



Iceland No. 1 (2021)

# Agreement

between the Government of the United Kingdom of Great Britain and Northern  
Ireland and the Government of Iceland concerning Air Services

Reykjavik, 9 December and London, 16 December 2020

[The Agreement is not in force]

*Presented to Parliament  
by the Secretary of State for Foreign, Commonwealth and Development Affairs  
by Command of Her Majesty  
February 2021*



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**AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED  
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE  
GOVERNMENT OF ICELAND CONCERNING AIR SERVICES**

The Government of the United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”) and the Government of Iceland (“Iceland”) hereinafter referred to as the "Contracting Parties";

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944;

Desiring to conclude an agreement supplementary to the said Convention for the purpose of establishing air services between and beyond their respective territories;

Have agreed as follows:

ARTICLE 1

**Definitions**

For the purpose of this Agreement, unless the context otherwise requires, the term:

- (a) "aeronautical authority" means in the case of the United Kingdom, the Secretary of State for Transport and, for the purpose of Article 7 (Prices) of this Agreement, the Civil Aviation Authority, and in the case of Iceland, the Ministry of Transport and Local Government, or, in both cases, any person or body who may be authorised to perform any functions at present exercisable by the above-mentioned authority or similar functions;
- (b) "this Agreement" includes the Annex hereto and any amendments to it or to this Agreement;
- (c) “Air Operator’s Certificate” means a document issued to an airline which affirms that the airline in question has the professional ability and organisation to secure the safe operation of aircraft for the aviation activities specified in the certificate;
- (d) "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Chicago Convention;
- (e) "authorised airline" means an airline which has been authorised in accordance with Article 4 (Authorisation) of this Agreement;
- (f) "the Chicago Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944 and

includes: (i) any amendment thereof which has been ratified by both Contracting Parties; and (ii) any Annex or any amendment thereto adopted under Article 90 of that Convention, insofar as such amendment or annex is at any given time effective for both Contracting Parties;

- (g) “EU Member State” means a State that is now or in the future a contracting party to the Treaty on the Functioning of the European Union;
- (h) “ICAO” means the International Civil Aviation Organization;
- (i) “price” means the prices to be paid for the carriage of passengers, baggage and cargo and the conditions under which those prices apply, including prices and conditions for agency and other auxiliary services, but excluding remuneration for the carriage of mail and conditions for the carriage of mail;
- (j) "territory" in relation to a State has the meaning assigned to it in Article 2 of the Chicago Convention;
- (k) "user charges" means a charge made to airlines by the competent authority or permitted by that authority to be made for the provision of airport property or facilities or of air navigation facilities (including facilities for overflights), or related services and facilities, for aircraft, their crews, passengers and cargo;
- (l) “the agreed services” and “the specified routes” have the meaning given to those terms in Article 3(2) of this Agreement; and
- (m) “EEA Agreement” means the Agreement on the European Economic Area signed at Oporto on 2 May 1992 with later modifications and amendments, and its Protocols and Annexes.

## ARTICLE 2

### **Applicability of the Chicago Convention**

The provisions of this Agreement shall be subject to the provisions of the Chicago Convention insofar as those provisions are applicable to international air services.

## ARTICLE 3

### **Grant of Rights**

(1) Each Contracting Party grants to the other Contracting Party the following rights in respect of its international air services:

- (a) the right to fly across its territory without landing;
- (b) the right to make stops for non-traffic purposes in its territory.

(2) Each Contracting Party grants to the other Contracting Party the rights hereinafter specified in this Agreement for the purpose of operating international air services on the routes specified in the appropriate Section of the Annex to this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively. While operating an agreed service on a specified route the airline or airlines authorised by each Contracting Party shall enjoy in addition to the rights specified in paragraph (1) of this Article the right to make stops in the territory of the other Contracting Party at the points specified for that route in the Annex to this Agreement for the purpose of taking on board and discharging passengers and cargo, including mail.

