

AGREEMENT ON THE JOINT FINANCING OF CERTAIN AIR NAVIGATION SERVICES IN ICELAND (1956), AS AMENDED BY THE MONTREAL PROTOCOL OF 1982, SIGNED IN GENEVA, ON 25 SEPTEMBER 1956 (JOINT FINANCING ICELAND)

Article I

For the purposes of this Agreement:

- (a) "Organization" means the International Civil Aviation Organization;
- (b) "Council" means the Council of the Organization;
- (c) "Secretary General" means the Secretary General of the Organization;
- (d) "Services" means the services specified in Annex I to this Agreement and any additional services which may from time to time be provided pursuant to this Agreement.

Article II

The Government of Iceland shall provide, operate and maintain the Services and, in consideration of special benefits derived from the Services, shall bear five per cent of the approved actual costs thereof.

Article III

1. The Government of Iceland shall operate and maintain the Services without interruption, in an efficient manner and with the greatest degree of economy consistent therewith and, so far as practicable, in accordance with the applicable Standards, Recommended Practices, Procedures and Specifications of the Organization.

2. Subject to the provisions of Annex I to this Agreement, the manner of taking meteorological observations and of making and disseminating meteorological reports shall be in accordance with the appropriate procedures and specifications promulgated by the World Meteorological Organization.

3. The Government of Iceland shall notify the Secretary General immediately of any emergency necessitating any temporary change or curtailment of the Services and that Government and the Secretary General shall thereupon consult on the measures to be taken to minimize any adverse effect of such change or curtailment.

Article IV

1. The Secretary General shall generally supervise the operation of the Services and may at any time arrange for the inspection of the Services,

including any equipment used in connection therewith.

2. The Government of Iceland shall, at the request of the Secretary General, and to the extent practicable, furnish such reports on the operation of the Services as the Secretary General considers desirable.

3. The Secretary General shall, at the request of the Government of Iceland, provide, to the extent practicable, such advice as that Government may reasonably require in regard to the discharge of its obligations under this Agreement.

4. In the event of any failure by the Government of Iceland efficiently to operate and maintain any of the Services, there shall be consultation between that Government and the Secretary General for the purpose of agreeing upon remedial measures.

Article V

The total costs of the Services computed in accordance with Annexes II and III to this Agreement shall not, for any one calendar year, exceed 4 321 166 United States dollars. This limit may be increased by the Council either with the consent of all the Contracting Governments or as a result of the application of the provisions of Article VI.

Article VI

1. For the purpose only of establishing, operating and maintaining services which have not otherwise been provided for pursuant to this Agreement, the limit determined pursuant to the provisions of Article V may be increased by a stated amount with the consent of Contracting Governments responsible in the aggregate for not less than ninety per cent of the total assessments made under the provisions of paragraphs 3, 4, 5 and 6 of Article VII in respect of the last calendar year for which assessments have been made.

2. Subject to the provisions of Article II, any expenditure attributable to the services referred to in paragraph 1 of this Article, or any expenditure made possible under the provisions of paragraph 2 (a) of Article XIII as a result of the inclusion of the said services within this Agreement, shall be borne solely by the Contracting Governments so consenting, in shares having the same relative proportion to each other as the shares of those Governments in the total assessments for the relevant year, and no part of the Reserve Fund referred to in Article X not attributable to those services shall be used for purposes to which those Governments alone have consented.

Article VII

1. Subject to the provisions of Article V and paragraph 2 of Article VI, the Contracting Governments agree to share ninety-five per cent of the approved actual costs of the Services, as determined pursuant to the provisions of Article VIII, in proportion to the aeronautical benefit derived therefrom by each Contracting Government. Such proportion shall be determined for each Contracting Government in respect of each calendar year by the number of crossings between Europe and North America any portion of which lies north of the 45th parallel North between the meridians of 15E West and 50E West performed in that year by its civil aircraft. In addition,

(a) a crossing between only Greenland and Canada, Greenland and the United States of America, Greenland and Iceland or Iceland and Europe shall be counted as one-third of a crossing;

(b) a crossing between only Greenland and Europe, Iceland and Canada or Iceland and the United States of America shall be counted as two-thirds of a crossing; and

(c) a crossing to or from Europe or Iceland which does not cross the coast of North America but crosses the meridian of 30E West north of the 45th parallel North shall be counted as one-third of a crossing.

