Memorandum of Understanding

1. Delegations representing the Government of the Republic of Iceland and the Government of the State of Qatar met in Reykjavik, Iceland, on 17 November 2005 in order to assess their bilateral air transport relations and to negotiate an Air Services Agreement. A list of members of the two Delegations is attached as Appendix 1.

2. The discussions were conducted in a friendly and positive atmosphere, both Delegations stressing their interest in expanding mutual relations in the field of air transport. The Delegations discussed extensively the substance of a draft agreement and agreed on the text of an Air Services Agreement (ASA) between their respective Governments. The text is attached as Appendix 2.

3. In their effort to strengthen the relations between their respective Countries in the field of civil aviation, the Delegations agreed that, pending the signature and subsequent entry into force of the ASA, the Aeronautical Authorities of both Contracting Parties would apply from the date hereof the agreed text as it stands in Appendix 2, with such modifications as may be agreed by both Parties during the interim period.

4. *Charter Operations*
The Icelandic delegation proposed an Annex concerning Charter Operations to become part of the Agreement, see Appendix 3. The delegation of Qatar expressed the need to consult with their relevant authorities. Such an Annex, if acceptable to the Qatari authorities, would be added to the agreed text as Annex II of the ASA before its signature.

5. *Avoidance of Double Taxation*
The Icelandic delegation proposed an article concerning the avoidance of double taxation to be inserted into the text, see Appendix 4. The delegation of Qatar expressed the need to consult with their relevant authorities. Such an article, if acceptable to the Qatari authorities, would be added to the agreed text as Article 14 of the ASA before its signature, with a view to remaining in force until a separate agreement on the avoidance of double taxation has been negotiated between the Contracting Parties and has entered into force.

6. *Airline designation*
In accordance with Article 4 of the ASA, the Qatari delegation announced the designation of Qatar Airways. The Icelandic delegation announced, at this juncture, the designation of Air Atlanta Icelandic, Icelandair and Bluebird Cargo.

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7. *Other matters*

The Contracting Parties agreed that the Agreement, initialled only in the English languages, shall be signed in the Arabic, Icelandic and English languages.

Signed in Reykjavík on 17 November 2005

For the Delegation of the Government of the Republic of Iceland:	For the Delegation of the Government of the State of Qatar:
....	....
Ólafur Egilsson	Ibrahim Abdul - Qader Ibrahim

Appendix 1

Iceland - Qatar Air Services Agreement Meeting
Reykjavik, Iceland
17 November 2004

Delegation of Iceland

Mr. Ólafur Egilsson, Ambassador,
Ministry for Foreign Affairs (Head of Delegation)

Mr. Halldór S. Kristjánsson, Deputy Permanent Secretary,
Ministry of Communications, Transport and Tourism

Mr. Thorgeir Pálsson, Director General,
Icelandic Civil Aviation Administration

Ms. Ástrídur S. Thorsteinsson, Legal Adviser,
Icelandic Civil Aviation Administration

Mr. Einar Björnsson, Vice President, Flight Operations, *Air Atlanta Icelandic*

Mr. Þórarinn Kjartansson, Managing Director, *Bluebird Cargo*

Mr. Hrafn Thorgeirsson, Director, Ground Operations
and Flight Cost Control, *Icelandair*

Delegation of the State of Qatar

Mr. Ibrahim Abdul - Qader Ibrahim, Vice Chairman of the Board and
Director of Air Safety Department, Civil Aviation Authority
(Head of Delegation)

Mr. Saleh Abdulla Haroon, Director Air Transport & Airport Affairs,
Civil Aviation Authority

Mr. Hilal Ali Al Mohannadi, Senior Manager Government
& International Relations, *Qatar Airways*

Ms. Evelyn Kipkosgei, International Relations Manager, *Qatar Airways*

Appendix 2

AIR SERVICES AGREEMENT

BETWEEN

THE GOVERNMENT OF ICELAND

AND

THE GOVERNMENT OF THE STATE OF QATAR

Place, date and year

The Government of the Republic of Iceland and the Government of the State of Qatar (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 facilitate the expansion of international air service opportunities;

Have agreed as follows:

Article 1
Definitions

For the purposes of this Agreement, unless otherwise stated, the term:

1. "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 Qatar, the Chairman of the Civil Aviation Authortiy and any person or body authorized to perform any functions at present exercisable by the said Chairman or similar functions, or its successor;