(3) If because of armed conflict, political disturbances or developments, or special and unusual circumstances, an authorised airline of one Contracting Party is unable to operate a service on its normal routeing, the other Contracting Party shall use its best efforts to facilitate the continued operation of such service through appropriate temporary rearrangements of routes.

## ARTICLE 4

### **Authorisation**

(1) Each Contracting Party shall have the right to designate airlines for the purpose of operating the agreed services on each of the specified routes and to withdraw or alter such designations. Such designation shall be transmitted to the other Contracting Party in writing.

(2) On receipt of such a designation, and of applications from the designated airline, in the form and manner prescribed for operating authorisations and technical permissions, the other Contracting Party shall grant appropriate authorisations and permissions without delay, provided:

- (a) in the case of an airline designated by the United Kingdom:
  - (i) it is established in the territory of the United Kingdom and is licenced in accordance with the applicable law of the United Kingdom; and

- (ii) effective regulatory control of the airline is exercised and maintained by the State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation; and
    - (iii) it is owned, directly or through majority ownership, and it is effectively controlled, by the United Kingdom and/or EU Member States and/or member States of the European Free Trade Association and/or by nationals of these States; and
  - (b) in the case of an airline designated by Iceland:
    - (i) it is established in the territory of Iceland in accordance with the EEA Agreement, and has a valid operating licence in accordance with national law adopted in accordance with the EEA Agreement; and
    - (ii) effective regulatory control of the airline is exercised and maintained by the Member State of the European Economic Area responsible for issuing its Air Operator's Certificate, and the relevant aeronautical authority is clearly identified in the designation; and
    - (iii) it is owned, directly or through majority ownership, and it is effectively controlled, by Member States of the European Economic Area and/or nationals of Member States of the European Economic Area; and
  - (c) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air services by the Contracting Party considering the application or applications.
- (3) When an airline has been so authorised it may begin to operate the agreed services, provided that the airline complies with the applicable provisions of this Agreement.

## ARTICLE 5

### **Revocation or Suspension of Operating Authorisations**

- (1) Either Contracting Party may revoke, suspend or limit the operating authorisation or technical permissions of an airline of the other Contracting Party:
- (a) where, in the case of an airline designated by the United Kingdom:
    - (i) it is not established in the territory of the United Kingdom or is not licenced in accordance with the applicable law of the United Kingdom; or
    - (ii) effective regulatory control of the airline is not exercised or not maintained by the State responsible for issuing its Air Operator's Certificate; or
    - (iii) it is not owned, directly or through majority ownership, or it is not effectively controlled, by the United Kingdom and/or EU Member States and/or member States of the European Free Trade Association and/or by nationals of these States;
  - (b) where, in the case of an airline designated by Iceland:
    - (i) it is not established in the territory of Iceland in accordance with the EEA Agreement, or does not have a valid operating licence in accordance with national law adopted in accordance with the EEA Agreement; or
    - (ii) effective regulatory control of the airline is not exercised or not maintained by the Member State of the European Economic Area responsible for issuing its Air Operator's Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or
    - (iii) it is not owned, directly or through majority ownership, or it is not effectively controlled, by Member States of the European Economic Area and/or nationals of Member States of the European Economic Area; or
  - (c) in the case of failure by that airline to comply with the laws or regulations normally and reasonably applied by the Contracting Party granting those rights; or
  - (d) if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement; or

- (e) where it has been determined by a Contracting Party (if the consultations under paragraph (9) of Article 6 (Fair Competition) of this Agreement have not achieved a satisfactory resolution) that the provisions of Article 6 (Fair Competition) of this Agreement are not being complied with; or
- (f) if it has been determined by a Contracting Party that there is a failure by the other Contracting Party or an airline to comply with any provision of Article 9 (Aviation Security) of this Agreement; or
- (g) if a Contracting Party determines that wider security concerns justify such action; or
- (h) in the case of failure by the other Contracting Party to take appropriate action to improve safety in accordance with paragraph (2) of Article 10 (Safety) of this Agreement; or
- (i) in accordance with paragraph (6) of Article 10 (Safety) of this Agreement.

