

## **Memorandum of Understanding**

Delegation representing the Government of the Arab republic of Egypt and the Government of Iceland met in Cairo on the 17 and 18 June 2008 to discuss issues related to the Bilateral Air Services Agreement between their two countries.

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, in the interest of a positive development of the bilateral aviation relations.

The list of the two delegations appears as Attachment A.

The Icelandic delegation explained that, as a member of the European Economic Area (EEA), it is obliged to include certain standard provisions, in particular on designation and revocation and the establishment of prices, in all its bilateral arrangements.

The Egyptian delegation took note of the request of the Icelandic delegation and stated that in the next round of negotiations with Iceland it would revisit this issue.

After comprehensive discussions in a friendly and constructive atmosphere both parties agreed on the following understanding were agreed:

### **1- Air Services Agreement**

Both parties exchanged their view on the draft of the Iceland proposal of Air Service Agreement and agreed upon and initialed the text of the Air Service Agreement, subject to the approval of the relevant authorities of the two countries.

The Aeronautical Authorities of both Parties will apply provisionally the agreed text as it stands in Attachment B from the date hereof until the signature and subsequent entry into force of the ASA.

The text of the Air Service Agreement and its Annexes are attached as Attachment B.

### **2- Designation**

According to article 4 of the ASA the Egyptian delegation requested to designate EgyptAir Airlines for the operation of scheduled passenger services and EgyptAir Cargo for the operation of all-cargo services.

The Icelandic delegation accepted the Egyptian request subject to acceptance of the necessary documents.

According to article 4 of the ASA the Icelandic delegation requested to designate Jetx / Primera Air for the operation of scheduled passenger services.

The Egyptian delegation accepted the Icelandic request subject to acceptance of the necessary documents.



### **3- Frequencies**

Both parties agreed that the designated airlines of each party shall be entitled to operate weekly frequencies up to:

- seven (7) passenger services frequencies; and
- one (1) all-cargo services frequencies.

The Egyptian delegation also presented its gradual liberalization policy according to the Ministerial decree 164/2006( subject to its validity), which allows operators from both sides to fly to/from 8 Airports in EGYPT (Luxor, Hurghada, Aswan, Sharm-el- Sheikh, Taba, St. Catherine, Marsa Alam and El Alamein) without limitation.

### **4- Charter operations**

- a) The airlines of each party may exercise international charter operation between the two countries according to charter regulations and rules of each side.
- b) Subject to the validity of the Egyptian ministerial Decree No. 163/2006; "Sale of individual tickets is accepted for charter flights originating and sold in Iceland".

### **5- Fifth Freedom Traffic Rights**

Both parties agreed that the exercise of the fifth freedom traffic rights on specified intermediate and/or beyond points shall be subject to an approval of the relevant Aeronautical Authority.

### **6- Ground handling**

Each designated airline shall have the right to perform its own ground-handling in the territory of the other Party "self handling" or, at its option, select among competing agents for such services in whole or in part. Such self-handling, ground services shall be available on an equal basis to all airlines

### **7- Avoidance of double Taxation**

Both delegations will urge its relevant authorities to conclude an agreement on the avoidance of double taxation.

### **Entry into Force**

This Memorandum of Understanding shall come into effect on the date of signature.

Done in Cairo on 18 June, 2008

**Ambassador Helgi Agustsson**

**Ministry for Foreign Affairs**



**Nav. Nagy Saleh**

**Under Secretary of State  
For Air Transport E.C.A.A**



LIST OF ICELAND DELEGATION

1. **Ambassador / Helgi Agustsson** : Ministry for Foreign Affairs  
Head of Delegation
2. **Mrs. Astridur Sch. Thorsteinsson** : Ministry of Communication, Transport  
And Municipal Affairs
3. **Mr. Hrafn Thorgeirsson** : Vice President of Operations,  
Jetx / Primera Air