2. "Agreement" means this Agreement, its Annexes, and any amendments thereto;

3. "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes: any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by both Parties, and any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annexes or amendments are at any given time effective for both Parties;

4. "Designated airline" means an airline designated and authorized in accordance with Article 4 of this Agreement;

5. "European Economic Area" means the enhanced free trade area established by the Agreement on the European Economic Area, done at Oporto on 2 May 1992, between the European Community and its Member States on the one hand and the EFTA States with the exclusion of Switzerland on the other hand. EFTA is an abbreviation for the European Free Trade Association of which Iceland is a Member State;

6. "Full cost" means the cost of providing service plus a reasonable charge for administrative overhead;

8. "Price" means any fare, rate or charge for the carriage of passengers (and their baggage) and/or cargo (excluding mail) in air service charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge;

9. "Stop for non-traffic purposes", "airline", "air service" have the meanings specified in Article 96 of the Convention;

10. "User charges" means a charge/charges imposed on airlines for the provision of airport, air navigation or aviation security facilities or services including related services and facilities; and

11. "Territory" has the meaning assigned to it in Article 2 of the Convention.

Article 2
Applicability of the Chicago Convention

The Provisions of this Agreement shall be subject to the provisions of the Convention in so far 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. the rights otherwise specified in this Agreement.

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 each of the routes specified in the Annexes and to withdraw or alter such designations. Such designations shall be made in writing and transmitted to the other Party through diplomatic channels.

2. Upon receipt of such a designation and of applications from the designated airline, in the form and manner prescribed for operating authorizations and technical permissions, the other Party shall grant the appropriate authorizations and permissions with minimum procedural delay, provided:

a) in the case of an airline designated by Iceland:

(i) it is established in the territory of Iceland in accordance with the Agreement on the European Economic Area, and has a valid Operating Licence in accordance with law adopted in accordance with the Agreement on the European Economic Area; and

(ii) effective regulatory control of the airline is exercised and maintained by a State which is a Contracting Party to the Agreement on the European Economic Area and is responsible for issuing its Operating Certificate and the relevant aeronautical authority is clearly identified in the designation;
(iii) it is owned and shall continue to be owned directly or through majority ownership by Member States of the European Economic Area and/or nationals of the European Economic Area and shall at all times be effectively controlled by such states and/or such nationals.

b) in the case of an airline designated by the State of Qatar:
(i) it is established in the territory of State of Qatar and is licensed in accordance with the applicable law of State of Qatar; and
(ii) State of Qatar has and maintains effective regulatory control of the airline; and
(iii) it is owned and shall continue to be owned directly or through majority ownership by the State of Qatar and / or nationals of the State of Qatar and shall at all times be effectively controlled by the State of Qatar and/or its nationals.

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 Party considering the application or applications.

Article 5

Revocation of Authorization

Either Party may revoke, suspend or limit the operating authorization or technical permissions of an airline designated by the other Party where:

a) in the case of an airline designated by Iceland:
(i) it is not established in the territory of Iceland in accordance with the Agreement on the European Economic Area, or does not have a valid Operating Licence in accordance with the Agreement on the European Economic Area; or
(ii) effective regulatory control of the airline is not exercised or not maintained by a State which is a Contracting Party to the Agreement on the European Economic Area responsible for issuing its Air Operators Certificate, or the relevant aeronautical authority is not clearly identified in the designation;
(iii) it is not owned, directly or through majority ownership by, or it is not effectively controlled by a Member State of the European Economic Area and / or nationals of Member States of the European Economic Area.

b) in the case of an airline designated by the State of Qatar:
(i) it is not established in the territory of the State of Qatar; or is not licensed in accordance with the applicable law of the State of Qatar; or
(ii) The State of Qatar is not maintaining effective regulatory control of the airline; or
(iii) it is now owned, directly or through majority ownership, or it is not effectively controlled by the State of Qatar and / or its nationals.

c) that airline has failed to comply with the laws and regulations referred to in Articles 6 and 8 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 infringement of laws and regulations, such right shall be exercised only after consultation with the other Party.

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 or 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
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 own nationals by the other Party.

Article 8
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.

2. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards in the areas 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 Party 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, while 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.