(2) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

(3) Either Contracting Party that exercises the rights under paragraph (1) of this Article shall notify in writing the other Contracting Party as soon as possible of the reasons for the refusal, suspension or limitation of the operating authorisation or technical permission.

(4) In exercising their rights under paragraph (1) of this Article the Contracting Parties shall not discriminate between airlines on the grounds of nationality.

(5) This Article does not limit the rights of either Contracting Party to revoke, suspend or limit the operating authorisation or technical permissions of an airline of the other Contracting Party in accordance with the provisions of Article 9 (Security) of this Agreement.

## ARTICLE 6

### **Fair Competition**

(1) There shall be fair and equal opportunity for the authorised airlines of both Contracting Parties to compete in operating the agreed services on the specified routes.



(2) Each Contracting Party shall allow each authorised airline to determine the frequency and capacity of the international air transport it offers in accordance with the agreed services on the specified routes. Consistent with this right, neither Contracting Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the authorised airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Chicago Convention.

(3) Neither Contracting Party shall impose on the other Contracting Party's authorised airlines a first-refusal requirement, uplift ratio, no-objection fee, or any other requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.

(4) Neither Contracting Party shall require the filing of schedules or operational plans by airlines of the other Contracting Party for approval, except as may be required on a non-discriminatory basis to enforce the uniform conditions foreseen by paragraph (2) of this Article. If a Contracting Party requires filings for information purposes, it shall minimise the administrative burdens on air transport intermediaries and on airlines of the other Contracting Party of such filing requirements and procedures.

(5) Neither Contracting Party shall allow its authorised airline or airlines, either in conjunction with any other airline or airlines or separately, to abuse market power in a way which has or is likely or intended to have the effect of severely weakening a competitor or excluding a competitor from a route.

(6) Neither Contracting Party shall provide or permit State subsidy or support for or to its authorised airline or airlines in such a way that would adversely affect the fair and equal opportunity of the airlines of the other Contracting Party to compete in providing international air services.

(7) State subsidy or support means the provision of support on a discriminatory basis to an authorised airline, directly or indirectly, by the State or by a public or private body designated or controlled by the State. Without limitation, it may include the setting-off of operational losses; the provision of capital, non-refundable grants or loans on privileged terms; the granting of financial advantages by forgoing profits or the recovery of sums due; the forgoing of a normal return on public funds used; tax exemptions; compensation for financial burdens imposed by the public authorities; or discriminatory access to airport facilities, fuel or other reasonable facilities necessary for the normal operation of air services.

(8) Where a Contracting Party provides State subsidy or support to an authorised airline in respect of services operated under this Agreement, it shall require that airline to identify the subsidy or support clearly and separately in its accounts.

(9) If one Contracting Party believes that its authorised airlines are being subjected to discrimination or unfair practices, or that a subsidy or support being

considered or provided by the other Contracting Party for or to the airlines of that other Contracting Party would adversely affect or is adversely affecting the fair and equal opportunity of the airlines of the first Contracting Party to compete in providing international air services, it may request consultations and notify the other Contracting Party of the reasons for its dissatisfaction. These consultations shall be held not later than 30 days after receipt of the request, unless otherwise agreed by both Contracting Parties.

## ARTICLE 7

### **Prices**

- (1) Each Contracting Party shall allow prices for international air services to be established freely by each authorised airline on the basis of fair competition. Neither Contracting Party shall require their airlines to consult other airlines about the prices they charge or propose to charge for services under this Agreement.
- (2) The Contracting Parties shall not require prices to be filed with or notified to aeronautical authorities.