**LIST OF THE EGYPTIAN DELEGATION**

- |                                    |                                                                               |
|------------------------------------|-------------------------------------------------------------------------------|
| 1. <b>Nav. Nagy Saleh Mostafa</b>  | : Under Secretary of State For Air Transport<br>E.C.A.A<br>Head Of Delegation |
| 2. <b>Mr. Abdalla Abdelrahman</b>  | : General Manager of International<br>Agreements<br>E.C.A.A                   |
| 3. <b>Mr. Magdy Galal</b>          | : General Manager of Technical Bureau<br>E.C.A.A                              |
| 4. <b>Mr. Ashraf El Prince</b>     | : Manager of Tourism and Charter Flights<br>E.C.A.A                           |
| 5. <b>Mr. Khaled Mohamed Anter</b> | : Manger of Bilateral Agreements<br>E.C.A.A                                   |
| 6. <b>Mrs. Dalia Elmarghy</b>      | : Manager of International Affairs<br>EgyptAir Airlines                       |
| 7. <b>Mr. Mahmoud Sakr</b>         | : International Affairs Specialist<br>EgyptAir Airlines                       |
| 8. <b>Mrs. Bassima El Sissy</b>    | : Director of International Affairs<br>Egypt Air Cargo                        |
| 9. <b>Miss. Eman Saeid Omran</b>   | : International Affairs Specialist<br>EgyptAir Cargo                          |



**AIR SERVICES AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF**  
**THE ARAB REPUBLIC OF EGYPT**  
**AND**  
**THE GOVERNMENT OF ICELAND**

The Government of the Arab Republic of Egypt, and the Government of the Iceland (hereinafter referred to as the "Parties" ) ;

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

Desiring to promote their mutual relations in the field of Civil Aviation and to conclude an agreement for the purpose of establishing air services between and beyond their respective territories;

Desiring to promote an international aviation system based on fair competition among airlines in the marketplace;

Desiring to facilitate the expansion of international air service opportunities;

Desiring to ensure the highest degree of safety and security in international air services and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air services and undermine public confidence in the safety of Civil aviation;

Have agreed as follows:



**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

1. For the purpose of this Agreement, unless otherwise is stated , the term;
- (a) "Aeronautical Authorities" means in the case of Iceland, the Ministry of Communications and any person or agency authorized to perform the functions exercised by the said authority, and in the case of Arab Republic of Egypt, the Minister of Civil Aviation or any person or agency authorized to perform the functions exercised by the said authority;
  - (b) "Agreement" means this Agreement, it's Annex, and any amendments there to;
  - (c) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on the seventh day of December 1944, and includes: (i) any amendment thereto which has entered into force under Article 94(a) of the Convention and has been ratified by both Parties; and (ii) any annex or amendment adopted thereto under Article 90 of that Convention, insofar as such annex or amendment is at any given time effective for both Parties;
  - (d) "Designated airline" means an airline or airlines that have been designated and authorized in accordance with Article 4 of this Agreement;
  - (e) "Territory" in relation to a State has the meaning assigned to it in Article 2 of the Convention;
  - (f) "Tariffs" means the prices which the designated airlines charge for the transport of passengers, baggage, or cargo and the conditions under which those prices apply but excluding remuneration and conditions for carriage of mail;
  - (g) "Air service" "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Convention;
  - (h) "User charges" means charge/ charges imposed on airlines for the provision of airport, air navigation or any other services including related services and facilities;
  - (i) "Agreed services" means scheduled international air services on "specified routes" for the transport of passengers, baggage and cargo, separately or in combination in accordance with agreed capacity entitlements;
  - (j) " All cargo air services " means an international air service performed by aircraft on which cargo or mail (with ancillary attendance) is carried separately or in combination , but on which revenue passengers are not carried ;

- (k) "Annex" shall mean the route schedules attached to the present Agreement and any clauses or notes appearing in such Annex, and any modification made thereto.