2. For the purposes of paragraph 1 of this Article:

(a) a crossing shall be counted even if the point of take-off or landing is not in the territories mentioned in that paragraph; and

(b) "Europe" does not include Iceland or the Azores.

3. On or before 20 November each year, the Council shall assess the Contracting Governments for the purpose of providing advances for the following year. For the year 1983 the assessments shall be on the basis of the number of crossings in 1981 and ninety-five per cent of the estimated costs for 1983. The assessment of each Contracting Government shall be adjusted to take into account any difference between the amounts paid by it to the Organization as advances in respect of 1981 and its share, as determined by its crossings in 1981, of ninety-five per cent of the approved actual costs in 1981. The adjusted assessment of each Contracting Govern-

ment shall be reduced by its share, as determined by its crossings in 1981, of the estimated revenues from user charges to be remitted under Article XIV to Iceland in 1983.

4. The procedure set forth in paragraph 3 of this Article shall apply to the assessments for the year 1984 with appropriate changes of year.

5. For 1985 the procedure in paragraph 3 of this Article shall apply, with appropriate changes of year, and, in addition, the assessment of each Contracting Government shall be further adjusted to take into account

any difference between its share of the estimated revenues from user charges for 1983 and its share, as determined by its crossings in 1983, of the audited actual user charge revenues remitted to Iceland in 1983.

6. The procedure for 1985 shall apply in subsequent years with appropriate changes of year.

7. On 1 January and 1 July of each calendar year starting on 1 January 1983, each Contracting Government shall pay to the Organization, in half-yearly instalments, the amount assessed to it in respect of advances for the current calendar year, adjusted and reduced as provided in paragraphs 3, 4, 5 and 6 of this Article.

8. In the event of termination of this Agreement, the Council shall undertake adjustments so as to accomplish the objectives of this Article in respect of any period for which, at the date of termination of the Agreement, payments have not been adjusted pursuant to paragraphs 3, 4, 5 and 6 of this Article.

9. On or before 1 May of each year, each Contracting Government shall furnish to the Secretary General, in such form as the Secretary General may prescribe, full particulars of the crossings to which this Article applies performed during the preceding calendar year.

10. The Contracting Governments may agree that the particulars referred to in paragraph 9 of this Article will be furnished to the Secretary General on their behalf by another Government.

Article VIII

1. The Government of Iceland shall furnish to the Secretary General, on or before 15 September of each year, estimates, expressed in United States dollars, of the costs of the Services for the following calendar year. The estimates shall be drawn up in accordance with Article III and with Annexes II and III to this Agreement.

2. The Government of Iceland shall furnish to the Secretary General, not later than six months after the end of each calendar year, a statement of the actual costs of the Services during that year. The Secretary General shall subject the statement to such audit and other examination as he deems appropriate and shall furnish to the Government of Iceland a report of the audit.

3. The Government of Iceland shall furnish to the Secretary General such additional information relating to any estimates of costs or statement of actual costs as the Secretary General may require, as well as any available information as to the extent to which the Services are being used by aircraft of any nationality.

4. The statements of actual costs for each year shall be subject to approval by the Council.

5. The statement of actual costs approved by the Council pursuant

to the provisions of paragraph 4 of this Article shall be circulated to the Contracting Governments.

Article IX

1. The Government of Iceland shall be reimbursed for ninety-five per cent of the actual costs, as approved by the Council, of providing, operating and maintaining the Services.

2. The Council shall, after having satisfied itself that the estimates submitted by the Government of Iceland in accordance with paragraph 1 of Article VIII have been drawn up in accordance with Article III and with Annexes II and III to this Agreement, authorize the Secretary General to make payments to that Government in respect of each quarter, not later than the first day of the second month of that quarter. The payments shall be based on the estimates referred to and shall constitute advances, subject to adjustment as provided under paragraph 3 of this Article. The total amount of such payments shall not exceed, in respect of any one year, the limit determined pursuant to the provisions of Article V. With effect from 1 January 1983, the Government of Iceland shall treat all net revenues from user charges, collected from all civil aircraft operators under a system operated pursuant to Article XIV, as part of the advances for the year in which those revenues are received.

