

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE AERONAUTICAL AUTHORITIES OF
THE ICELAND
AND THE KINGDOM OF MOROCCO**

Delegations representing the Civil Aviation Authorities of the ICELAND and the Kingdom of Morocco (hereinafter referred to as the "Delegations") met in Aqaba, JORDAN on December 4, 2019 with a view to concluding a new Air Services Agreement (hereinafter referred to as the "ASA") and the establishment of scheduled air services between the two countries. The list of the two Delegations is attached hereto as Appendix 1.

The consultations were held in a cordial and friendly atmosphere and the following common understandings were reached:

(I) Air Services Agreement

1. The delegations discussed and initialed the text of a bilateral Air Services Agreement (ASA), appended as Appendix 2 and decided to recommend it to their respective governments for signature.
2. Pending the entry into force of the ASA, the two delegations came to the understanding that their respective aeronautical authorities shall act in accordance with the agreed provisions of the initialed ASA, before it is formally signed and enters into force in accordance with Article 27 (Entry into Force) of the ASA.

(II) The Icelandic obligation as a Member State of the European Economic Area (EEA)

The Icelandic Delegation referred to Iceland's obligations as a member of European Economic Area (EEA) and the need to align the bilateral agreements with the relevant EEA legislation. The Delegation of the Kingdom of Morocco has been informed of this obligation and offers to examine the possibility to include such a provision in the Agreement. The Icelandic Delegation will send the EEA clause to the Delegation of Morocco for further examination.

(III) Designation of Airlines

The Contracting Parties shall have the right to designate, through Diplomatic channels, one or more airline(s) to operate or to hold out the agreed services.

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(IV) Route Schedule

1. Routes to be operated by the designated airline(s) of Morocco:

Points of Origin	Intermediate Points	Points of Destination	Points Beyond
Any points in Morocco	Any points	Any points in Iceland	Any points

2. Routes to be operated by the designated airline(s) of Iceland:

Points of Origin	Intermediate Points	Points of Destination	Points Beyond
Any points in Iceland	Any points	Any points in Morocco	Any points

NOTES:

- The designated airlines of both Contracting Parties may, on any or all flights and at their option:
 - perform services in either or both directions;
 - combine different flight numbers within one aircraft operation;
 - transfer traffic from any aircraft to any other aircraft at any point on the route, without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under the draft Agreement
- The eventual exercise of fifth freedom traffic rights must be approved by the aeronautical authorities of the Contracting Parties.

(V) Traffic Rights and Frequencies

The designated airlines of both Contracting Parties shall, with immediate effect, be entitled to operate unlimited weekly frequencies with any aircraft type and no restrictions on points with 3rd and 4th freedom traffic rights for both passenger and all cargo services; and

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(VI) Tariffs

1. Tariffs charged for air services operated under this Memorandum may be freely established by the airlines and shall not be subject to approval.
2. Each Party may require notification to or filing with the authorities by the designated airlines of tariffs for transportation originating from its territory.

(VII) Commercial Activities

1. In operating or holding out the agreed services on the specified routes, any designated airline of one Party may enter into cooperative marketing arrangements such as code-sharing, blocked-space, with:

- (a) an airline(s) of the same Party, or
- (b) an airline(s) of the other Party; or
- (c) an airline(s) of a third country,

provided that all airlines in such arrangements hold the appropriate authority including route rights and traffic rights to operate on the routes and segments concerned and shall meet the requirements normally applied to such arrangements.

2. The designated airlines of both Contracting Parties shall, when holding services out for sale, in terms of code share, blocked-space or other joint venture arrangements, make it clear to the purchaser at the point of sale which airline shall be the operating airline on each sector of the service and with which airline(s) the purchaser is entering into a contractual relationship.
3. All code-sharing arrangements may be subject to approval by the relevant authorities of both Contracting Parties.

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(VIII) Charter Operation

In order to stimulate growth and development of tourism and trade between the two countries, airlines of both Contracting Parties shall be given favorable consideration to operate charter services subject to national regulations of both countries.

This Memorandum of Understanding enters into effect at the administrative level, between the Civil Aviation Authorities of both countries, on the date of its signature.

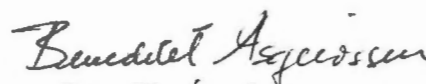
Done at Aqaba, Jordan on December 4, 2019.