## **ARTICLE 2 APPLICABILITY OF CHICAGO CONVENTION**

In implementing this Agreement, the Parties shall act in conformity with the provisions of the Convention insofar as those provisions are applicable to international air services.

## **ARTICLE 3 GRANT OF RIGHTS**

- 1- Each party grants the other Party's designated airlines the following rights for the conduct of international air services :
  - a- the right to fly across its territory without landing;
  - b- the right to make stops in its territory for non- traffic purposes, and
  - c- to make stops in the said territory at points specified in the Annex, for the purpose of taking on board and discharging passengers, baggage, cargo and mail coming from or destined for points on the specified routes while operating an agreed service.
- 2- Nothing in this Article shall be deemed to confer on the designated airline or airlines of one Party the privilege of taking up, in the territory of the other Party, passengers, baggage, cargo and mail carried for remuneration and destined for another point in the territory of that other Party.
- 3- The airlines of each Party, other than those designated under Article 4, shall also enjoy the rights specified in paragraphs 1(a) and 1(b) of this Article.
- 4- If because of armed conflict, political disturbances or developments or special and unusual circumstances a designated airline of one Party is unable to operate the agreed services on its normal routing, the other Party shall use its best efforts to facilitate the continued operation of such agreed service through appropriate temporary rearrangement of routes as is mutually decided by both Parties.



**ARTICLE 4**  
**DESIGNATION AND AUTHORIZATION**

1. Each Party shall have the right to designate an airline or airlines for the purpose of operating the agreed services on the specified routes. The notification of such designation shall be made in writing, by the aeronautical authority of the Party having designated the airline to the aeronautical authority of the other Party through diplomatic channels.
2. On receipt of such notification the other Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay grant to the airline or airlines designated the appropriate operating authorizations.
3. The aeronautical authority of one Party may require an airline designated by the other Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally applied to the operation of international air services by such authority in conformity with the provisions of the Convention.
4. Each Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 3 of this Agreement, in any case where the said Party is not satisfied that such airline:
  - (a) is substantially owned and effectively controlled by the Party designating such airline or its nationals;
  - (b) holds a current Air Operator's Certificate or similar license issued by the Aeronautical Authority of the Party designating the airline; and
  - (c) is incorporated and has its headquarters, central administration or the principal place of business in the territory of the Party designating the airline.
5. The agreed services may begin at any time, in whole or in part, but not before:
  - (a) the Party to whom the rights have been granted shall have designated an airline or airlines for the specified route; and
  - (b) the Party granting the rights shall have given, with the least possible delay, the appropriate operating authorizations to the designated airline or airlines concerned.

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**ARTICLE 5**  
**SUSPENSION AND REVOCATION OF AUTHORIZATION**

1. The aeronautical authority of each Party shall, with respect to an airline designated by the other Party, have the right to suspend the exercise of the rights specified in Article 3 of this Agreement, revoke an operating authorization or to impose conditions, as it may deem necessary on the exercise of those rights;
  - (a) in the case of failure by that airline to comply with the laws and regulations normally applied by the aeronautical authority of the Party granting those rights in conformity with the Convention; or
  - (b) in case the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement; or
  - (c) in any case where it is not satisfied:
    - ( i ) that the airline is substantially owned and effectively controlled by the Party designating such airline or its nationals;
    - ( ii ) that it holds a current Air Operator Certificate or similar license issued by the aeronautical authority of the Party designating the airline;
    - ( iii ) that it is incorporated and has its headquarters, central administration or the principal place of business in the territory of the Party designating the airline.

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 aeronautical authority of the other Party, as provided for in Article 20.

**ARTICLE 6**  
**APPLICATION OF LAWS**

1. While entering, within, or leaving the territory of one Party, its laws and regulations relating to the operation and navigation of aircraft shall be complied with by the other Party's airlines.
2. While entering, within, or leaving the territory of one Party, its laws and regulations relating to the admission to or departure from its territory of passengers, crew or cargo on aircraft (including regulations relating to entry, clearance, aviation security, immigration, passports, customs and quarantine or, in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew or cargo of the other Party's airlines.
3. Neither Party shall give preference to its own nor any other airline over a designated airline of the other Party engaged in similar international air services in the application of its immigration, customs, quarantine and similar regulations.



