

**MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF ICELAND AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND REGARDING THE BILLING AND COLLECTION BY THE UNITED KINGDOM OF AIR NAVIGATION CHARGES LEVIED BY ICELAND**

The Government of Iceland and the Government of the United Kingdom of Great Britain and Northern Ireland, desiring to draw up arrangements for the billing and collection of charges imposed by the Government of Iceland at the request of the Council of the International Civil Aviation Organisation ("ICAO") pursuant to Article XIV of the Agreement on the Joint Financing of Certain Air Navigation Services in Iceland, opened for signature at Geneva on 25 September 1956, as amended by the Protocol opened for signature at Montreal on 3 November 1982, ("the JF-Agreement") and as called for in Recommendation 7 of the Second Conference on 1956 Danish and Icelandic Joint Financing Agreements, have entered into this Memorandum of Understanding (MoU).

1.1. The Government of the United Kingdom will make arrangements for the collection of charges (including the fee referred to in paragraph 2.5.) in respect of air navigation services provided by the Government of Iceland in pursuance of the JF-Agreement to be paid to National Air Traffic Services Ltd ("NATS") or NATS (Services) Ltd ("NSL") by the operator of every aircraft wherever registered, which

- (a) makes a crossing between Europe and North America; and
- (b) at any time during the crossing is in an area north of the 45th parallel North between the meridians of 15° West and 50° West: and
- (c) in respect of which a flight plan is communicated to the appropriate air traffic services unit, being a flight plan involving the flight of the aircraft in that area.

1.2. Flights between the following areas will, subject to subparagraph (c) of the preceding paragraph, also be taken into account as follows:

Greenland and Canada, Greenland and the United States of America, Greenland and Iceland or Iceland and Europe - one third of a crossing; Greenland and Europe, Iceland and Canada or Iceland and the United States of America - two thirds of a crossing; a crossing to or from Europe or Iceland not crossing the coast of North America but which crosses the meridian of 30° West north of the 45th parallel North - one third of a crossing.

For the purposes of this paragraph and the preceding paragraph

- (a) a crossing will be counted even if the point of take-off or landing is not in the areas mentioned in this or the preceding paragraph;
- (b) "Europe" does not include Iceland or the Azores.

2.1. Subject as aforesaid, NATS or NSL will bill and collect charges and fees under these arrangements in respect of flights made on or after 1 June 2001.

2.2. The rate of the charge for each crossing made on or after 1 June 2001 will be the rate notified by the Government of Iceland to the Government of the United Kingdom as the sterling equivalent of the rate determined by the Council of ICAO.

2.3. For each year subsequent to 2001 the rate of the charge referred to under the preceding paragraph will apply unless it is changed in accordance with paragraph 2.4.

2.4. Should the Council of ICAO determine that the rate of the charge is to be changed, the Government of Iceland will notify the Government of the United Kingdom of the sterling equivalent of the new rate. Furthermore, should there at any time be a substantial change in the rate of exchange between the United States dollar and sterling, the Government of Iceland may notify the Government of the United Kingdom of the new sterling equivalent of the rate of charge. For this purpose a change of less than 10 % in the value of the pound in relation to United States dollars will not be considered substantial. It is recognised that at least three months must elapse between the notification of a change and the coming into force of the necessary amendment to the regulations referred to in paragraph 1.1.

2.5. On billing the operator, NATS or NSL will add to the charge a fee, not exceeding 5 % of the charge, in respect of NATS' or NSL's services in collecting and accounting for the charges (other than costs and expenses referred to in paragraph 4.4.). NATS or NSL shall once every year inform the Icelandic Civil Aviation Authority ("the ICAA") of the basis on which the fee is calculated.

