

**DECISION  
OF THE GOVERNMENT OF THE RUSSIAN FEDERATION  
NO. 716 OF JULY 7, 1998  
ON FURTHER MEASURES OF STATE SUPPORT FOR CIVIL AVIATION OF RUSSIA**

*Decision of the Government of the Russian Federation No. 574 of August 2, 2001 abolished this Decision*

With the objective to improve the competitive ability, to update a fleet of aircraft, to increase a share of Russian airlines in the markets of international air service, the Government of the Russian Federation resolves:

1. The Ministry of Economics of the Russian Federation shall within a month submit to the Commission for Protective Measures in Foreign Trade, Tariff and Customs Policies of the Government of the Russian Federation proposals on changing the rates of import customs duties on aircraft, engines and aviation simulators of foreign make (hereinafter referred to as "aviation equipment"), including on the exemption of the said equipment from customs duties, unless a respective federal program provides for measures for the development and manufacture of competitive domestic analogues.

2. To establish that additional concessions in customs payments as regards aviation equipment to be temporarily imported in accordance with [Articles 68](#) and [72](#) of the Customs Code of the Russian Federation shall be granted subject to the following conditions:

a) the absence of certified domestic analogues of imported aviation equipment on the date of signing a contract of lease;

b) the availability of contracts made by a Russian airline with domestic manufacturers of aviation equipment for the purchase or leasing of imported aviation equipment to the amount that exceeds up to three times the sum that may result from the granting of customs preferences;

c) the conclusion of an investment agreement between the Ministry of Economics of the Russian Federation and a Russian airline.

3. To approve an attached preliminary investment [Agreement](#) between the Ministry of Economics of the Russian Federation and a Russian airline on mobilization of domestic and foreign investors' funds to update a fleet of aircraft of Russian airlines and to promote the manufacture of domestic civil aviation equipment.

4. To authorize the Ministry of Economics of the Russian Federation by agreement with the Ministry of Finance of the Russian Federation, the Ministry of Industry and Commerce of the Russian Federation, the State Customs Committee of the Russian Federation, the State Tax Service of the Russian Federation and the Federal Aviation Service of Russia to make investment agreements with Russian airlines for raising funds of domestic and foreign investors in order to update a fleet of aircraft of Russian airlines and to promote the manufacture of domestic civil aviation equipment.

5. The Ministry of Foreign Affairs of the Russian Federation and the Interstate Aviation Committee shall with the participation of the Federal Aviation Service of Russia accelerate the signing of a bilateral intergovernmental agreement with the USA for air safety.

6. The Ministry of Economics of the Russian Federation shall provide for the financing of completion of certification of Il-96T airliner in the USA by using the funds allocated for implementation of the Federal directed program of development of civil aviation equipment of Russia until the year 2000.

7. The Ministry of Economics of the Russian Federation shall jointly with the Federal Aviation Service of Russia within a month examine an issue of implementation of earlier adopted decisions of the government of the Russian Federation as regards the exemption of Russian airlines from payment of customs duties and taxes on aviation equipment imported by them and submit, if need be, relevant proposals to the Government of the Russian Federation.

Chairman of the Government

of the Russian Federation

S. Kiriyenko

**Preliminary Investment Agreement**  
**(approved by the Decision of the Government of the Russian Federation**  
**No. 716 of July 7, 1998)**

between the Ministry of Economics of the Russian Federation and

\_\_\_\_\_

(name of Russian airline)

The Ministry of Economics of the Russian Federation and \_\_\_\_\_

\_\_\_\_\_

(name of Russian airline)

hereinafter referred to as an "airline",

with the aim of raising funds of domestic and foreign investors in order to update a fleet of aircraft of Russian airlines and to promote the manufacture of domestic civil aviation equipment have made this Agreement as follows:

**Article 1**

With respect to temporarily imported aircraft of foreign manufacture having no analogues of certified domestic aircraft and given the contracts made between an Airline and enterprises making civil aviation equipment for the purchase of domestic civil airliners, an Airline shall be granted state support in the form of total exemption from customs payments (except for customs dues) in the amount of mln. Roubles..... as is envisaged by the legislation of the Russian Federation.