## **ARTICLE 7 DIRECT TRANSIT**

Passengers, baggage, cargo and mail in direct transit shall be subject to no more than a simplified control.

Baggage and cargo in direct transit shall be exempt from customs duties, and other similar taxes.

## **ARTICLE 8 RECOGNITION OF CERTIFICATES**

1. Each Party shall recognize as valid, for the purpose of operating the air services provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the State responsible for the regulatory control of a designated airline and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards that may be established pursuant to the Convention.
2. Each Party reserves the right, however, to refuse to recognize as valid for the purpose of flight above or landing within its own territory, certificates of competency and licenses granted to or validated for its nationals by the other Party.
3. If the privileges or conditions of the licenses or certificates issued or rendered valid by one Party permit a difference from the standards established under the Convention, whether or not such difference has been filed with the International Civil Aviation Organization, the aeronautical authority of the other Party may, without prejudice to its rights under Article 9 (2), request consultations with the aeronautical authority of the Party permitting such difference in accordance with Article 20, with a view to satisfying themselves that the practice in question is acceptable to them

## **ARTICLE 9 SAFETY**

1. Either Party may request consultations concerning the safety standards maintained in respect of an airline designated by the other Party relating to aeronautical facilities, aircrews, aircraft, and operation of the designated airlines. Such consultation shall take place within thirty days of that request.
2. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards in the area referred to in paragraph 1 of this Article that meet the standards established at that time pursuant to the Convention, the other Party shall be informed of such findings and of the steps considered necessary to conform with the said standards. The other shall then take appropriate corrective action within an agreed time period.

3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an airline of one Party, on service to or from the territory of the other Party, may, within the territory of the other Party be the subject of a search by the authorized representatives of the other Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the standards established at that time pursuant to the Convention,
4. When urgent action is essential to ensure the safety of an airline operation, each Party reserves the right to immediately suspend or vary the operating authorization of an airline or airlines of the other Party, and shall notify the other Party immediately thereof .
5. Any action by one Party in accordance with paragraph 4 of this Article shall be discontinued once the basis of the taking of that action ceases to exist.
6. With reference to paragraph 2 of this Article, if it is determined that one Party remains in non-compliance with the said standards when agreed time period has lapsed, the Secretary – General of ICAO should be advised thereof. The latter should also be advised of the subsequent satisfactory resolution of the situation.
7. Where one Party has designated an airline whose regulatory control is exercised and maintained by a third State, the rights of the Party under this Article shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that third State and in respect of the operating authorization of that airline.

## **ARTICLE 10 AVIATION SECURITY**

1. In accordance with their rights and obligations under international law, the 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 Parties shall in particular act in conformity with provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, done at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, done at the Hague on 16 December 1970, the Convention for the suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 September 1971, and its protocol, done at Montreal on 24 February 1988, and the Convention on the Marking of Plastic Explosives for the Purpose of Detection , done at Montreal on 1 March 1991, and any other convention on aviation security to which both Parties become .



members.

2. Upon request the Parties shall provide each other with all necessary assistance to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, of airports and air navigation facilities, and address any other threat to the security of civil air navigation.
3. The Parties shall, in their mutual relations, act in conformity with all aviation security standards and appropriate recommended practices established by the International Civil Aviation Organization and designated as Annexes to the Convention; they shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.
4. Each Party agrees to observe the security provisions required by the other Party for entry into the territory of that other Party and to take adequate measures to protect aircraft and to inspect passengers, crew, and their baggage and carry-on items, as well as cargo and aircraft stores, prior to and during boarding or loading. Each Party shall also give positive consideration to any request from the other Party for special security measures to meet a particular threat.
5. When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, aircraft or air navigation facilities accrue, the Parties shall assist each other by facilitating communications and other appropriate measures intended rapidly and safely such incident or threat.
6. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory agreement within fifteen ( 15 ) days from the date of such request shall constitute grounds to withhold, revoke , limit, or impose conditions on the operating authorization and permissions of an airline or airlines of that other Party. When required by an emergency, a Party may take interim action prior to the expiry of fifteen ( 15 ) days.