For the Delegation of Morocco



Tarik TALIBI
Director of Air Transport
Ministry of Tourism, Handicraft,
Air Transport and Social Economy

For the Delegation of Iceland



Benedikt Ásgeirsson
Ambassador

Appendix 1

List of delegation of Morocco:

Mr Tarik TALIBI
Director of Air Transport, Ministry of
Tourism, Handicraft, Air Transport and
Social Economy

Head of Delegation

Dr Mohammed HAMIDI
Deputy Director of Air Transport,
Ministry of Tourism, Handicraft, Air
Transport and Social Economy

Member

Mrs Nora OUSTANI
Head of service of the Managing of Air
Routes and International Negotiations,
Ministry of Tourism, Handicraft, Air
Transport and Social Economy

Member

Mr Hicham OUZINE
Head of Airline Partnerships
Royal Air Maroc

Member

List of delegation of Iceland:

Benedikt Ásgeirsson
Ambassador, Chief Air Services Negotiator, Ministry for
Foreign Affairs

Head of Delegation

Kristín Helga Markúsdóttir
Head of Legal Department, Icelandic Transport Authority

Member



**AIR SERVICES AGREEMENT
BETWEEN
THE GOVERNMENT OF ICELAND
AND
THE GOVERNMENT OF
THE KINGDOM OF MOROCCO**

The Government of the Kingdom of Morocco and the Government of Iceland, hereinafter referred to as the "Contracting Parties";

Desiring to promote an international aviation system based on competition among airlines;

Desiring to favor the rise of international air transport, by putting air transport networks which are able to provide air services to meet the needs of the travelling and shipping public;

Desiring to make it possible for airlines to offer the travelling and shipping public competitive prices and services in open markets;

Desiring to ensure the highest degree of safety and security in international air transport, and reaffirming their profound concern about acts and threats against the safety of civil aviation, which jeopardise the safety of persons or property, adversely affect the operation of air transportation, and undermine public confidence in the security of civil aviation;

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

Have agreed as follows:

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ARTICLE 1 DEFINITIONS

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

- (a) "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944, and includes any Annex thereto adopted under Article 90 of that Convention, and any amendment to the Convention or its Annexes adopted under Articles 90 and 94 of the Convention, insofar as such Annexes and amendments have become effective for both Contracting Parties;
- (b) "Agreement" means this Agreement, its Annexes and any amendments thereto;
- (c) "aeronautical authorities" means:
 - (i) in the case of the Kingdom of Morocco, the Ministry in charge of civil aviation; and
 - (ii) in the case of Iceland, Ministry of Transport and Local Government ;or in both cases, any person or body authorized to perform functions at present exercisable by the above-mentioned authorities or similar functions;
- (d) "agreed services" means the air services established on the specified routes pursuant to the Annex to the present Agreement;
- (e) "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;
- (f) "designated airline" means an airline or airlines designated by one Contracting Party and authorized by the other Contracting Party in accordance with Article 3 of this Agreement;
- (g) "Aircraft equipments", "stores", and "spare parts" have the meaning respectively assigned to them in Annex 9 of the Convention;
- (h) "specified routes" means routes specified in the Annex to the present Agreement;
- (i) "tariffs" means the prices to be paid for the carriage of passengers, baggage, cargo and the conditions under which these prices apply, including prices, commissions and conditions of agency and other auxiliary services, but excluding remuneration and conditions for the carriage of mail;

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(j) "territory" means in relation to a State the land areas, internal waters, and territorial seas adjacent thereto under the sovereignty of such State.

(k) "user charges" means a charge made to airlines by the competent authorities, or permitted by them to be made, for the provision of airport property or facilities or of air navigation facilities, or aviation security facilities or services, including related services and facilities, for aircraft, their crews, passengers and cargo.

(l) "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;

For the avoidance of doubt, all references to the singular shall include the plural, and all references to the plural shall include the singular.

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ARTICLE 2 GRANT OF TRAFFIC RIGHTS

1. Each Contracting Party grants to the other Contracting Party the rights specified in the present Agreement for the conduct of international air services on the specified routes.

2. Subject to the provisions of the present Agreement, the designated airlines of each Contracting Party, during the conduct of international air services, shall enjoy the following rights:

(a) the right to fly across the territory of the other Contracting Party without landing;

(b) the right to make stops in the territory of the other Contracting Party for non-traffic purposes;

(c) the right to make stops in the said territory, at the points specified for that route in the Annex to this Agreement, for the purpose of putting down and taking on international traffic in passengers, cargo and mail, separately or in combination carried for compensation and destined for another point in the territory of that other Contracting Party; and

(d) any rights otherwise specified in this Agreement.