## ARTICLE 8

### **Customs Duties and Charges**

- (1) Each Contracting Party shall on the basis of reciprocity exempt a designated airline of the other Contracting Party to the fullest extent possible under its national law from customs duties, excise taxes, inspection fees and other national duties and charges on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores (including but not limited to such items of food, beverages and liquor, tobacco and other products destined for sale or to be used solely in connection with the operation or servicing of aircraft) and other items, such as printed ticket stock, airway bills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed free of charge by that designated airline intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline of such other Contracting Party operating the agreed services.
- (2) The exemptions granted by this Article shall apply to the items referred to in paragraph (1) of this Article:
  - (a) introduced into the territory of the Contracting Party by or on behalf of the designated airline of the other Contracting Party;
  - (b) retained on board aircraft of the designated airline of one Contracting Party upon arrival in or leaving the territory of the other Contracting Party; or

- (c) taken on board aircraft of the designated airline of one Contracting Party in the territory of the other Contracting Party and intended for use in operating the agreed services;

whether or not such items are used or consumed wholly within the territory of the Contracting Party granting the exemption, provided the ownership of such items is not transferred in the territory of the said Contracting Party.

(3) The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline of either Contracting Party, may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that territory. In such case, they may be placed under supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

(4) The exemptions provided for by this Article shall also apply in situations where a designated airline of one Contracting Party has entered into arrangements with other airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airlines similarly enjoy such exemptions from the other Contracting Party.

(5) Nothing in this Agreement shall prevent either Contracting Party from imposing, on a non-discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in an aircraft of an airline that operates between two points in its territory.

## ARTICLE 9

### **Aviation Security**

(1) Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971, the Montreal Supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988, the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1 March 1991 and any aviation security agreement that becomes binding on both Contracting Parties.

(2) The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

(3) When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

(4) Each Contracting Party shall take such measures as it may find practicable to ensure that an aircraft of the other Contracting Party which is subjected to an act of unlawful interference, and which lands in its territory, is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Wherever practicable, such measures shall be taken on the basis of mutual consultations.

(5) The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and as Annexes to the Chicago Convention to the extent that such security provisions are applicable to the Contracting Parties. Each Contracting Party shall require that its airlines and the operators of airports in its territory act in conformity with such aviation security provisions.

(6) Each Contracting Party agrees that its airlines shall be required to observe the aviation security provisions referred to in paragraph (5) of this Article required by the other Contracting Party for entry into the territory of that other Contracting Party. For departure from, or while within the territory of the other Contracting Party, airlines shall be required to observe aviation security provisions in conformity with the law in force in that Contracting Party. Each Contracting Party shall ensure that adequate security measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading; and that security measures are adjusted to meet any increased threat to the security of civil aviation where appropriate. Each Contracting Party agrees that security provisions required by the other Contracting Party for departure from and while within the territory of that other Contracting Party must be observed. Each Contracting Party shall also act favourably upon any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

(7) Each Contracting Party shall make available to the other Contracting Party on request the results of audits carried out by ICAO and the corrective actions taken by the audited state, subject to the mutual agreement of appropriate arrangements for the secure transfer, use, storage and disposal of such information.

(8) Each Contracting Party shall also give sympathetic consideration to a request from the other Contracting Party to enter into reciprocal administrative

arrangements whereby the aeronautical authorities of one Contracting Party could make in the territory of the other Contracting Party their own assessment of the security measures in respect of flights destined for the territory of the Contracting Party making the request.

(9) With full regard and mutual respect for each other's sovereignty, a Contracting Party may adopt security measures for entry into its territory. Where possible, that Contracting Party shall take into account the security measures already applied by the other Contracting Party and any views that the other Contracting Party may offer. Each Contracting Party recognises, however, that nothing in this Article limits the right of a Contracting Party to refuse entry into its territory for any flight or flights that it deems to present a threat to its security.

(10) A Contracting Party may take emergency measures to meet a specific security threat. Such measures shall be notified immediately to the other Contracting Party.

(11) Without prejudice to the need to take immediate action in order to protect transport security, the Contracting Parties affirm that when considering security measures, a Contracting Party shall evaluate possible adverse effects on international air services and, unless constrained by law, shall take such factors into account when it determines what measures are necessary and appropriate to address those security concerns.