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 the 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 other 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 9

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 the 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, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate 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 technical 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 10
Commercial Opportunities

1. The airlines of each Party shall have the right to establish offices in the territory of the other Party for the promotion and sale of air services.

2. The designated airlines of each Party shall be entitled, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, to bring in and maintain in the territory of the other Party managerial, sales, technical, operational and other specialist staff required for the provision of air services.

3. Subject to national laws or regulations of each Party, 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. When self-handling is not allowed, ground services shall be available on an equal basis to all airlines; charges shall be based on the costs of services provided; and such services shall be comparable to the kind and quality of services as if self-handling were possible.

4. Subject to national laws or regulations of each Party, any airline of each Party may engage in the sale of air services in the territory of the other Party directly and, at the airline's discretion, through its agents, except as may be specifically provided by the charter regulations of the country in which the charter originates that relate to the protection of passenger funds, passenger cancellation and refund rights. Each airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies.

5. Each airline shall have the right to convert and remit to its country, on demand, local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the rate of exchange applicable to current transactions and remittance on the date the carrier makes the initial application for remittance.

6. The airlines of each Party shall be permitted to pay for local expenses, including purchases of fuel, in the territory of the other Party in local currency. At their discretion, the airlines of each Party may pay for such expenses in the territory of the other Party in freely convertible currencies according to local currency regulation.

Article 11
Code-sharing

a) In operating or holding out the authorized services on the agreed routes, any designated airline of one Party may enter into co-operative marketing arrangements such as blocked-space, code-sharing or leasing arrangements, with

i) an airline or airlines of either Party; and
ii) an airline or airlines of a third country,

provided that such a third country authorizes or allows comparable arrangements between the airlines of the other Party and other airlines on services to, from and via such a third country; provided that all airlines in such arrangements 1) hold the appropriate authority and 2) meet the requirements normally applied to such arrangements.

b) Notwithstanding the provision of subparagraph ii), if an airline of one Party holds out service between a point in the other Party's territory and a point in a third country by means of a code-sharing arrangement on any segment of that service with an airline of the other Party, the first Party must authorize or allow any airline of the other Party to code-share with any airline on any segment of services between that third country and the other Party via a point or points in the territory of the first Party.

Article 12
Customs Duties and Charges

1. Each Party shall on the basis of reciprocity exempt a designated airline of the other 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, air waybills, 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 Party operating the agreed services.

2. The exemptions granted by this Article shall apply to the items referred to in paragraph 1:
a) introduced into the territory of the Party by or on behalf of the designated airline of the other Party;
b) retained on board aircraft of the designated airline of one Party upon arrival in or leaving the territory of the other Party; or
c) taken on board aircraft of the designated airline of one Party in the territory of the other 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 Party granting the exemption, provided the ownership of such items is not transferred in the territory of the said 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 Party, may be unloaded in the territory of the other 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.

Article 13
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 favourable than the most favourable terms available to any other airline at the time the charges are assessed.

2. User charges imposed on the airlines of the other Party may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport, airport environmental, air navigation and aviation security facilities and services at the airport or within the airport system. Such full cost may

include a reasonable return on assets, after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

3. 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.

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Article 14
Avoidance of Double Taxation
[To be retained]

Article 15
Fair Competition

1. Each Party shall allow a fair and equal opportunity for the designated airlines of both Parties to compete in providing the international air services governed by this Agreement.

2. Each Party shall allow each designated airline to determine the frequency and capacity of the international air services it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airlines of the other Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

3. Neither Party shall require the filing of schedules, programs for charter flights, or operational plans by airlines of the other 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 or as may be specifically authorized in an Annex to this Agreement. If a Party requires filings for information purposes, it shall minimize the administrative burdens of filing requirements and procedures on air services' intermediaries and on designated airlines of the other Party.

Article 16
Pricing

1. Each Party shall allow prices for air services to be decided by each designated airline based on commercial considerations in the marketplace. Intervention by the Parties shall be limited to:
a) prevention of unreasonably discriminatory prices or practices;
b) protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and

c) protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support.

2. Each Party may require notification or filing with its aeronautical authorities of prices to be charged to or from its territory by airlines of the other Party. Notification or filing by the airlines of both Parties may be required no more than thirty (30) days before the proposed date of effectiveness. In individual cases, notification or filing may be permitted on shorter notice than normally required.