## **ARTICLE 11 COMMERCIAL ACTIVITIES**

1. The designated airline or airlines of each Party shall have the right to establish in the territory of the other Party offices for the purpose of provision and sale of air services as well as for other matters incidental to the provision of air transportation.
2. The designated airline or airlines of each Party shall have the right, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, to bring into and maintain in the territory of that other Party those of their own managerial, commercial, operational, sales, technical and other specialist staff and representatives who are required in connection with the operation of the agreed services.
3. These representative staff requirements may, at the option of a designated airline, be satisfied by its own personnel by using the services of any other airline, organization or company operating in the territory of the other Party and authorized to perform such services in the territory of such other Party.
4. Consistent with the laws and regulations in force, each Party shall, on the basis of reciprocity and with the minimum of delay, grant the necessary work permits, employment visas or other similar documents to the representatives and staff referred to in paragraph (2) of this Article.
5. The designated airlines of each Party shall, at their discretion, either directly and/or through agents, have the right to engage in the sale of air transportation in the territory of the other Party. Each designated airline shall have the right to use for this purpose its own transportation documents. The designated airline of each Party shall have the right to sell, and any person shall be free to purchase, such transportation in local currency or in any freely convertible other currency. The designated airline or airlines of one Party shall have the right to pay for local expenses in the territory of the other Party in local currency or provided this accord with local regulations, in freely convertible currencies.

## **ARTICLE 12 TRANSFER OF EARNINGS**

1. Each Party shall grant to the designated airline or airlines of the other Party the right of free transfer of the excess of receipts over expenditure earned by such airline or airlines in its territory in connection with the carriage of passengers, baggage, cargo and mail, as well as from any other activity relating to air transport which may be permitted under national regulations. Such transfers shall be effected at the rate of exchange in accordance with the respective applicable national laws and regulations governing current payments, but where there is no official exchange rate, such transfers shall be effected on the basis of the prevailing foreign exchange market rates for current payments.



2. If a Party imposes restrictions in a discriminatory manner on the transfer of excess of receipts over expenditure by the designated airline or airlines of the other Party, the latter shall have the right to impose reciprocal restrictions on the designated airline or airlines of that Party.

### **ARTICLE 13 CUSTOMS DUTIES**

1. Aircraft engaged in international air services by the designated airline of either Party, as well as their regular equipment, supplies of fuel and lubricants and aircraft stores (including food, beverages, tobacco) on board such aircraft shall be exempt from customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Party provided those aircraft are re-exported and such equipment, supplies and stores remain on board those aircraft up to such time as they are re-exported.
2. There shall also be exempt from the same duties, fees and taxes, with the exception of charges corresponding to a performed service;
  - (a) aircraft stores taken in the territory of either Party, within limits fixed by the competent authorities of the said Party, and destined for use on board outbound aircraft operated on an international service by the designated airline of the other Party;
  - (b) spare parts and regular equipment entered into the territory of one Party and destined for the maintenance or repair of aircraft engaged in an international service by the designated airline of the other Party;
  - (c) fuel and lubricants to supply aircraft engaged in an international service by the designated airline of the other Party even when these supplies are to be used on the part of the flight performed over the territory of the Party in which they are taken on board.
3. If national laws and regulations of either Party so require, materials referred to in paragraphs 1 and 2 of this Article, shall be kept under customs control of the said Party.
4. The regular airborne equipment as well as materials and supplies retained on board of the aircraft operated by the designated airline of either Party may be unloaded in the territory of the other Party only with the approval of the customs authorities of such Party. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of with the consent of the same authorities.
5. The exemptions provided for by this Article shall also be available in situations where the designated airlines of either Party have entered into arrangements with another airline or airlines, for the loan or transfer in the territory of the other Party, of the regular equipment and the other items referred to in paragraphs (1) and (2) of this Article, provided that other airline or airlines similarly enjoy such exemptions from that other Party.



