

**AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA
AND THE GOVERNMENT OF ICELAND
CONCERNING AIR SERVICES**

The Government of the Republic of Moldova and the Government of Iceland, hereinafter referred to as the "Contracting Parties",

Being parties to the Convention on International Civil Aviation done at Chicago on the seventh day of December 1944,

Recognising the importance of air transport as means of creation and preservation of friendship, understanding and cooperation between the Peoples of both States,

Desiring to promote air transport development between the Republic of Moldova and Iceland,

Desiring to continue, to the fullest extent, international cooperation in this sphere and wanting to execute this Agreement for air services between the territories of their States,

Have agreed as follows:

**ARTICLE 1
Definitions**

In this Agreement, unless otherwise stated, the terms:

- (a) "agreed services" and "the specified routes" have the meaning given to those terms in paragraph (2) of Article 3 „Grant of Rights” of this Agreement;
- (b) "Agreement" means the Agreement itself and the Annex hereto and any amendments to them or to this Agreement;
- (c) "air operator's certificate" means a document issued to an airline which affirms that the airline in question has the professional ability and organisation to secure the safe operation of aircraft for the aviation activities specified in the certificate;
- (d) "aviation authority" shall mean the Ministry of Infrastructure and Regional Development, and the Civil Aviation Authority, for the Government of the Republic of Moldova, and the Ministry of Infrastructure, for the Government of the Iceland, or, in both cases, any person or body that may be appointed by the abovementioned authorities to fulfil any and all functions as set forth herein, other similar functions;
- (e) "Chicago Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944 and includes:
 - (i) any amendment thereof which has been ratified by both Contracting Parties; and
 - (ii) any Annex or any amendment thereto adopted under Article 90 of that Convention, insofar as such amendment or annex is at any given time effective for both Contracting Parties;
- (f) "designated airline" means an airline which has been designated in accordance with Article 4 „Designation and Authorisation" of this Agreement;

- (g) "EEA" 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 (now the European Union) and Iceland, Norway and Lichtenstein on the other hand;
- (h) "ICAO" means the International Civil Aviation Organization;
- (i) "international air service", "airline" and "stop for non-traffic purposes" have the meanings respectively assigned to them in Article 96 of the Chicago Convention;
- (j) "price" means the amount to be paid for the carriage of passengers, baggage and cargo and the conditions under which this amount is paid, including prices and conditions for agency and other auxiliary services, but excluding remuneration for the carriage of mail;
- (k) "slot" means the permission given to an airline to use the full range of airport infrastructure necessary to operate an air service at an airport on a specific date and time for the purpose of landing or take-off;
- (l) "territory" in relation to a State has the meaning assigned to it in Article 2 of the Chicago Convention;
- (m) "user charges" means a charge made to airlines by the competent authority or permitted by that authority to be made for the provision of airport property or facilities or of air navigation facilities, or related services and facilities, for aircraft, their crews, passengers and cargo.

ARTICLE 2

Applicability of the Chicago Convention

The clauses of this Agreement shall be subject to the clauses of the Chicago Convention, to the extent to which the relevant clauses are applicable to international air services.

ARTICLE 3

Grant of Rights

- (1) Each Contracting Party grants to the other Contracting Party the following rights in respect of its international air services:
 - (a) right to fly over the territory of their State;
 - (b) right to make stopovers in the territory of their State, for non-traffic purposes.
- (2) Each Contracting Party grants to the other Contracting Party the rights hereinafter specified in this Agreement for the purpose of operating international air services on the routes specified in the appropriate Section of the Annex to this Agreement. Such services and routes are hereinafter called "the agreed services" and "the specified routes" respectively. While operating an agreed service on a specified route the airlines designated by each Contracting Party shall enjoy in addition to the rights specified in paragraph (1) of this Article the right to make stops in the territory of the other Contracting

Party at the points specified for that route in the Annex to this Agreement for the purpose of taking on board and discharging passengers and cargo, including mail.

(3) Nothing in paragraph (2) of this Article shall be deemed to confer on a designated airline of one Contracting Party the right to take on board, in the territory of the other Contracting Party, passengers and cargo, including mail, carried for hire or reward and destined for another point in the territory of the other Contracting Party.

(4) Either Contracting Party that requires to introduce a temporary restriction on international air services by the laws and regulations applicable in its territory which is deemed necessary to respond to the needs of a crisis impacting international aviation shall have due regard to the guidance issued by ICAO to ensure that Air Services Agreements continue to provide a predictable framework during such crises.