3. After the approval by the Council of the statement of actual costs, the Secretary General shall make adjustments in any subsequent quarterly payments to the Government of Iceland to take account of any differences between the payments made under paragraph 2 of this Article in respect of any year and the approved actual costs for that year.

4. Contracting Governments not represented on the Council shall be invited to participate in the consideration by the Council or any of its bodies of the estimates furnished by the Government of Iceland pursuant to the provisions of paragraph 1 of Article VIII.

5. The estimates of costs as approved by the Council, pursuant to the provisions of paragraph 2 of this Article, shall be circulated to the Contracting Governments.

Article X

1. The payments received by the Organization from the Contracting Governments pursuant to the provisions of Article VII shall, to the extent that they are not from time to time needed for making current payments to the Government of Iceland pursuant to this Agreement, constitute a Reserve Fund to be used by the Organization for the purposes of this Agreement.

2. The Secretary General may arrange for short-term investment of the Reserve Fund. The Organization shall apply the interest derived

therefrom to cover the extraordinary expenses of the Organization incidental to this Agreement. If such interest is insufficient to cover such expenses, the difference remaining shall be considered as an additional part of the actual costs of the Services and shall be reimbursed to the Organization from payments made by the Contracting Governments.

Article XI

1. The annual assessments of Contracting Governments shall be expressed in United States dollars.

2. Each of the Contracting Governments shall make payments to the Organization pursuant to the provisions of Article VII in United States dollars or in sterling or, provided that the Government of Iceland consents thereto, in Icelandic kronur. The procedure for determining the rate of exchange applicable to a payment made in sterling or Icelandic kronur shall be determined by the Council in consultation with the Governments concerned.

3. The Secretary General shall, subject to the Organization being reimbursed in United States dollars for its extraordinary expenses, make payments to the Government of Iceland pursuant to the provisions of Articles IX and XII in the currencies in which Contracting Governments have made their payments to the Organization and which remain available.

Article XII

1. The obligation of the Secretary General to make payments to the Government of Iceland under this Agreement shall be limited to amounts actually received by the Organization and available in accordance with the terms of this Agreement.

2. The Secretary General may, nevertheless, pending receipt of payments from Contracting Governments and in accordance with the Financial Regulations of the Organization, advance payments which are due to the Government of Iceland in cases where he considers such advances essential for the inauguration or uninterrupted continuance of the Services.

3. No Contracting Government shall have a claim against the Organization because of failure of any other Contracting Government to make any payment under this Agreement.

Article XIII

1. The Council may, subject to the provisions of Article V and paragraph 2 of Article VI and in agreement with the Government of Iceland, include under this Agreement new capital expenditure necessary for the proper operation of the Services.

2. The Council may, subject to the provisions of Articles V and VI and in agreement with the Government of Iceland, include under this Agreement services in addition to those set out in Annex I hereto and new capital expenditure in respect of such services, provided that any one of the following conditions is fulfilled:

(a) the total amount of such expenditure in any one year does not exceed 3.5 percent of the cost limit approved under Article V; or

(b) such services are those to which all Contracting Governments have consented; or

(c) such services are those to which Contracting Governments responsible in the aggregate for not less than ninety per cent of the total assessments made under the provisions of para-

graphs 3, 4, 5 and 6 of Article VII have consented and in respect of which the provisions of Article VI have been applied.

3. For the purposes of paragraphs 1 and 2 of this Article, renewal of buildings and equipment from payments received on account of depreciation shall not be regarded as new capital expenditure.

4. If new capital expenditure or additional services are proposed by the Government of Iceland or by the Council, that Government shall furnish to the Secretary General an estimate of the costs thereof, together with such specifications, plans and other information as may be required in regard thereto, and shall consult with the Secretary General concerning the methods of supply, design or construction to be adopted.

5. The Council may, in agreement with the Government of Iceland, exclude from this Agreement any part of the Services.

6. When action has been taken pursuant to paragraphs 1, 2, or 5 of this Article, the Council shall amend the Annexes to this Agreement accordingly.

