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this is a true copy of the original
Nicosia, 12.1.1.2017

[Signature]
for Permanent Secretary

**MEMORANDUM OF UNDERSTANDING ON AIR SERVICES
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF CYPRUS
AND
THE GOVERNMENT OF THE KINGDOM OF BAHRAIN**

Delegations representing the Governments of the Republic of Cyprus and the Kingdom of Bahrain (hereinafter referred to as the "Cyprus Delegation" and the "Bahrain Delegation" respectively or "Contracting Party" and collectively as the "Delegations" or the "Contracting Parties") met in Manama, on 9th of March 2015 to discuss matters relating to air services between and beyond the two countries and to discuss the text of a new Air Services Agreement.

Discussions were held in a cordial and constructive atmosphere of mutual understanding and goodwill. They were characterized on both sides by the intention to negotiate constructively, in the interest of a positive development of their bilateral aviation relations.

As a result of these discussions the following understanding was reached between the two delegations:

1. Air Services Agreement

The Delegations agreed upon and signed the new Air Services Agreement which is attached. The Delegations further agreed that when this new Air Services Agreement enters into force, the Air Services Agreement between the Government of the Republic of Cyprus and the Government of the Kingdom of Bahrain, signed on 30th July 1991, with all supplements Annexes and amendments thereto will be terminated in regard to relations between the Republic of Cyprus and the Kingdom of Bahrain.

Both Delegations will endeavor to expedite their internal procedures so as the new signed Air Services Agreement enters into force at the earliest.

Pending the entry into force of the new Air Services Agreement, the Delegations agreed to facilitate the operations of the Designated Airlines, directly or through commercial arrangements, and to act in conformity with the principles of the new Air Services Agreement within the scope of their respective competencies, with effect from the date hereof.

2. Designation

(a) The Bahrain Delegation confirmed the designation of Gulf Air and DHL Aviation (EEMEA) B.S.C. (c) as its designated airlines. Cyprus Delegation confirmed the said designation.

(b) Cyprus Delegation informed that its airline(s) will be designated in due course by the Aeronautical Authorities of Cyprus. The Bahrain Delegation confirmed that.

3. Principles Governing Operations of Agreed Services

The Delegations agreed that the designated airlines of the Republic of Cyprus and the Kingdom of Bahrain will be entitled to operate full third and fourth freedom traffic rights in scheduled passenger and / or cargo services separately or in combination on the routes specified in ANNEX – Route Scheduled to the Air Services Agreement without any restrictions on capacity, number of frequencies and aircraft types.

4. Exercise of Fifth Freedom Traffic Rights

The designated airlines of both Contracting Parties shall be allowed to exercise full 5th freedom traffic rights for the following intermediate and/or beyond points:

- (a) Asia including Bangladesh, India, Pakistan and Sri Lanka.
- (b) North America;
- (c) South Africa;
- (d) Middle East (except Aleppo, Alexandria, Amman, Baghdad, Beirut, Cairo, Damascus, Jeddah, Riyadh, Sharm-el-Sheikh);
- (e) Russia (except Moscow & St Petersburg); and
- (f) Europe: Denmark, Finland, Latvia, Lithuania, Luxembourg, Malta, Norway, Portugal, Slovakia, Spain, Sweden, Slovenia;
- (g) Australia.

5. Operation of Charter Flights

Both Contracting Parties agreed that their Aeronautical Authorities will favorably examine applications from the airlines of the other Contracting Party for the operation of charter passenger services.

6. Avoidance of Double Taxation

Both delegations have agreed to recommend to the Competent Authorities in their respective countries, to conclude an agreement for the avoidance of double taxation on revenues arising from the airline's activities and from the employment incomes of their nationals when based in the territory of the other Contracting Party.

7. Code Sharing

1. In operating or holding out air services on the specified routes, any designated airline of one Contracting Party may enter into blocked space and code -sharing arrangement with:

(a) an airline or airlines of either Contracting Party;

(b) an airline or airlines of a third Party. Should such a third Party not authorize or allow comparable arrangements between the airlines of the other Contracting Party and other airlines on services to, from and via such third country, the Contracting Parties have the right not to accept such arrangements.

2. The above provisions are, however, subject to the conditions that all airlines in such arrangements:

(a) hold the underlying traffic rights and meet the principles of this Agreement;

(b) meet the requirement applied to such arrangements by the aeronautical authorities of both Contracting Parties.

3. The code-sharing airlines are required to submit a proposed code-sharing and blocked-space arrangement to the aeronautical authorities of both Contracting Parties for approval at least forty -five (45) days before its proposed introduction.

4. Each airline involved in code sharing arrangements pursuant to this paragraph must, in respect of any ticket sold by it:

(a) make clear to the purchasers at the point of sale, which airline will actually operate each sector of the service, and with which airline or airlines the purchaser is entering into a contractual relationship;

(b) indicate in writing on the ticket itself and / or (if possible), on the itinerary document accompanying the ticket, or any other document replacing the ticket, such as written confirmation, including information on who to contact in case of a problem and a clear indication of which airline is responsible in case of accident; and

(c) ensure that its ground staff inform orally the passengers on all the above information, at all stages of the journey.

8. Computer Reservation Systems

The Contracting Parties agree, that the computer reservation systems (CRS) shall, in their respective territories, be operated so, that

(a) the interests of consumers of air transport products are protected from any misuse of CRS information, including misleading information thereof, and

(b) the CRS Code of Conduct adopted by the International Civil Aviation Organisation is applied to the distribution of international passenger and cargo service products.

9. Change of Gauge

In operating any agreed service on any specified route, a designated airline of one Contracting Party may substitute one aircraft for another at a point in the territory of the other Contracting Party on the following conditions only:-

(a) that it is justified by reason of economy of operation

(b) that the aircraft used on the section of the route more distant from the terminal in the territory of the first Contracting Party is not larger in capacity than that used on the nearer section;

(c) that the aircraft used on the more distant section shall be operated only in connection with and as an extension of the service provided by the aircraft used on the nearer section and shall be scheduled so to do; the former shall arrive at the point of change for the purpose of carrying traffic transferred from, or to be transferred into, the aircraft used on the nearer section and its capacity shall be determined with primary reference to this purpose;

(d) that there is an adequate volume of through traffic;

(e) that the airline shall not hold itself out to the public by advertisement or otherwise as providing a service which originates at a point where the change of aircraft is made;


(f) that the provisions of Article 9 the Air Services Agreement shall govern all arrangements with regard to change of aircraft;

(h) that in connection with any one aircraft flight into the territory in which the change of aircraft is made, only one flight may be made out of that territory.

This Memorandum of Understanding shall come into effect on the date of its signature and shall supersede all previous Memoranda relating to Air Services between the two Contracting Parties.

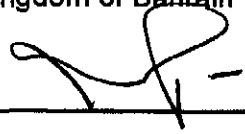
Signed in Manama on 9th March 2015 in two originals in the English and Arabic languages, both texts having equal validity. In case of divergence of interpretation, the English text will prevail.

For the Government of
The Republic of Cyprus



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For the Government of
The Kingdom of Bahrain



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