ARTICLE 4

Designation and Authorisation

(1) Each Contracting Party shall have the right to designate airlines for the purpose of operating the agreed services on each of the specified routes and to withdraw or alter such designations. Such designation shall be transmitted to the other Contracting Party in writing.

(2) On receipt of such a designation, and of applications from a designated airline, in the form and manner prescribed for operating authorisations and technical permissions, the other Contracting Party shall grant appropriate authorisations and permissions without delay, provided:

(a) in the case of an airline designated by the Republic of Moldova:

- (i) it is established in the territory of the Republic of Moldova and is licensed in accordance with the applicable law of the Republic of Moldova; and
- (ii) it holds a current air operator's certificate issued by the Republic of Moldova and effective regulatory control of the airline is exercised and maintained by the Republic of Moldova; and
- (iii) it is owned, directly or through majority ownership, and it is effectively controlled by the Republic of Moldova and/or by the nationals of the Republic of Moldova; and

(b) in the case of an airline designated by Iceland:

- (i) it is established in the territory of Iceland and is licensed in accordance with the applicable law of Iceland; and
- (ii) it holds a current air operator's certificate issued by Iceland and effective regulatory control of the airline is exercised and maintained by Iceland; and

- (iii) it is owned, directly or through majority ownership, and it is effectively controlled by Iceland or other member of the EEA and/or their 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 Contracting Party considering the application or applications.
- (3) When an airline has been so designated it may begin to operate the agreed services, provided that the airline complies with the applicable provisions of this Agreement.

ARTICLE 5

Revocation or Suspension of Authorisation

- (1) Either Contracting Party may revoke, suspend or limit the operating authorisation or technical permissions of an airline of the other Contracting Party:
 - (a) where, in the case of an airline designated by the Republic of Moldova:
 - (i) it is not established in the territory of the Republic of Moldova or is not licensed in accordance with the applicable law of the Republic of Moldova; or
 - (ii) it does not hold a current air operator's certificate issued by the Republic of Moldova or effective regulatory control of the airline is not exercised and maintained by the Republic of Moldova; or
 - (iii) it is not owned, directly or through majority ownership, or it is not effectively controlled by the Republic of Moldova and/or by nationals of the Republic of Moldova;
 - (b) where, in the case of an airline designated by Iceland:
 - (i) it is not established in the territory of Iceland or is not licensed in accordance with the applicable law of Iceland; or
 - (ii) it does not hold a current air operator's certificate issued by Iceland or effective regulatory control of the airline is not exercised or maintained by Iceland; or
 - (iii) it is not owned, directly or through majority ownership, or it is not effectively controlled by Iceland or other member of the EEA and/or their nationals;
 - (c) if the airline fails to comply with the laws or regulations referred to in Article 6 (Compliance with Laws and Regulations) of this Agreement, or the laws normally and

reasonably applied to the operation of international air services by the Contracting Party granting those rights; or

- (d) if the airline fails to comply with the provisions of Article 7 (Fair Competition) of this Agreement (and consultations under paragraph (9) of that Article have not achieved a satisfactory resolution); or in accordance with paragraph 12 of Article 11 (Aviation Security) of this Agreement; or
- (e) if the airline or the other Contracting Party otherwise fails to comply with any provision of Article 11 (Aviation Security) of this Agreement; or
- (f) if it determines that wider security concerns justify such action; or
- (g) if the other Contracting Party fails to take appropriate action to improve safety in accordance with paragraph (2) of Article 12 (Aviation Safety) of this Agreement; or
- (h) if it determines that such action is necessary in order to prevent, protect against or control the spread of disease, or otherwise protect public health;
- (i) in accordance with paragraph (6) of Article 12 (Aviation Safety) of this Agreement; or
- (j) if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

(2) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further infringements of laws or regulations, such right shall be exercised only after consultation with the other Contracting Party.

(3) Either Contracting Party that exercises the rights under paragraph (1) of this Article shall notify in writing the other Contracting Party as soon as possible of the reasons for the refusal, suspension or limitation of the operating authorisation or technical permission.

(4) In exercising their rights under paragraph (1) of this Article the Contracting Parties shall not discriminate between airlines on the grounds of nationality.

ARTICLE 6

Compliance with Laws and Regulations

(1) While entering, within, or leaving the territory of one Party, the laws and regulations relating to the admission to, operation within, and departure from its territory of aircraft engaged in international air services shall be complied with by the airlines of the other Party.