3. The airline(s) of each Contracting Party, other than those designated under Article 3 (Designation and Authorization) of this Agreement, shall also enjoy the rights specified in subparagraphs (a) and (b) of paragraph 2 of this Article. That airline shall be required to meet other conditions prescribed under the laws and regulations normally applied to the operation of the international air transport services by the Contracting Party considering the application.

4. Nothing in this Article shall be deemed to confer on the airline(s) of one Contracting Party the rights to take on board, in the territory of the other Contracting Party, passengers, their baggage, cargo, or mail carried for compensation and destined for another point in the territory of that other Contracting Party.

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ARTICLE 3
DESIGNATION AND AUTHORISATION

1. Each Contracting Party has the right to designate one or more airlines as it wishes for the purpose of operating the agreed services on the specified routes, and to withdraw or alter such designations. Such designations shall be transmitted to the other Contracting Party in writing and shall specify whether the airline is authorized to conduct the type of air services on the specified routes.

2. On receipt of such a designation, and of application from the designated airline, in the form and manner prescribed for operating authorization, the other Contracting Party shall grant the appropriate authorizations with minimum procedural delay, provided that:

- (a) the designated airline is established in the territory of contracting parties and has a valid Operating Licence in accordance with national law; and
- (b) substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline, nationals of that Contracting Party, or both;
- (c) the designated airline is the holder of an air operator certificate or any other equivalent document which is valid in accordance with the laws and regulations in force in the Contracting Party designating the airline;
- (d) the Contracting Party designating the airline has and maintains effective regulatory control of that airline;
- (e) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of air services by the Contracting Party considering the application(s); and
- (f) the Contracting Party designating the airline is maintaining and administering the standards set forth in Article 12 (Air Safety) and Article 13 (Aviation Security) of this agreement.

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ARTICLE 4
WITHHOLDING, REVOCATION, SUSPENSION, OR LIMITATION OF
OPERATING AUTHORISATIONS

1. Each Contracting Party shall have the right to withhold, revoke, suspend, limit or impose conditions on the operating authorizations of an airline designated by the other Contracting Party where:

- (a) the designated airline is not established in the territory of contracting parties and is not licensed in accordance with the applicable law of the contracting parties; and
- (b) substantial ownership and effective control of that airline are not vested in the other Contracting Party, that other Contracting Party's nationals, or both;
- (b) the designated airline does not hold an air operator certificate or any other equivalent document which is valid in accordance with the laws and regulations in force of the Contracting Party designating the airline;
- (c) the Contracting Party designating the airline does not have effective regulatory control of that airline;
- (d) the designated airline has failed to meet any condition prescribed under the laws and regulations normally applied to the operation of international air services by the Contracting Party considering the application or applications; or
- (e) the designated airline has failed to comply with the provisions set forth in Article 12 (Air Safety) and Article 13 (Aviation Security).

2. Unless immediate measures are essential to prevent further non-compliance with subparagraphs (c) or (d) of paragraph 1 of this Article, the rights established by this Article shall be exercised only after consultations with the Contracting Party designating the airline, in accordance with the provisions set forth in Article 17 (Consultations and Amendments) of the present Agreement.

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ARTICLE 5
FAIR COMPETITION AND OPERATION OF AIR SERVICES

1. Each Contracting Party shall provide to all the designated airlines of both Contracting Parties fair and equal opportunity to compete in operating international air services governed by this Agreement.
2. Each Contracting Party shall allow each designated airline(s) to determine the frequency and capacity of the international air service it offers based on commercial considerations of the marketplace.
3. Consistent with this right, neither Contracting Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons, consistent with Article 15 of the Convention.

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ARTICLE 6
APPLICATION OF LAWS AND REGULATIONS

1. The laws and regulations of one Contracting Party relating to admission to, flight within or departure from its territory of an aircraft of its designated airline(s) engaged in international air navigation, or to the operation or navigation of such aircraft while within its territory, shall apply to the aircraft of designated airline(s) of the other Contracting Party and shall be complied with by such aircraft upon entering or departing from or while within the territory of that Contracting Party.
2. The laws and regulations of one Contracting Party relating to entry into, stay in, or departure from its territory of passengers, baggage, crew, cargo or mail, such as laws and regulations relating to entry, exit, emigration, immigration, passports as well as customs and health or sanitary measures, shall apply to passengers, baggage, crew, cargo and mail carried by the aircraft of the designated airline(s) of the other Contracting Party upon entry into or departure from or while within the territory of the first Contracting Party.
3. In general, in the application of laws and regulations in force, neither Contracting Party shall give preference to its own or any other airlines over a designated airline of the other Contracting Party engaged in similar international air services.