## **ARTICLE 14 USER CHARGES**

1. User charges that may be imposed by the competent charging authorities or bodies of each party on the airlines of the other party shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. In any event, any such user charges shall be assessed on the airlines of the other party on terms not less favorable than the most favorable terms available to any other airline at the time the charges are assessed.
2. Neither Party shall impose or permit to be imposed, on the designated airline or airlines of the other Party user charges higher than those imposed on its own designated airline or airlines operating similar international air services using similar aircraft.
3. Each Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines using the services and facilities, and shall encourage the competent charging authorities or bodies and the airlines to 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 Party shall encourage the competent charging authorities to 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 Party shall be held, in dispute resolution procedures pursuant to Article ( 21 ) of this agreement to be in breach of a provision of this article , unless (i) it fails to undertake a review of the charge or practice that is the subject of complaint by the other Party within a reasonable amount of time, or (ii) 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 15 PRINCIPLES GOVERNING OPERATION OF AGREED SERVICES**

1. Each Party shall take all appropriate action within its jurisdiction to eliminate all forms of discrimination and unfair, anti competitive or predatory practices adversely affecting the competitive position of the designated airlines of the other Party in the exercise of their rights and entitlements set out in this Agreement.
2. The aeronautical authorities of the two Parties shall agree on the capacity to be operated in accordance with the following principles:
  - a) There shall be fair and equal opportunity for the designated airline or airlines of both Parties to operate the agreed services on the specified routes.
  - b) In operating the agreed services the designated airline or airlines of each Party shall take into account the interests of the designated airline or airlines of the other Party so as not to affect unduly the services which the latter provide on the whole or part of the same routes.

- c) The agreed services provided by the designated airlines of the Parties shall bear a close relationship to the requirements of the public for transportation on the specified routes and shall have as their primary objective the provision at a reasonable load factor of capacity adequate to carry the current anticipated requirements for the carriage of passengers, cargo and mail coming from or destined for the territory of the Party which has designated the airline or airlines. Provision for the carriage of passengers, cargo and mail both taken on board and discharged at points on the specified routes in the territories of third countries shall be made in accordance with the general principles that capacity shall be related to:
- (i) traffic requirements to / from the territory of the Party which has designated the airline or airlines;
  - (ii) traffic requirements of the area through which the agreed service passes, after taking account of local and regional services; and
  - (iii) the requirements of through airline operation.
3. The capacity which may be provided in accordance with this Article by the designated airline or airlines of each Party on the agreed services shall be such as decided between the aeronautical authorities of the Contracting Parties before the commencement by the designated airline or airlines concerned of the agreed services and from time to time thereafter.

## **ARTICLE 16**

### **TARIFFS**

1. The tariffs to be charged by the airlines of the Parties for the agreed services shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of service and the tariffs of other airlines operating scheduled services over the whole or part of the same routes.
2. The tariffs referred to in paragraph 1 of this Article shall, if possible, be agreed by the Designated Airlines of both Parties, after consultation with the other airlines operating over the whole or part of the route and such agreement shall, wherever possible, be reached by the use of the procedures of the International Air Transport Association for the working out of tariffs.
3. The tariffs shall be submitted for the approval of the Aeronautical Authorities of both Parties at least sixty (60) days prior to the proposed date of their introduction. In special cases this time limit may be reduced subject to the agreement of the said authorities.