(2) While entering, within, or leaving the territory of one Party, its laws and regulations relating to the admission to and departure from its territory of passengers, crew, baggage, cargo, and/or mail on aircraft (including regulations relating to entry, clearance, 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, baggage, cargo, and mail of the air carriers of the other Party.

ARTICLE 7

Fair Competition

- (1) There shall be fair and equal opportunity for the designated airlines of both Contracting Parties to compete in operating the agreed services on the specified routes.
- (2) Each Contracting Party shall allow each designated airline to determine the frequency and capacity of the international air transport it offers in accordance with the agreed services on the specified routes. 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 under uniform conditions consistent with Article 15 of the Chicago Convention.
- (3) Neither Contracting Party shall impose on the other Contracting Party's designated airlines any requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.
- (4) Neither Contracting Party shall require the filing of schedules or operational plans by the designated airlines of the other Contracting 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.
- (5) Neither Contracting Party shall allow its designated airlines, either in conjunction with any other airline or airlines or separately, to abuse market power in a way which has or is likely or intended to have the effect of severely weakening a competitor or excluding a competitor from a route.
- (6) Neither Contracting Party shall provide or permit a State subsidy or support for or to its designated airlines in such a way that would adversely affect the fair and equal opportunity of the airlines of the other Contracting Party to compete in providing international air services.
- (7) For the purposes of paragraph (6) of this Article, a State subsidy or support means the provision of support on a discriminatory basis to a designated airline, directly or indirectly, by the State or by a public or private body designated or controlled by the State. Without limitation, it may include the setting-off of operational losses; the provision of capital, non-refundable grants or loans on privileged terms; the granting of financial advantages by forgoing profits or the recovery of sums due; the forgoing of a normal return on public funds used; tax exemptions; compensation for financial burdens imposed by the public authorities; or discriminatory access to airport facilities, fuel or other reasonable facilities necessary for the normal operation of air services.
- (8) Where a Contracting Party provides a State subsidy or support to a designated airline in respect of services operated under this Agreement, it shall require that airline to identify the subsidy or support clearly and separately in its accounts.
- (9) If one Contracting Party believes that its designated airlines are being subjected to discrimination or unfair practices, or that a subsidy or support being considered or provided by the other Contracting Party for or to the airlines of that other Contracting Party would adversely affect or is adversely affecting the fair and equal opportunity of the airlines of the first Contracting Party to compete in providing international air services, it may request consultations and notify the other

Contracting Party of the reasons for its dissatisfaction. These consultations shall be held not later than 30 days after receipt of the request, unless otherwise agreed by both Contracting Parties.

ARTICLE 8

Take-off and Landing Slots

Each Party shall ensure that its regulations, guidelines and procedures for the allocation of slots at the airports in its territory are applied in a transparent, effective, non-discriminatory and timely manner.

ARTICLE 9

Price

(1) Each Contracting Party shall allow prices for international air services to be established freely by each designated airline on the basis of fair competition. Neither Contracting Party shall require their airlines to consult other airlines about the prices they charge or propose to charge for services under this Agreement.

(2) The Contracting Parties shall not require prices to be filed with or notified to aeronautical authorities.

ARTICLE 10

Duties, Taxes and Fees

(1) The Contracting Parties shall relieve from all customs duties, national excise taxes and similar national fees:

- (a) aircraft operated in international air services by the designated airlines of either Contracting Party; and
- (b) the following items introduced by a designated airline of one Contracting Party into the territory of the other Contracting Party:
 - (i) repair, maintenance and servicing equipment and component parts;
 - (ii) passenger handling equipment and component parts;
 - (iii) cargo-loading equipment and component parts;
 - (iv) security equipment including component parts for incorporation into security equipment;
 - (v) instructional material and training aids;
 - (vi) airline and operators' documents; and

- (c) the following items introduced by a designated airline of one Contracting Party into the territory of the other Contracting Party or supplied to a designated airline of one Contracting Party in the territory of the other Contracting Party:
 - (i) aircraft stores (including but not limited to such items as food, beverages and tobacco) whether introduced into or taken on board in the territory of the other Contracting Party;
 - (ii) fuel, lubricants and consumable technical supplies;
 - (iii) spare parts including engines; and
- (d) computer equipment and component parts introduced by a designated airline of one Contracting Party into the territory of the other Contracting Party to assist in one or more of the following matters:
 - (i) the repair, maintenance or servicing of aircraft;
 - (ii) the handling of passengers at the airport or on board aircraft;
 - (iii) the loading of cargo onto or the unloading of cargo from aircraft;
 - (iv) the carrying out of security checks on passengers or cargo;

provided in the case of sub-paragraphs (b) - (d) they are for use on board an aircraft or within the limits of an international airport in connection with the establishment or maintenance of an international air service by the designated airline concerned.