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ARTICLE 7
DIRECT TRANSIT

Passengers, baggage, and cargo in direct transit through the territory of either Contracting Party and not leaving the area of the airport reserved for such purpose, shall be subject to a simplified control. Passengers, baggage and cargo in direct transit through the territory of either Contracting Party and not leaving the area of the airport reserved for such purpose shall be subject to further examination for reasons of aviation security, narcotics control, prevention of illegal entry or in special circumstances.

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ARTICLE 8
USER CHARGES

1. Neither Contracting Party shall impose or permit to be imposed on the designated airline or airlines of the other Contracting Party user charges higher than those imposed on its own airlines operating similar international air services.
2. Each Contracting Party shall encourage consultations on user charges between its competent charging authorities and airlines using the services and facilities provided by those charging authorities, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for changes in user charges should be given to such users to enable them to express their views before changes are made. Each Contracting Party shall further encourage its competent charging authorities and such users to exchange appropriate information concerning user charges.

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ARTICLE 9 TARIFFS

1. Tariffs charged by airlines shall not be required to be filed with, or approved, by either Contracting Party.
2. Notwithstanding paragraph 1 of this Article, either Contracting Party may require information of tariffs proposed by its own airline, or the designated airline(s) of the other Contracting Party for carriage to or from its territory.
3. Without limiting the application of general competition and consumer law in each Contracting Party, consultations in accordance with the provisions set forth in Article 17 (Consultations and Amendments) of the present Agreement, may be initiated by either Contracting Party to:
 - (a) prevent unreasonably discriminatory tariffs or practices;
 - (b) protect consumers from tariffs that are unreasonably high or unreasonably restrictive due either to the abuse of a dominant position or to concerted practices among air carriers; and
 - (c) protect airlines from tariffs that are artificially low because of direct or indirect governmental subsidy or support.

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ARTICLE 10
EXCHANGE OF INFORMATION

The aeronautical authorities of each Contracting Party shall provide to the aeronautical authorities of the other Contracting Party, on request, information relating to the traffic carried on the agreed services by the respective designated airline(s). Such information shall include statistics and other information required in determining the amount of traffic carried by those airlines on the agreed services.

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ARTICLE 11
RECOGNITION OF CERTIFICATES AND LICENCES

1. Certificates of airworthiness, certificates of competency and licenses issued or rendered valid in accordance with the laws and regulations of one Contracting Party and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the specified routes, provided that the requirements under which such certificates and licenses are issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention.
2. Each Contracting Party reserves the right, however, to refuse to recognize as valid, for the purpose of flights within its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

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ARTICLE 12 AIR SAFETY

1. Each Contracting Party may request consultations at any time concerning the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty (30) days of that request.

2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 1 of this Article that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and of the steps considered necessary to conform with those minimum standards established at that time pursuant to the Convention, and the other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within fifteen (15) days or such longer period as may be agreed, shall be grounds for the application of subparagraph (e) of paragraph 1 of Article 4 (Withholding, Revocation, Suspension, or Limitation of Operating Authorisations) of this Agreement.

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

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

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

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

5. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by the airline or airlines of one Contracting Party in accordance with paragraph 3 of this Article is denied by a representative of that airline or airlines, the

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other Contracting Party shall be free to infer that serious concerns of the type referred to in paragraph 4 of this Article arise and draw the conclusions referred in that paragraph.

6. Each Contracting Party reserves the right to suspend or vary the operating authorisation of an airline or airlines of the other Contracting Party immediately in the event the first Contracting Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.

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

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ARTICLE 13 AVIATION SECURITY

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

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

3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention to the extent that such security provisions are applicable to the Contracting Parties. Each Contracting Party shall require that operators of aircraft of their registry, or operators of aircraft who have their principal place of business or permanent residence in its territory, and the operators of airports in its territory, act in conformity with such aviation security provisions.