3. Notwithstanding paragraphs 1 and 2 of this Article, the prices to be charged by the designated airline of the State of Qatar for carriage wholly within the European Economic Area shall be subject to the Agreement on the European Economic Area. However, each designated airline has the right to match any price offered in the marketplace.

Article 17
Intermodal Services

1. 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 customs 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.

2. The above paragraph (1) shall be subject to the applicable legislation and regulation of each Party.

Article 18
Consultations

1. In a spirit of close co-operation, either Party may, at any time, request consultations relating to this Agreement, its implementation and satisfactory compliance with the provisions of this Agreement. If any dispute arises between the Parties relating to the interpretation or application of this Agreement, the Parties shall in the first place endeavour to settle it by consultation.

Article 19
Settlement of Disputes

2. Any dispute which cannot be resolved by consultation may at the request of either Party of this Agreement be submitted to a mediator or a dispute settlement panel. Such a mediator or panel may be used for mediation, determination of the substance of the dispute or to recommend a remedy or resolution of the dispute.

3. The Parties shall agree in advance on the terms of reference of the mediator or of the panel, the guiding principles or criteria and the terms of access to the mediator or the panel. They shall also consider, if necessary, providing for an interim relief and the possibility for the participation of any third Party that may be directly affected by the dispute, bearing in mind the objective and need for a simple, responsive and expeditious process.

4. A mediator or the members of a panel may be appointed from a roster of suitably qualified aviation experts maintained by ICAO. The selection of the expert or experts shall be completed within fifteen (15) days of receipt of the request for submission to a mediator or to a panel. If the Parties fail to agree on the selection of an expert or experts, the selection may be referred to the President of the Council of ICAO. Any expert used for this mechanism should be adequately qualified in the general subject of the dispute.

5. A mediation should be completed within sixty (60) days of engagement of the mediator or the panel and any determination including, if applicable, any recommendation, should be rendered within sixty (60) days of engagement of the expert or experts. The Parties may agree in advance that the mediator or the panel may grant interim relief to the complainant, if requested, in which case a determination shall be made initially.

6. The Parties shall cooperate in good faith to advance the mediation and to implement the decision or determination of the mediator or the panel, unless they otherwise agree in advance to be bound by the decision or determination. If the Parties agree in advance to request only a determination of the facts, they shall use those facts for resolution of the dispute.

7. The costs of this mechanism shall be estimated upon initiation and apportioned equally, but with the possibility of re-apportionment under the final decision.

8. The mechanism is without prejudice to the continuing use of the consultation process, the subsequent use of arbitration, or Termination under Article 21.

Article 20
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 confirmed by an exchange of diplomatic notes.

Article 21
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 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 the date it was received by the International Civil Aviation Organization.

Article 22
Registration with ICAO

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

Article 23
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 200-, in duplicate, in the Icelandic, Arabic and English and languages, each text being equally authentic. In case of divergence of interpretation, the English text shall prevail.

ANNEX I
International Air Services

Section 1
Routes

Airlines of each Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform unlimited international passenger and freight air services, separately or in combination, between points on the following routes:

A. Routes for the airline or airlines designated by the Government of Iceland:

From points behind Iceland via Iceland and intermediate points to a point or points in the State of Qatar and beyond.
Points between the State of Qatar and any point or points.

B. Routes for the airline or airlines designated by the Government of Qatar:

From points behind Qatar via the State of Qatar and intermediate points to a point or points in Iceland and beyond.
Points between Iceland and any point or points.

Section 2
Operational Flexibility

Each designated airline may on any or all flights and at its option:

1. Operate flights in either or both directions;
2. Combine different flight numbers within one aircraft operation;
3. Serve behind, intermediate, and beyond points and points in the territories of the Parties on the routes in any combination and in any order;
4. Omit stops at any point or points;
5. Transfer traffic from any of its aircraft to any of its other aircraft at any point on the routes; and
6. Serve points behind any point in its territory with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services;

Section 3
Change of Gauge

On any segment or segments of the aforementioned routes, any designated airline may perform international air services without any limitation as to change, at any point on the route, in type or number of aircraft operated.