(12) Each Contracting Party may request consultations at any time concerning security standards adopted by the other Contracting Party. Such consultations shall take place within 30 days of that request. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from provisions of this Article, that Contracting Party may request immediate consultations with the other Contracting Party. Failure to reach a satisfactory resolution within 15 days from the date of such request, shall constitute grounds to revoke, suspend or limit the operating authorisation and technical permissions of an airline or airlines of the other Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the expiry of 15 days. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Contracting Party with the security provisions of this Article.

## ARTICLE 10

### **Safety**

(1) Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrews, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within 30 days of that request.

(2) If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Chicago Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and the other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within 15 days or such longer period as may be agreed is deemed to be a situation which falls within the scope of paragraph (1)(h) of Article 5 (Revocation or Suspension of Operating Authorisations) of this Agreement.

(3) Notwithstanding the obligations mentioned in Article 16 and Article 33 of the Chicago Convention it is agreed that any aircraft operated by or, under a lease arrangement, on behalf of the airline or airlines of one Contracting Party on services to or from the territory of the other Contracting Party may, while within the territory of the other Contracting Party, be made the subject of an examination by the authorised representatives of the other Contracting Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article referred to as a “ramp inspection”), provided this does not lead to unreasonable delay.

(4) If any such ramp inspection or series of ramp inspections gives rise to:

- (a) serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Chicago Convention; or
- (b) serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Chicago Convention;

the Contracting Party carrying out the inspection shall, for the purposes of Article 33 of the Chicago Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid or that the requirements under which that aircraft is operated are not equal to or above the minimum standards established pursuant to the Chicago Convention.

(5) In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by the airline or airlines of one Contracting Party in accordance with paragraph (3) of this Article is denied by a representative of that airline or airlines, the other Contracting Party shall be free to infer that serious concerns of the type referred to in paragraph (4) of this Article arise and draw the conclusions referred in that paragraph.

(6) Each Contracting Party reserves the right to suspend or vary the operating authorisation of an airline or airlines of the other Contracting Party immediately in

the event the first Contracting Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.

(7) Any action by one Contracting Party in accordance with paragraphs (2) or (6) of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

## ARTICLE 11

### **Codeshare**

Any authorised airline or airlines may, subject to applicable laws and regulations governing competition, enter into code-sharing arrangements with any other airline or airlines, provided that:

- (a) each flight forming part of a service to which the arrangements apply is operated by an airline entitled to operate that flight; and
- (b) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each sector of the service.

## ARTICLE 12

### **Leasing**

(1) The authorised airlines of each Contracting Party shall have the right to perform the agreed services on the specified routes using aircraft (or aircraft and crew) leased from any company, including other airlines, subject to being authorised to use the aircraft on such basis by the aeronautical authority of both Contracting Parties.

(2) In order to use aircraft on a lease basis in accordance with paragraph (1) of this Article, the authorised airlines shall also be required to meet the conditions prescribed under the law and regulations normally applied to the operation of international air services by the Contracting Parties.

## ARTICLE 13

### **Ground Handling**

Subject to the laws and regulations of each Contracting Party each authorised airline shall have in the territory of the other Contracting Party the right to perform its own ground handling (referred to in this Article as “self-handling”) or, at its

option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each authorised airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

#### ARTICLE 14

##### **Transfer of Earnings**

Each authorised airline may on demand convert and remit local revenues in excess of sums locally disbursed to the country of its choice. Prompt conversion and remittance shall be permitted without restrictions at the commercial rate of exchange prevailing at the time such revenues are presented for conversion and remittance, and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.