4. Each Contracting Party agrees that such operators of aircraft shall be required to observe the aviation security provisions referred to in paragraph 3 of this Article required by the other Contracting Party for entry into, departure from, or while within, the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

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

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6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, that Contracting Party may request immediate consultations with the other Contracting Party.

7. Without prejudice to Article 4 (Withholding, Revocation, Suspension or Limitation of Operating Authorisations) of this Agreement, failure to reach a satisfactory agreement within fifteen (15) days from the date of such request will constitute grounds to withhold, revoke, suspend, limit or impose conditions on the operating authorisation of the air carriers of both Contracting Parties.

8. When required by an immediate and extraordinary threat, a Contracting Party may take interim action prior to the expiry of fifteen (15) days.

9. Any action taken in accordance with the paragraph 7 above shall be discontinued upon compliance by the other Contracting Party with the provisions of this Article.

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ARTICLE 14
EXEMPTION FROM CUSTOMS DUTIES AND OTHER TAXES

1. Aircraft operated, for the agreed services, by the designated airline(s) of either Contracting Party, as well as any aircraft equipment, supplies of fuels and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft are exempt from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Party, provided that such equipment, supplies and stores remain on board the aircraft up to such time as they are re-exported or are used on the part of the journey performed over that territory.
2. Subject to paragraph 3 of this Article, they are also exempt from customs duties, inspection fees and similar charges, with the exception of charges corresponding to the services performed:
 - (a) aircraft stores taken on board in the territory of a Contracting Party; within limits fixed by the aeronautical authorities of that Contracting Party, and for use on board outbound aircraft engaged on an agreed service of the other Contracting Party;
 - (b) spare parts, introduced into the territory of either Contracting Party for the maintenance or repair of aircrafts used, for the agreed services, by the designated airline(s) of the other Contracting Party;
 - (c) fuel and lubricants, and consumable technical supplies, to be supplied to an inbound / transiting / outbound aircraft operated, on agreed services, by the designated airline(s) of the other Contracting Party, even when such supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.
3. Materials and supplies referred to in subparagraphs (a), (b) and (c) of paragraph 2 of this Article, may be subject to customs surveillance or control, of the two Contracting Parties.
4. Baggage and cargo in direct transit are exempt from customs duties and other similar taxes provided that these will be under customs surveillance or control.
5. The regular airborne equipment, as well as the materials and supplies retained on board an aircraft of the designated airline(s) of either Contracting Party, may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that other Contracting Party and such customs authorities may require that such equipment, materials and supplies be placed under their surveillance up to such time as they are re-exported or otherwise disposed of in accordance with customs laws and regulations.

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ARTICLE 15 COMMERCIAL ACTIVITIES

1. In accordance with the laws and regulations of the other Contracting Party, the designated airline(s) of one Contracting Party shall have the right:

(a) in relation to entry, residence and employment, to bring in and maintain in the territory of the other Contracting Party managerial and other specialist staff, office equipment and other related equipment and promotional materials required for the operation of international air services;

(b) to employ technical, administrative and commercial personnel of its own nationality subject to the laws and regulations in force in the country in which this personnel is to be employed;

(c) to use the services of personnel of any other organization, company or airline operating in the territory of the other Contracting Party;

(d) to establish offices in the territory of the other Contracting Party for the purposes of provision, promotion and sale of air services;

(e) to sell and market international air services and related products in the territory of that other Contracting Party, directly and, at its discretion, through its agents or other intermediaries, in the local currency or in freely convertible currencies of other countries;

(f) to convert and remit to the territory of its incorporation, 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. Such conversion and remittance shall be made in accordance with the foreign exchange regulations of the Contracting Party concerned; and

(g) to pay for local expenses, including purchases of fuel, in the territory of the other Contracting Party in local currency. At their discretion, the airlines of each Contracting Party may pay for such expenses in the territory of the other Contracting Party in freely convertible currencies according to local currency regulations.

2. The designated airlines of each Contracting Party have the right to enter cooperative marketing arrangements subject to national laws, regulations and policies, such as blocked space, code sharing or leasing arrangements with an airline or airlines of either Contracting Party or airlines of a third country, provided that the airlines have the appropriate authorization of exploitation.

3. The marketing airline may be required to file any proposed co-operative marketing arrangements with the aeronautical authorities of each Contracting Party before its introduction.

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4. When holding out services for sale, the marketing airline will make it clear to the purchaser of tickets for such services, at the point of sale, which airline will be the operating airline on each sector of the services and with which airline or airlines the purchaser is entering into a contractual relationship.