Appendix 3

Proposed
ANNEX II
Charter Operations

Section 1

Airlines of each Party designated under this Annex shall, in accordance with the terms of their designation, have the right to carry international charter traffic of passengers (and their accompanying baggage) and/or cargo (including, but not limited to, freight forwarder, split, and combination (passenger/cargo) charters):

Between any point or points in the territory of the Party that has designated the airline and any point or points in the territory of the other Party; and

Between any point or points in the territory of the other Party and any point or points in a third country or countries, provided that, except with respect to cargo charters, such service constitutes part of a continuous operation, with or without a change of aircraft, that includes service to the homeland for the purpose of carrying local traffic between the homeland and the territory of the other Party.

In the performance of services covered by this Annex, airlines of each Party designated under this Annex shall also have the right: (1) to make stopovers at any points whether within or outside of the territory of either Party; (2) to carry transit traffic through the other Party's territory; and (3) to combine on the same aircraft traffic originating in one Party's territory, originating in the other Party's territory, and traffic originating in third countries.

Each Party shall extend favourable consideration to applications by airlines of the other Party to carry traffic not covered by this Annex on the basis of comity and reciprocity.

Section 2

Any airline designated by either Party performing international charter operations originating in the territory of either Party, whether on a one-way or round-trip basis, shall have the option of complying with the charter laws, regulations, and rules either of its homeland or of the other Party. If a Party applies different rules, regulations, terms, conditions, or limitations to one or more of its airlines, or to airlines of different countries, each designated airline shall be subject to the least restrictive of such criteria.

However, nothing contained in the preceding paragraph shall limit the rights of either Party to require airlines designated under this Annex by either Party to adhere to requirements relating to the protection of passenger funds and passenger cancellation and refund rights.

Section 3

Except with respect to the consumer protection rules referred to in the preceding paragraph, neither Party shall require an airline designated under this Annex by the other Party, in respect of the carriage of traffic from the territory of that other Party or of a third country on a one-way or round-trip basis, to submit more than a declaration of conformity with the applicable laws, regulations and rules referred to under section 2 of this Annex or of a waiver of these laws, regulations, or rules granted by the applicable aeronautical authorities.

Appendix 4

Proposed

ARTICLE 14

Avoidance of Double Taxation

1. Income and profits derived from the operation of aircraft in international traffic by an airline of one Party, including participation in a pool service, a joint air transport operation or an international operating agency, which are subject to tax in the territory of that Party shall be exempt from income tax, profits tax and all other taxes on income and profits imposed in the territory of the other Party.

2. Capital and assets of an airline of one Party relating to the operation of aircraft in international traffic shall be exempt from taxes on capital and assets imposed in the territory of the other Party.

3. Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft which are received by an airline of one Party, the income and profits of which according to paragraph 1 are taxable only in the territory of that Party, shall be exempt from any tax on gains imposed in the territory of the other Party.

4. For the purposes of this Article:
a) the term "income and profits" includes revenues and gross receipts from the operation of aircraft for the carriage of persons, livestock, goods, mail or merchandise in international traffic including:

(i) the charter or rental of aircraft if such charter or rental is incidental to the operation of aircraft in international traffic;

(ii) the sale of tickets or similar documents, and the provision of services connected with such carriage, for the airline itself or for other airlines, but in the latter case only if such sales or provisions of service are incidental to the operation of aircraft in international traffic; and

(iii) interest on funds directly connected with the operation of aircraft in international traffic;

b) the term "international traffic" means any carriage by an aircraft except when such carriage is solely between places in the territory of the other Party;
c) the term "competent authority" means, in the case of the State of Qatar the --------------------------------or his authorized representative, or any person or body authorized to perform any functions at present exercisable by the ----------------------or similar functions; and in the case of Iceland, the Minister of Finance or his authorized representative.

5. The competent authorities of the Parties shall, through consultation, endeavour to resolve by mutual agreement any disputes regarding the interpretation or application of this Article. Article 19 shall not apply to such disputes.

6. Notwithstanding Article 23, each Party shall in writing notify the other when the internal procedures necessary to implement this Article have been completed. This Article shall enter into force on the date of receipt of the latter of these notifications

and shall thereupon have effect in respect of income, profits and gains arising on or after the first day of -------------- and on capital and assets held.

7. Notwithstanding Article 21, this Article shall cease to have effect, in relation to income, profits and gains received as well as capital and assets held on or after the first day of January in the calendar year next following the expiry of six months after the date of receipt of such notice.

8. This Article shall cease to have effect in the event that an agreement for the avoidance of double taxation with respect to taxes on income, providing for similar exceptions to those stipulated in this Article, enters into force between the Parties.