(2) The relief from customs duties, national excise duties and similar national fees shall not extend to charges based on the cost of services provided to the designated airlines of a Contracting Party in the territory of the other Contracting Party.

(3) Equipment and supplies referred to in paragraph (1) of this Article may be required to be kept under the supervision or control of the appropriate authorities.

(4) The reliefs provided for by this Article shall also be available in situations where a designated airline of one Contracting Party has entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraph (1) of this Article, provided such other airline or airlines similarly enjoy such relief from such other Contracting Party.

(5) Nothing in this Agreement shall prevent a Contracting Party from imposing taxes, levies, duties, fees or charges on fuel supplied in its territory, on a non-discriminatory basis, for use in an aircraft of an airline that operates between two points in its territory.

ARTICLE 11

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 on 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, the Montreal 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 and any aviation security agreement that becomes binding on both Contracting Parties.

(2) The Contracting Parties shall provide, upon request, all necessary 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) When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts 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.

(4) Each Contracting Party shall take such measures as it may find practicable to ensure that an aircraft of the other Contracting Party which is subjected to an act of unlawful interference, and which lands in its territory, is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Wherever practicable, such measures shall be taken on the basis of mutual consultations.

(5) The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and as Annexes to the Chicago Convention to the extent that such security provisions are applicable to the Contracting Parties. Each Contracting Party shall require that its airlines and the operators of airports in its territory act in conformity with such aviation security provisions. Accordingly, each Party shall, on request, provide the other Party notification of any difference between its national laws, regulations and practices and the aviation security standards of the Annexes referred to in this paragraph. Each Party may at any time request consultations, to be held without delay, with the other Party to discuss those differences.

(6) Each Contracting Party agrees that its airlines shall be required to observe the aviation security provisions referred to in paragraph (5) of this Article required by the other Contracting Party for entry into the territory of that other Contracting Party. For departure from, or while within the territory of the other Contracting Party, airlines shall be required to observe aviation security provisions in conformity with the law in force in that Contracting Party. Each Contracting Party shall ensure that adequate security 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; and that security measures are adjusted to meet any increased or specific threat to the security of civil aviation where appropriate. Each Contracting Party agrees

that security provisions required by the other Contracting Party for departure from and while within the territory of that other Contracting Party must be observed. Each Contracting Party shall also act favourably upon any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

(7) Each Contracting Party shall make available to the other Contracting Party on request the results of audits carried out by ICAO and the corrective actions taken by the audited State, subject to the mutual agreement of appropriate arrangements for the secure transfer, use, storage and disposal of such information.

(8) Each Contracting Party shall also give sympathetic consideration to a request from the other Contracting Party to enter into reciprocal administrative arrangements whereby the aeronautical authorities of one Contracting Party could make in the territory of the other Contracting Party their own assessment of the security measures in respect of flights destined for the territory of the Contracting Party making the request.

(9) With full regard and mutual respect for each other's sovereignty, a Contracting Party may adopt security measures for entry into its territory. Where possible, that Contracting Party shall take into account the security measures already applied by the other Contracting Party and any views that the other Contracting Party may offer. Each Contracting Party recognises, however, that nothing in this Article limits the right of a Contracting Party to refuse entry into its territory for any flight or flights that it deems to present a threat to its security.

(10) A Contracting Party may take emergency measures to meet a specific security threat. Such measures shall be notified immediately to the other Contracting Party.

(11) Without prejudice to the need to take immediate action in order to protect aviation security, the Contracting Parties affirm that when considering security measures, a Contracting Party shall evaluate possible adverse effects on international air services and, unless constrained by law, shall take such factors into account when it determines what measures are necessary, proportionate and appropriate to address those security concerns.

(12) Each Contracting Party may request consultations at any time concerning security standards adopted by the other Contracting Party. Such consultations shall take place within 30 days of that request. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from provisions of this Article, that Contracting Party may request immediate consultations with the other Contracting Party. Failure to reach a satisfactory resolution within 15 days from the date of such request, shall constitute grounds to revoke, suspend or limit the operating authorisation and technical permissions of an airline or airlines of the other Contracting Party.