Article XIV

The Government of Iceland shall operate a system of user charges for the Services provided for all civil aircraft making crossings as defined in Article VII. These charges shall be calculated in accordance with Annex III to this Agreement. The net revenues from these charges shall be offset against payments due to the Government of Iceland pursuant to the provisions of this Agreement. Except with the consent of the Council, the Government of Iceland shall not impose any additional charges for the Services on other than its own nationals.

Article XV

The Government of Iceland shall not make any international arrangement for the provision, operation, maintenance, development or financing of any or all of the Services without the approval of the Council.

Article XVI

The Government of Iceland shall, to the fullest possible extent, cooperate with the representatives of the Organization in respect of the purposes of this Agreement and shall accord to such representatives the privileges and immunities to which they are entitled under the General Convention on the Privileges and Immunities of the Specialized Agencies, including Annex III (2) thereto.

Article XVII

The Council shall convene a conference of all the Governments concerned:

- (a) when requested by two or more of the Contracting Governments or by the Government of Iceland, or by any one of the Contracting Governments if such a conference has not been held during the previous five years;
- (b) when failure of any Contracting Government to make payments under this Agreement necessitates a revision of the assessments which cannot otherwise be satisfactorily settled; or
- (c) when, for any other reason, the Council considers such a conference necessary.

Article XVIII

Any dispute relating to the interpretation or application of this Agreement or the Annexes thereto which is not settled by negotiation shall, upon the request of any Contracting Government party to the dispute, be referred to the Council for its recommendation.

Article XIX

1. This Agreement shall remain open until 1 December 1956 for signature by the Governments named in the Preamble.

2. This Agreement shall be subject to acceptance by the signatory Governments. Instruments of acceptance shall be deposited as soon as

possible with the Secretary General, who shall inform all signatory and acceding Governments of the date of deposit of each such instrument.

Article XX

1. This Agreement shall be open for accession by the Government of any State member of the United Nations or of a Specialized Agency in relationship therewith. Accessions shall be effected by the deposit of a formal instrument with the Secretary General.

2. The Council may initiate consultations with any Government, not a party to this Agreement, whose civil aircraft benefit from the Services, for the purpose of obtaining its accession to the Agreement.

3. Notwithstanding the provisions of paragraph 2 of this Article, the Council may conclude arrangements for contributions from any Government which does not become a party to this Agreement. Any such contributions received shall be applied to the purposes of this Agreement as determined by the Council.

Article XXI

1. This Agreement shall come into force not earlier than 1 January 1957, when instruments of acceptance or of accession have been deposited by Governments responsible in the aggregate for initial assessments of not less than ninety per cent of the initial maximum cost figure laid down in Article V. As regards those Governments, deposit of an instrument of acceptance or of accession shall be deemed to constitute consent to the system of assessments, payments and adjustments under this Agreement for the period between 1 January 1957 and the entry into force of this Agreement.

2. As regards any Government whose instrument of acceptance or of accession is deposited after the entry into force of this Agreement, the Agreement shall come into force on the date of such deposit. Each such Government shall consent to the system of assessments, payments and adjustments under this Agreement with effect at least from the beginning of the calendar year during which the instrument of acceptance or of accession is deposited. Each such Government may elect to be assessed for its appropriate share of the actual approved costs of any Services in respect of which the provisions of Article VI have been applied and as to which, at the date of accession of such Government, the consents of all Contracting Governments have not been given.

Article XXII

1. (a) This Agreement may be terminated by the Government of Iceland on 31 December in any year by notice in writing given to the Secretary General not later than 1 January of that year.

(b) If at any time it proves impossible for the Government of Iceland to perform the Services within the limit determined pursuant to the provisions of Article V, that Government shall immediately notify the Secretary General in writing of such fact and shall furnish to the Secretary General a detailed estimate of the additional amount required. The Secretary General shall promptly examine such estimate and, after any necessary consultation with that Government, determine the amount needed in excess of the aforesaid limit. The Secretary General shall then approach the Contracting Governments, with a view to obtaining their consent as required pursuant to the provisions of Article V. Unless, within three months after the Secretary General has determined the additional amount required, he notifies the Government of Iceland that the Contracting Governments have given their consent, the Government of Iceland may thereafter terminate this Agreement on three months' notice in writing given to the Secretary General.

