

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 19 2006

H.E. German Gref
Minister
Ministry of Economic Development and Trade
of the Russian Federation

Dear Minister Gref:

I have the honor to acknowledge receipt of your letter of this date which reads as follows:

"The Government of the Russian Federation (Russia) and the Government of the United States of America (United States) have successfully negotiated the reduction of industrial tariffs as part of our bilateral negotiations to the World Trade Organization (WTO). As part of our negotiations, we reached a mutually satisfactory result on tariffs on civil aircraft that will be bound in Russia's Schedule of Concessions on Goods. In addition, Russia and the United States reached the following agreement regarding tariff treatment for certain aircraft temporarily entered into the territory of the Russian Federation pursuant to an operational lease.

For operational leases entered into between the date of this letter and 1 January 2011, Russia will assess duties as specified below on certain narrow body aircraft as provided for in 8802.40.100: aeroplanes and other powered aircraft of an unladen weight of more than 15,000 kilograms, that are subject to operational leases, provided that the operational lease calls for delivery of such aircraft after 1 April 2007. For aircraft under the heading 8802.40.100.3 with 50 seats or less, Russia will assess a duty of 8 percent, for operation under a lease for a specified period of three years. For aircraft under the heading 8802.40.100.4 with at least 115 seats but not more than 160 seats, Russia will assess a duty of 10 percent for operation under a lease for a specified period of three years. The dutiable value of aero planes under these headings shall be determined pursuant to Article 7 of the WTO Agreement on Implementation of Article VII of GATT 1994 and customary practice in Russia.

These actions will be taken consistent with the provisions of paragraph 2 of Article 212 of the Customs Code of the Russian Federation, which provides for partial conditional exemption from customs duties and taxes in certain circumstances.

I would be grateful if you would confirm, by a letter in reply, that your government shares this understanding with respect to tariff treatment for certain civil aircraft subject to operational leases.


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Please accept the assurances of my deepest respect.”

I have the honor to confirm that my government shares this understanding with respect to tariff treatment for certain civil aircraft subject to operational leases.

Please accept the assurances of my deepest respect.

A handwritten signature in cursive script, appearing to read "Susan C. Schwab".

Susan C. Schwab