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ARTICLE 16
LEASING

1. Either Contracting Party may prevent the use of leased aircraft for services under this Agreement which does not comply with Article 12 (Air Safety) and Article 13 (Aviation Security) of this Agreement.
2. Subject to paragraph 1 of this Article, the designated airlines of each Contracting Party may operate services under this Agreement by using leased aircraft which meets the requirements provided by Article 12 (Air Safety) and Article 13 (Aviation Security) of this Agreement.

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Article 17
Change of gauge

On any international segment or segments of the agreed routes, a designated airline may perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated; provided that [with the exception of all-cargo services] the transportation beyond such point is a continuation of the transportation from the territory of the Party that has designated the airline and, in the inbound direction, the transportation to the territory of the Party that has designated the airline is a continuation of the transportation from beyond such point.

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Article 18
Ground handling

1. Subject to applicable safety provisions, including ICAO Standards and Recommended Practices (SARPs) contained in Annex 6, each Party shall authorize airline(s) of the other Party, at each airline's choice, to:
 - a) perform its own ground handling services;
 - b) handle another or other air carrier(s);
 - c) join with others in forming a service-providing entity; and/or
 - d) select among competing service providers.
2. An air carrier is permitted to choose freely from among the alternatives available and to combine or change its option, except where this is demonstrably impractical and also where constrained by relevant safety and security considerations, and (with the exception of self-handling in a) above) by the scale of airport operations being too small to sustain competitive providers.
3. Parties would always be required to take the necessary measures to ensure reasonable cost-based pricing and fair and equal treatment for air carrier(s) of the other Party/Parties.

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Article 19
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 transportation 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 transportation.

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.

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Article 20
Computer reservation systems (CRS)

Each Party shall apply the ICAO Code of Conduct for the Regulation and Operation of Computer Reservation Systems within its territory consistent with other applicable regulations and obligations concerning computer reservation systems.

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Article 21
Approval of schedules

1. The designated airline of each Party shall submit its envisaged flight schedules for approval to the aeronautical authorities of the other Party at least thirty (30) days prior to the operation of the agreed services. The same procedure shall apply to any modification thereof.
2. For supplementary flights which the designated airline of one Party wishes to operate on the agreed services outside the approved timetable, that airline must request prior permission from the aeronautical authorities of the other Party. Such requests shall usually be submitted at least two (2) working days prior to the operation of such flights.

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ARTICLE 22
CONSULTATIONS AND AMENDMENTS

1. In a spirit of close cooperation, the aeronautical authorities of the Contracting Parties shall consult with each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement and the Annex attached hereto and shall consult whenever necessary to provide for amendment to this Agreement or the Annex.
2. Either Contracting Party may request consultations, which may be through discussions or by correspondence. Consultations shall begin within a period of thirty (30) days from the date the other Contracting Party receives a written request, unless otherwise agreed by both Contracting Parties.
3. Any amendment of this Agreement, or its Annex, shall be effected by an exchange of diplomatic notes and shall enter into force on such date as is provided for by the latter note.

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ARTICLE 23
MULTILATERAL AGREEMENTS

If both Contracting Parties become parties to a multilateral agreement that addresses matters covered by the present Agreement, they shall consult to determine whether the present Agreement should be revised to take into account the multilateral agreement.

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ARTICLE 24
SETTLEMENT OF DISPUTES

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall, in the first place, endeavour to settle it by direct consultation and negotiations.
2. If a settlement cannot be reached by the aforementioned methods, the dispute may, at the request of either Contracting Party, be submitted for decision to a tribunal (hereinafter called the "Arbitration Tribunal") consisting of three arbitrators, one to be appointed by each Contracting Party and the third to be agreed upon by the two so appointed. The third such arbitrator shall not be a national of either Contracting Party and shall act as president of the Arbitration Tribunal.
3. Each of the Contracting Parties shall appoint an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other Contracting Party of a notice through the diplomatic channel requesting arbitration of the dispute by the Arbitration Tribunal and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Contracting Parties fails to appoint an arbitrator within the specified period or if the third arbitrator is not appointed within the specified period, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting Party to appoint an arbitrator or arbitrators as the case requires. If the President is of the same nationality as one of the Contracting Parties, the most senior Vice-President who is not disqualified on that ground shall make the appointment.
4. The Arbitration Tribunal shall determine its own procedure.
5. Subject to the final decision of the Arbitration Tribunal, the Contracting Parties shall bear in equal proportion the cost of arbitration.
6. The Contracting Parties shall comply with the decision(s) of the Arbitration Tribunal.
7. If, and so long as, either Contracting Party fails to comply with a decision of the Arbitration Tribunal given under this Article, the other Contracting Party may limit, withhold, suspend or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party or to its designated airline(s) in default.