#### ARTICLE 15

##### **Airline Representation and Sales**

An authorised airline may:

- (a) in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party bring in and maintain in the territory of the other Contracting Party those of their own managerial, technical, operational and other specialist staff which the airline reasonably considers necessary for the provision of international air services;
- (b) use the services and personnel of any other organisation, company or airline operating in the territory of the other Contracting Party;
- (c) establish offices in the territory of the other Contracting Party; and
- (d) engage in the sale and marketing of international air services and ancillary services in the territory of the other Contracting Party, either directly or through agents or other intermediaries appointed by the airline. The airline may sell, and any person shall be free to purchase, such transportation and ancillary services in local currency or in any freely convertible other currency.



## ARTICLE 16

### **User Charges**

(1) User charges that may be imposed by the competent authorities or bodies of each Contracting Party on the airlines of the other Contracting Party shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. In any event, any such user charges shall be imposed on the airlines of the other Contracting Party on terms no less favourable than the most favourable terms available to any other airline at the time the charges are imposed.

(2) User charges imposed on the airlines of the other Contracting Party may reflect, but not exceed, the full cost to the competent authorities or bodies of the first Contracting Party providing appropriate and not excessive airport, airport environmental, air navigation and aviation security facilities and services at the airport or within the airport system. Such charges may include a reasonable return on assets. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

(3) Each Contracting Party shall make its best efforts to ensure that consultations take place between the competent authorities or bodies in its territory and the airlines using the services and facilities, and that the competent authorities or bodies and the airlines exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles of paragraphs (1) and (2) of this Article. Each Contracting Party shall make its best efforts to ensure that the competent authorities provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views before changes are made.

(4) Neither Contracting Party shall be in breach of a provision of this Article, unless:

- (a) it fails to undertake a review, or fails to commission an independent review of the charge or practice that is the subject of complaint by the other Contracting Party within a reasonable time; or
- (b) following such a review, it fails to take all steps within its power to remedy any charge or practice that is inconsistent with this Article.

## ARTICLE 17

### **Intermodal Transport**

The airlines of each Contracting Party shall be permitted to employ, in connection with international air services, any intermodal transport to or from any points in the territories of the Contracting Parties or third countries. Airlines may elect to perform their own intermodal transport or to provide it through arrangements,

including code share, with other carriers. Such intermodal services may be offered as a through service and at a single price for the air and intermodal transport combined, provided that passengers and shippers are informed as to the providers of the transport involved.

## ARTICLE 18

### **Environmental Protection**

- (1) The Contracting Parties support the need to protect the environment by promoting the sustainable development of aviation.
- (2) When environmental measures are established, the aviation environmental standards adopted by ICAO in Annexes to the Chicago Convention shall be followed except where differences have been filed.
- (3) Nothing in this Agreement shall be construed to limit the authority of the competent authorities of a Contracting Party to take all appropriate measures to prevent or otherwise address the environmental impacts of air services, provided that such measures are fully consistent with their rights and obligations under international law and are applied without distinction as to nationality.

## ARTICLE 19

### **Consultation**

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement or compliance with this Agreement. Such consultations, which may be between aeronautical authorities, shall begin within a period of 60 days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

## ARTICLE 20

### **Settlement of Disputes**

- (1) If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place try to settle it by negotiation.
- (2) If the Contracting Parties fail to reach a settlement of the dispute by negotiation, it may be referred by them to such person or body as they may agree on or, at the request of either Contracting Party, shall be submitted for decision to a tribunal of three arbitrators which shall be constituted in the following manner:

- (a) within 30 days after receipt of a request for arbitration, each Contracting Party shall appoint one arbitrator. A national of a third State, who shall act as President of the tribunal, shall be appointed as the third arbitrator by agreement between the two arbitrators, within 60 days of the appointment of the second;
  - (b) if within the time limits specified above any appointment has not been made, either Contracting Party may request the President of the International Court of Justice to make the necessary appointment within 30 days. If the President has the nationality of one of the Contracting Parties, the Vice-President shall be requested to make the appointment. If the Vice-President has the nationality of one of the Contracting Parties, the Member of the International Court of Justice next in seniority who does not have the nationality of one of the Contracting Parties shall be requested to make the appointment.
- (3) Except as hereinafter provided in this Article or as otherwise agreed by the Contracting Parties, the tribunal shall determine the limits of its jurisdiction and establish its own procedure. At the direction of the tribunal, or at the request of either of the Contracting Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held not later than 30 days after the tribunal is fully constituted.
- (4) Except as otherwise agreed by the Contracting Parties or prescribed by the tribunal, each Contracting Party shall submit a memorandum within 45 days after the tribunal is fully constituted. Each Contracting Party may submit a reply within 60 days of submission of the other Contracting Party's memorandum. The tribunal shall hold a hearing at the request of either Contracting Party, or at its discretion, within 30 days after replies are due.
- (5) The tribunal shall attempt to give a written decision within 30 days after completion of the hearing or, if no hearing is held, 30 days after the date both replies are submitted. The decision shall be taken by a majority vote.
- (6) The Contracting Parties may submit requests for clarification of the decision within 15 days after it is received and such clarification shall be issued within 15 days of such request.
- (7) The decision of the tribunal shall be final and binding on the Contracting Parties.
- (8) Each Contracting Party shall bear the costs of the arbitrator appointed by it. The other costs of the tribunal shall be shared equally by the Contracting Parties including any expenses incurred by the President, Vice-President or Member of the International Court of Justice in implementing the procedures in paragraph (2)(b) of this Article.

## ARTICLE 21

### **Amendment**

The Contracting Parties shall agree any amendments to this Agreement by an exchange of notes.

## ARTICLE 22

### **Registration with ICAO**

This Agreement and any amendment to it shall be communicated to ICAO for registration.

## ARTICLE 23

### **Termination**

Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to ICAO. This Agreement shall terminate at midnight (at the place of receipt of the notice) immediately before the first anniversary of the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement before the end of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received 14 days after receipt of the notice by ICAO.

## ARTICLE 24

### **Entry into Force**

- (1) This Agreement shall enter into force on the later of:
  - (a) the time at which the EEA Agreement ceases to apply to the United Kingdom; and
  - (b) the time of the later notification by which the Contracting Parties notify each other that they have completed their respective legal requirements and procedures.
- (2) This Agreement supersedes the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Iceland for Air Services between and beyond their respective Territories, signed on 14 June 1972.

IN WITNESS WHEREOF the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

DONE at London and Reykjavik, in two originals, this 9<sup>th</sup> day of December and this 16<sup>th</sup> day of December, 2020, in the English and Icelandic languages, both texts being equally authentic.

**For the Government of the  
United Kingdom of Great  
Britain and Northern  
Ireland:**

**For the Government of Iceland:**

**ROBERT COURTS**

**GUDLAUGUR THÓR THÓRDARSON**

**ANNEX**  
**ROUTE SCHEDULE**

Section 1

Routes to be operated by the authorised airline or airlines of the United Kingdom:

Points to, from and within the territory of Iceland

NOTES:

1. Subject to such arrangements as may from time to time be jointly determined by the aeronautical authorities of the Contracting Parties, traffic (including all forms of stopover traffic) may be picked up:

- (a) at a point in the territory of the United Kingdom to be set down in the territory of Iceland, and vice versa;
- (b) at a point outside the territory of the United Kingdom to be set down at a point in the territory of Iceland, and vice versa;
- (c) at a point in the territory of Iceland to be set down at another point in the territory of Iceland.

Section 2

Routes to be operated by the authorised airline or airlines of Iceland:

Points to, from and within the territory of the United Kingdom

NOTES:

1. Subject to such arrangements as may from time to time be jointly determined by the aeronautical authorities of the Contracting Parties, traffic (including all forms of stopover traffic) may be picked up:

- (a) at a point in the territory of Iceland to be set down in the territory of the United Kingdom, and vice versa;
- (b) at a point outside the territory of Iceland to be set down at a point in the territory of the United Kingdom, and vice versa;
- (c) at a point in the territory of the United Kingdom to be set down at another point in the territory of the United Kingdom.

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