4. Approval may be given expressly. If neither of the Aeronautical Authorities has expressed disapproval within thirty (30) days from the date of submission in accordance with paragraph 3 of this Article, these tariffs shall be considered as approved. In the event of the period for submission being reduced, as provided for in paragraph 3, the Aeronautical Authorities may agree that the period within which disapproval must be notified shall be less than thirty (30) days.
5. If a tariff cannot be agreed during the period applicable in accordance with paragraph 4 of this Article, one Aeronautical Authority gives the other Aeronautical Authority notice of its disapproval of a tariff agreed in accordance with the provisions of paragraph 2 of this Article, the Aeronautical Authorities of the two Parties shall, try to determine this tariff by agreeing between themselves.
6. If the Aeronautical Authorities cannot agree on any tariff submitted to them under paragraph 3 of this Article, or on the determination of any tariff under paragraph 5 of this Article, the dispute shall be settled in accordance with the provisions of Article ( 21 ) of this Agreement.

#### **ARTICLE 17 INTERMODAL SERVICES**

Notwithstanding any other provision of this Agreement, airlines and indirect providers of cargo transportation of both Parties shall be permitted, without restriction, to employ in connection with international air services any surface transportation for cargo to or from any points in the territories of the Parties or in third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customers processing and facilities. Airlines may elect to perform their own surface transportation or to provide it through arrangements with other surface carriers, including surface transportation operated by other airlines and indirect providers of cargo air services. Such intermodal cargo services may be offered at a single, through price for the air and surface transportation combined, provided that shippers are not misled as to the facts concerning such transportation.

#### **ARTICLE 18 EXCHANGE OF INFORMATION**

1. The Aeronautical Authorities of both Parties shall exchange information, as promptly as possible, concerning the current authorizations extended to their respective designated airline or airlines to render service to, through, and from the territory of the other Party. This will include copies of current certificates and authorizations for services on specified routes, together with amendments or exemption orders.



2. Each Party shall cause its designated airline or airlines to provide to the Aeronautical Authority of the other Party upon request, such periodic or other statements of statistics relating to the traffic carried on the agreed services showing the points of embarkation and disembarkation as may be reasonably required for the purpose of reviewing the operations on the agreed services.

#### **ARTICLE 19 APPROVAL OF TIMETABLES**

1. The designated airline or airlines of each Party shall submit for approval to the aeronautical authority of the other Party not later than thirty (30) days prior to the commencement of the agreed services on the specified routes, the timetable of intended services, specifying the frequency, the type of aircraft, configuration, nature of the service and the number of seats made available to the public. This shall likewise apply to later changes. In special cases, this time limit may be reduced subject to the consent of the said authority.
2. If a designated airline wishes to operate ad-hoc flights supplementary to those covered in the approved timetables, it shall obtain prior permission of the Aeronautical Authority of the Party concerned.

#### **ARTICLE 20 CONSULTATIONS**

1. In a spirit of close cooperation, the Aeronautical Authorities of both Parties shall consult each other from time to time with a view to ensuring the implementation of satisfactory compliance with, the provisions of this Agreement and the Annex thereto and either Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement.
2. Such consultations, which may be through discussion or correspondence, shall begin within a period of sixty (60) days of the date of receipt of such a request, unless otherwise agreed by both Parties.

#### **ARTICLE 21 SETTLEMENT OF DISPUTES**

1. If any dispute arises between both Parties relating to the interpretation or application of this Agreement, both Parties shall in the first place endeavor to settle it by negotiation.



2. If both Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to a mutually agreed person or body, or either Party may submit the dispute for decision to a tribunal of three arbitrators, one to be nominated by each Party and the third to be appointed by the two arbitrators so nominated, who on approval by the two Parties shall be appointed president of the tribunal each Party shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Party from the other of a notice through diplomatic channels requesting arbitration of the dispute and the third arbitrator shall be appointed within a further period of sixty (60) days. If either Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may be requested by either Party to appoint an arbitrator or arbitrators as the case requires. If the President is of the same nationality as one of the Parties, the most senior Vice-President who is not disqualified on that ground, shall make the appointment. In all cases the third arbitrator shall determine the place where arbitration will be held.
3. Both Parties undertake to comply with any decision given under paragraph 2 of this Article.
4. Each Party shall pay the expenses of the arbitrator it has nominated. The remaining expenses of the arbitral tribunal shall be shared equally by the two Parties.
5. If and as long as either Party fails to comply with any decision given under paragraph 2 of this Article the other Party may limit, withhold or revoke any rights or privileges which it has granted by virtue of this Agreement to the Party in default or to the designated airline in default.