The amount of investments, quantity of aircraft of foreign make to be imported, the amount of state support to an Airline by granting concessions in customs payments for each type of foreign aircraft with the breakdown by years is given in Appendix No. 1 hereto.

**Article 2**

An Airline shall make investments in the purchase of domestic aircraft on terms and conditions of \_\_\_\_\_

(purchase, lease, etc.)

The amount of the said investments is fixed at mln. Roubles.....

The amount of investments, quantity and types of domestic aircraft to be purchased with the breakdown by years is given in Appendix No. 2 hereto.

**Article 3**

An Airline shall provide for the organization and financing of purchase of domestic aircraft and temporary importation of foreign aircraft in the amount and within time-limits as is specified in Appendices Nos. 1 and 2 hereof.

The Ministry of Economics of the Russian Federation shall assist in creating conditions essential to the conduct of activities by an Airline associated with the purchase of domestic aircraft and temporary importation of foreign aircraft and shall exercise control over the implementation of this Agreement.

**Article 4**

In case of default by an Airline on its obligations to purchase domestic aircraft, Article 1 hereof shall lose effect in so far as it concerns the granting of state support to an Airline.

In that case an Airline shall within 3 months remit to the federal budget such funds that it has failed to pay upon temporary importation of foreign aircraft into the customs territory of the Russian Federation in compliance with the privileges specified under Article 1 hereof and Appendix No. 1

hereto as well as interest totalling 1/300 of the refinancing rate of the Central Bank of the Russian Federation for each day of using such privilege.

#### **Article 5**

An Airline shall submit to the Ministry of Economics of the Russian Federation twice a year information as to the purchase under this Agreement of domestic aircraft and temporary importation of foreign aircraft as well as such other data that is associated with an Airline's obligations hereunder.

#### **Article 6**

Any differences that may arise in connection with the execution of this Agreement shall be settled by way of negotiations between the Ministry of Economics of the Russian Federation and an Airline.

In the event it is not possible to settle disputes and differences through negotiations, these shall be settled according to the procedure established by the legislation of the Russian Federation.

#### **Article 7**

Any amendments and addenda shall be introduced herein upon mutual agreement of the Ministry of Economics of the Russian Federation and an Airline and shall be legalized by protocols constituting an integral part of the Agreement.

#### **Article 8**

This Agreement is made for .... years and shall take effect since adoption by the Government of the Russian Federation of a decision on the granting to an Airline of concessions in customs duties and taxes.

For the Ministry of Economics  
of the Russian Federation

For .....  
(name of Russian Airline)

### **Appendix No. 1 to Preliminary Investment Agreement**

#### **Basic Data on the Purchase by an Airline of Foreign Aircraft**

Name	199...	199...	Total
1. Number of aircraft (pcs.)* including:  (type of aircraft)  (type of aircraft)			
2. Amount of investments (cost of imported			

- aircraft  
 (mln. US Dollars)\*  
 (type of aircraft)  
 (type of aircraft)
3. State support by  
 granting concessions  
 in customs payments  
 (mln. Roubles)\*  
 (type of aircraft)  
 (type of aircraft)
- 4.

**Appendix No. 2**  
**to Preliminary Investment**  
Agreement

**Basic Data on the Purchase by an Airline  
 of Domestic Aircraft**

Name	199...	199...	Total
1. Number of aircraft (pcs.)* including: (type of aircraft) (type of aircraft) (type of aircraft)			
2. Amount of investments - total: mln. US Dollars mln. Roubles including: a) (type of aircraft) mln. US Dollars mln. Roubles b) (type of aircraft)			

mln. US Dollars

mln. Roubles

c) (type of aircraft)

mln. US Dollars

mln. Roubles

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\* The figures are given on the basis of estimation. The figures may be adjusted by an Airline by agreement with the Ministry of Economics of the Russian Federation.