- 3.1 The collection of charges and fees shall be made by NATS or NSL according to the following provisions:
- 3.1.1 The frequency of the issuance of invoices shall be mutually agreed upon between NATS or NSL and the ICAA. As from 1 June 2001 the issuance shall be on a 30 days interval.
  - 3.1.2 The amount of charges and fees are due on the date of performance of the flight. The latest value date by which payments must be received by NATS or NSL is 30 days from the date of invoice.
  - 3.1.3 If so wished by the operator, invoices shall be forwarded electronically.
  - 3.1.4 Payment by the operator shall be made in sterling.
  - 3.1.5 NATS or NSL shall claim interest charges on late payments only when and as notified by the ICAA.
- 3.2. If there is doubt as to who is the operator, NATS or NSL in conjunction with the Civil Aviation Authority of the United Kingdom ("the Authority") may give notice to the person who it believes was the owner of the aircraft at the time of the flight that it will treat him as the operator until he can establish that some other person is the operator and that until he does so he is liable to make the payment. All references in this MoU to the operator will be construed accordingly.
- 3.3. All sums received by NATS or NSL in pursuance of these arrangements (exclusive of the fees referred to in paragraph 2.5) will be remitted in sterling at weekly intervals by NATS or NSL to the ICAA and with an indication of the total amount remitted, subdivided according to the nationality of the operators.
- 3.4. Notwithstanding the provisions of paragraph 3.2, NATS or NSL will remit to ICAO that proportion of the charges to be determined by the Council of ICAO, representing the fee for the administration of the JF-agreement.
- 4.1. The ICAA will inform NATS or NSL at weekly intervals of flights made through the Reykjavik Flight Information Region, giving the following particulars:
- (a) the name of the operator or owner;
  - (b) the date of the flight;
  - (c) the flight number, if possible, or failing that the registration and nationality marks of the aircraft;
  - (d) the origin and destination of the flight;
  - (e) the type of the aircraft, where known;
- provided that such information need not be furnished if in the course of the flight the aircraft enters the Shanwick Oceanic Flight Information Region.
- 4.2. The two Governments will endeavour to obtain similar information for NATS or NSL in respect of flights to which these arrangements apply which pass through Flight Information Regions administered by other governments and extending north of the 45th parallel North, other than flights in the course of which the aircraft enters the Reykjavik or Shanwick Oceanic Flight Information Region.
- 4.3. The Government of the United Kingdom will ensure that NATS or NSL will use its best efforts to collect the sums due under the regulations referred to in paragraph 1.1, and that in the event of any difficulty in collecting the sums due NATS or NSL will advise the Authority which will in turn consult with the ICAA as to the best method of proceeding. The Government of Iceland has no objection to the exercise of jurisdiction by the courts of the United Kingdom for the collection of the sums due whatever the nationality of the aircraft in question or of its operator, and whatever the place where the liability arose.
- 4.4. The Authority will not be obliged to detain any aircraft or to engage in litigation for the recovery of any sums due, and will not take either course of action without the consent of the ICAA. If the Authority does so with that consent, the Government of Iceland will indemnify the Authority against all costs and other expenses incurred by it and against any legal liability in respect of the detention of the aircraft, howsoever such costs, expenses or liability may arise.
- 4.5. The two Governments may decide that efforts under these arrangements to collect a particular sum due should be suspended, in which event the matter will be dealt with in accordance with arrangements made or to be made in pursuance of the JF-Agreement.
5. The Government of the United Kingdom will cause NATS or NSL to keep proper accounts of its receipts under

these arrangements and to permit the ICAA and ICAO to verify those accounts with the relevant vouchers at reasonable intervals. The accounts and vouchers will be retained by NATS or NSL for that purpose for a period of three years after payment by the operator becomes due.

6. Nothing herein applies to military aircraft. An aircraft on the civil register of any State will not be considered to be a military aircraft.

7.1. These arrangements may be terminated by either Government giving to the other not less than twelve months notice in writing, such notice to expire not earlier than the last day of the year which follows the year in which the notice is received.

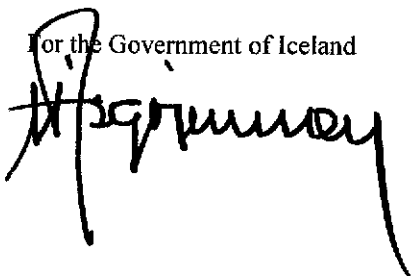
7.2. Upon the giving of notice of termination of the JF-Agreement by any party thereto or on the occurrence of any substantial change in its operation, these arrangements will be reviewed by the two Governments at the request of either of them.

8. Any dispute between the two Governments arising out of the interpretation or application of these arrangements will be determined by referring it to an arbitrator appointed by both Governments jointly, or, if the Governments cannot decide on a mutually acceptable arbitrator, by the President of the European Court of Justice provided that he is neither a United Kingdom nor Icelandic national or, if he is such a national, by the next Senior Judge of that Court, in the order of precedence established by Article 6 of the Rules of Procedure of that Court, who is not such a national. The two Governments will abide by the decision of the arbitrator.

9. These arrangements will, as from 1 June 2001, supersede the MoU signed on 1st December 1982, and the amendment dated 31<sup>st</sup> December 1992.

21 May 2001

For the Government of Iceland



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