## **ARTICLE 22 AMENDMENTS**

1. If either Party considers it desirable to amend any provision of this Agreement, including the Annexes thereto, it may request consultations between the Aeronautical Authorities of both Parties in relation to the proposed amendment. Such consultations shall commence within a period of sixty days (60) from the date of receipt of the request. Any amendments so agreed shall enter into force when they have been confirmed by an exchange of diplomatic notes by both Parties.
2. An amendment to the Annexes may be made by direct agreement between the aeronautical authorities of both Parties and shall enter into force when it has been approved by an exchange of diplomatic notes.



**ARTICLE 23  
TERMINATION**

Either Party may, at any time, give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. 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 Party, unless the notice is withdrawn by the Agreement of the Parties before the end of this period. In the absence of acknowledgement of receipt by the other Party, the notice shall be deemed to have been received fourteen (14) days after date it was received by the International Civil Aviation Organization.

**ARTICLE 24  
REGISTRATION WITH ICAO**

This Agreement and all amendments thereto shall be registered upon their signature with the International Civil Aviation Organization.

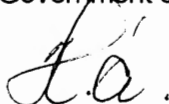
**ARTICLE 25  
ENTRY INTO FORCE**

This Agreement shall enter into force on the date of the later note in an exchange of diplomatic notes between the Parties confirming that the internal procedures necessary for the entry into force of the Agreement have been completed.

In witness whereof the undersigned, being duly authorized by their respective governments, have signed this agreement.

Done at                      this                      day of                      , 20--   in duplicate, in the Icelandic and English and Arabic languages, each text being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government of ICELAND



For the Government of Arab Republic of EGYPT



**Annex 1**  
**ROUTE SCHEDULE**

(I) Routes to be operated by the designated airlines of The **Arab Republic of Egypt**.

| FROM            | INTERMEDIATE POINTS             | TO                | BEYOND POINTS                   |
|-----------------|---------------------------------|-------------------|---------------------------------|
| Points in Egypt | Points to be nominated by Egypt | Points in Iceland | Points to be nominated by Egypt |

(II) Routes to be operated by the designated airlines of Iceland

| FROM              | INTERMEDIATE POINTS               | TO              | BEYOND POINTS                     |
|-------------------|-----------------------------------|-----------------|-----------------------------------|
| Points in Iceland | Points to be nominated by Iceland | Points in Egypt | Points to be nominated by Iceland |

1. Any of the points on the specified routes in Scheduled I and II of this Annex may at the option of the designated airline of either Party be omitted on any or all flights, which originate in the territory of the Party designating the airline.
2. The designated airlines of either Party may serve any intermediate or beyond points without the exercise of traffic rights between such point and the territory of the other Party.

*La.*

*NS*

## **Annex 2**

### **CODE SHARING ARRANGEMENTS**

1. In operating or offering the authorized services on the agreed routes any designated airline or airlines of each Party may enter into code sharing arrangements as marketing and/or operating airline, with:

- An airline or airlines of the other Party.

Provided that all airlines in such arrangements

- Hold the appropriate authority to operate on the routes and segments concerned, and
  - In respect of any ticket sold by it or them, make it clear to the purchaser 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 an contractual relationship.
2. The schedules of the code sharing services will be notified to the aeronautical authorities of both Parties and may be subject to review before the proposed date of their introduction in accordance with national regulations.
  3. It is common understanding of both Parties that code-share services are not counted against the frequency entitlement of the marketing carrier.