(c) This Agreement may be terminated on 31 December in any year by Contracting Governments other than the Government of Iceland responsible for current assessments in the aggregate of not less than ten per cent of the limit determined pursuant to the provisions of Article V by notice in writing given to the Secretary General not later than 1 January of that year.

2. Upon receipt of a notice of desire to terminate this Agreement in accordance with paragraph 1 of this Article, the Secretary General shall notify the Contracting Governments.

Article XXIII

1. Notwithstanding the provisions of Article XXII, any Contracting Government other than the Government of Iceland, whose current assess-

ment is less than ten per cent of the limit determined pursuant to the provisions of Article V, may withdraw from participation in this Agreement on 31 December in any year by notice in writing given to the Secretary General not later than 1 January of that year of its intention to terminate its participation. Any such notice shall, for the purpose of paragraph 1 (c) of Article XXII, be deemed also to constitute a notice of desire to terminate this Agreement.

2. Following receipt of notice of withdrawal from any Contracting Government, the Secretary General shall notify the other Contracting Governments.

Article XXIV

1. In the event of termination of this Agreement by the Government of Iceland pursuant to the provisions of paragraph 1 of Article XXII, that Government shall pay to the Organization, or the Organization may offset against payments due to that Government hereunder, a sum representing equitable compensation for benefits to it from its acquisition, for its own purposes, of moveable or immovable property, the cost of which has been partially or wholly reimbursed to that Government under the provisions of this Agreement.

2. In the event of any termination of this Agreement by Contracting Governments other than the Government of Iceland, the Government of Iceland shall be paid out of the Reserve Fund or, if the Fund is insufficient, by all the Contracting Governments through the Organization, an equitable amount by way of compensation for capital expenditures undertaken by that Government and not wholly reimbursed pursuant to this Agreement. Any payments required from Contracting Governments for this purpose shall be computed on the basis of the most recent assessment figures and shall be due as of the time of termination. The Organization shall have the right to take over any moveable property for which compensation is paid pursuant to this paragraph. Any waiver of such right shall be taken into account in determining the compensation.

3. The provisions of paragraph 2 of this Article shall apply correspondingly in respect of any part of the Services which may be excluded from the Agreement pursuant to the provisions of paragraph 5 of Article XIII.

4. The amount of any payments under this Article shall be determined by agreement between the Council and the Government of Iceland.

Article XXV

1. Subject to the provisions of paragraph 2 of Article X, any balance of the Reserve Fund and of interest thereon held by the Organization on the date when this Agreement ceases to be in force shall be apportioned among and refunded to those Governments which were still parties to this Agreement immediately before that date on the basis of their most recent annual assessments.

2. (a) Any Government which has withdrawn from participation in this Agreement in accordance with the provisions of Article XXIII shall pay to or receive from the Organization any difference between the amount it has paid to the Organization in accordance with Article VII and its appropriate share of the approved actual costs in respect of the period of its participation.

(b) Any Government which has so withdrawn shall pay to the Organization its share of capital expenditures which have been undertaken by the Government of Iceland and which have not been wholly reimbursed pursuant to this Agreement. The amount payable shall be computed on the basis of the most recent assessment figure in respect of the Government which has withdrawn. Payment shall be due as of the time of withdrawal.

Article XXVI

1. Any proposal for an amendment of this Agreement may be initiated by a Contracting Government or by the Council. The proposal shall be communicated in writing to the Secretary General who shall circulate it to all Contracting Governments with the request that they advise him formally whether or not they agree to it.

2. Adoption of an amendment shall require the agreement of two-thirds of all Contracting Governments responsible in the aggregate for not less than ninety per cent of current assessments.

3. An amendment so adopted shall enter into force for all Contracting Governments on 1 January of the year following the year in which formal written acceptances of the amendment have been received by the Secretary General from Contracting Governments responsible in the aggregate for not less than ninety-eight per cent of the current assessments.

4. The Secretary General shall send certified copies of each amendment as adopted to all Contracting Governments and shall notify them of any acceptances and of the date of entry into force of any amendment.

5. The Council may, in cases additional to those specified in paragraph 6 of Article XIII, amend the Annexes to this Agreement, subject always to the terms and conditions of the Agreement and the consent of the Government of Iceland.