate instructions will be given to the Russian delegation in Geneva to pursue negotiations on this subject.
3. During the interim period pending completion of Russia's restructuring program for the aircraft industry and its full integration with the international trading system, the Russian Federation plans to steadily reduce its tariffs on civil aircraft and to take appropriate steps to provide fair and reasonable access for non-Russian civil aircraft to the Russian market.
4. The Governments of the United States of America and the Russian Federation acknowledged that currently the viable market demand for civil aircraft in Russia is very weak (with delivery of only 10 aircraft being taken by Russian airlines in 1995) but recognized that the airlines of Russia are beginning to experience a growing demand for new and replacement aircraft. Given the important role national airlines play in economic development, both governments believe that there will be a substantial number of sales and/or leases of Russian and non-Russian civil aircraft in the coming years. In this regard, the Russian Federation indicated its intention to create an environment which will allow its airlines to meet their needs for non-Russian aircraft leases and purchases by granting an adequate number of tariff waivers each year on a non-discriminatory basis, providing equitable treatment for foreign civil aircraft, and taking other appropriate actions to remove impediments to such transactions.
5. The Russian Federation also indicated it will take the necessary measures, consistent with Russian law, to extend the term of all existing lease arrangements for foreign civil aircraft in Russia from 5 to 7 years and assure that waivers from customs duties are truly implemented for these aircraft.
6. Both governments agreed that the expected improvement of the Russian economy would eventually result in a realization of the potentially great demand by Russian airlines for modern aircraft, and that this demand would require a steady growth in Russian civil aircraft production as well as significant participation by non-Russian civil aircraft and component

manufacturers. As this strengthening of the Russian economy and the resultant firming up of demand for civil aircraft occurs, the Russian Federation affirmed its intention to increase the number of tariff waivers granted and to liberalize government policies to meet this demand. The Russian government will facilitate the participation of non-Russian civil aircraft and components manufacturers commensurate with the growth in this market. The U.S. Government will take appropriate actions consistent with its internal policies and international obligations to enable its manufacturers to take advantage of these opportunities.

7. Both governments agreed to meet at least once a year to review the matters covered by this memorandum with a view towards resolving any problems that might arise concerning market access and towards facilitating the integration of the Russian aircraft sector into the world economy and the international trading system, including ways in which increased trade in civil aircraft and related products could be facilitated.

Signed at Washington this 30th day of January, 1996.

On behalf of the Government  
of the United States of America:

[signed]

Al Gore  
Vice President

On behalf of the Government  
of the Russian Federation:

[signed]

Victor Chernomyrdin  
Prime Minister