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ARTICLE 25
TERMINATION OF AGREEMENT

Either Contracting Party may at any time give notice in writing, through the diplomatic channel, to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case the Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, or after any shorter period of time as may be agreed by both Contracting Parties, unless the notice to terminate is withdrawn by agreement before the expiry period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after the receipt of the notice by the International Civil Aviation Organization.

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ARTICLE 26
REGISTRATION OF AGREEMENT

This Agreement and any subsequent amendments thereto shall be registered with the International Civil Aviation Organization by the Contracting Parties.

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ARTICLE 27
ENTRY INTO FORCE

This Agreement shall be applied provisionally from the date of its signature and shall enter into force as soon as the two Contracting Parties have notified each other by an exchange of diplomatic notes, that their respective constitutional procedures for the entry into force of this Agreement have been completed.

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

Done at , thisDay of in the Year..... in duplicate original copies in English, Arabic and Icelandic languages, both texts being equally authentic.

In the case of any divergence in interpretation of the provisions of this Agreement, the English text shall prevail.

**FOR THE GOVERNMENT OF THE
KINGDOM OF MOROCCO**

**FOR THE GOVERNMENT OF THE
GOVERNMENT OF ICELAND**

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ANNEX I

ROUTES

I MOROCCAN ROUTE

Points in Morocco : Any point or points
Intermediate points : Any point or points

Points in : Any point or points
Beyond points : Any point or points

II ICELAND ROUTE

Points in : Any point or points
Intermediate points : Any point or points

Points in Morocco : Any point or points
Beyond points : Any point or points

Note 1: Any point or all intermediate points and/or beyond points on the specified routes may, at the discretion of each airline, be omitted on any or all flights.

Note 2: The eventual exercise of fifth freedom traffic rights must be approved by the aeronautical authorities of the Contracting Parties.

Note 3: The eventual exercise of seventh freedom traffic rights in cargo must be approved by the aeronautical authorities of the Contracting Parties.

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ANNEX II

OPERATIONAL FLEXIBILITY

Subject to Annex I of the Agreement, the designated airlines of each Party may, on any or all services (with the exception of fifth freedom own operated services) and the option of each airline:

(a) perform services in either or both directions;

(b) combine different flight numbers within one aircraft operation;

(c) transfer traffic from any aircraft to any other aircraft at any point on the route, without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under the draft Agreement.

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ANNEX III

NON-SCHEDULED / CHARTER OPERATIONS

1. The designated airlines of one Party shall , in accordance with the terms of their designation and of the Route Schedule at Annex I , be entitled to perform international non-scheduled air transportation to and from any point or points in the territory of the other Party, either directly or with stop-overs en route, for one-way or round trip carriage of any traffic to or from a point or points in the territory of the Party which has designated the airline. Multi-destination charters shall also be permitted. In addition, [designated] airlines of one Party may operate charters with traffic originating in or destined for the territory of the other Party.
2. Each [designated] airline performing air transportation under this provision shall comply with such laws, regulations and rules of the Party in whose territory the traffic originates, whether on a one-way or round trip basis, as that Party now or hereafter specifies shall be applicable to such transportation.

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ANNEX IV

AIR CARGO SERVICES

Every designated airline when engaged in the international transport of air cargo

- a) shall be accorded non-discriminatory treatment with respect to access to facilities for cargo clearance, handling, storage, and facilitation;
- b) may use and/or operate directly other modes of transport;
- c) may use leased aircraft, provided that such operation complies with the safety and security standards applied to other aircraft of designated airlines;
- d) may enter into cooperative arrangements with other air carriers including, but not limited to, code sharing, blocked spaced, and interlining; and
- e) may determine its own cargo tariffs which shall be required to be filed with the aeronautical authorities of either Party.

In addition to the rights granted in paragraph 1, above, every designated airline when engaged in all cargo transportation as scheduled or non-scheduled services may provide such services to and from the territory of each Party, without restriction as to frequency, capacity, routing, type of aircraft, and origin or destination of cargo.

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