(13) When required by an emergency, a Contracting Party may take interim action prior to the expiry of 15 days. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Contracting Party with the security provisions of this Article or as mutually agreed by both Parties.

ARTICLE 12

Aviation Safety

(1) Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrews, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within 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 any such area that are at least equal to the minimum standards established at that time pursuant to the Chicago Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and the other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within 15 days or such longer period as may be agreed, is deemed to be a situation which falls within the scope of paragraph 1 (h) of Article 5 (Revocation or Suspension of Operating Authorisations) of this Agreement.

(3) Notwithstanding the obligations mentioned in Article 16 and Article 33 of the Chicago Convention it is agreed that any aircraft operated by or, under a lease arrangement, on behalf of an airline 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 referred to as a “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 Chicago 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 Chicago Convention;

the Contracting Party carrying out the inspection shall, for the purposes of Article 33 of the Chicago 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 Chicago Convention.

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

(8) Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party, and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating services provided for in this Agreement, provided that the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which are or may be established pursuant to the Convention. Each Contracting Party reserves the right, however, to refuse to recognize for the purpose of flights above its own territory, certificates of competency and licenses granted to its own nationals or rendered valid for them by the other Contracting Party or by any other State.

ARTICLE 13

Code-share

In operating or holding out services under this Agreement, the designated airlines of the Contracting Parties may, subject to applicable laws and regulations governing competition, enter into code-sharing arrangements with any other airline, provided that:

- (a) each flight forming part of a service to which the arrangements apply is operated by an airline entitled to operate that flight; and
- (b) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each sector of the service.

ARTICLE 14

Leasing

(1) The designated airlines of each Contracting Party shall have the right to perform the agreed services on the specified routes using aircraft (or aircraft and crew) leased from any company, including other airlines, subject to being authorised to use the aircraft on such basis by the aeronautical authorities of both Contracting Parties.

(2) In order to use aircraft on a lease basis in accordance with paragraph (1) of this Article, the designated airlines shall also be required to meet the conditions prescribed under the law and regulations normally applied to the operation of international air services by the Contracting Parties.

(3) This Article is without prejudice to the laws and regulations of a Party as regards the leasing of aircraft by airlines of that Party.

ARTICLE 15

Ground Handling

Subject to the laws and regulations of each Contracting Party, each designated airline shall have in the territory of the other Contracting Party the right to perform its own ground handling (referred to in this Article as “self-handling”) or, at its option, the right to select among competing suppliers that provide ground handling services in whole or in part. Where such laws and regulations limit or preclude self-handling and where there is no effective competition between suppliers that provide ground handling services, each designated airline shall be treated on a non-discriminatory basis as regards their access to self-handling and ground handling services provided by a supplier or suppliers.

ARTICLE 16

Income Transfer

The airlines, which are appointed by each Contracting Party, shall be authorised, upon request, to convert and to send to a country, upon their choice: all local incomes from air carriage services sale and from activities that are directly related to air carriages, in the amounts exceeding the sums, which are disbursed on the local level. The prompt conversion and transfer shall be allowed without restrictions, according to the commercial exchange rate, as of the moment when such incomes are provided for conversion and transfer and are not subject to any taxes whatsoever, save for the taxes, which are usually applied by the banks for such a conversion and transfer.

ARTICLE 17

Airline Representation and Sales

An authorised airline may:

- (a) in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, bring in and maintain in the territory of the other Contracting Party those members of their own managerial, technical, operational and other specialist staff that the designated airline reasonably considers necessary for the provision of international air services;
- (b) use the services and personnel of any other organisation, company or airline operating in the territory of the other Contracting Party;
- (c) establish offices in the territory of the other Contracting Party; and
- (d) engage in the sale and marketing of international air services and ancillary services in the territory of the other Contracting Party, either directly or through agents or other intermediaries appointed by the airline. Each designated airline may sell, and any person shall be free to purchase, such transportation and ancillary services in local currency or in any freely convertible other currency.

ARTICLE 18

User Charges

(1) User charges imposed by the competent authorities or bodies of each Contracting Party on the airlines of the other Contracting Party shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. In any event, any such user charges shall be imposed on the airlines of the other Contracting Party on terms no less favourable than the most favourable terms available to any other airline at the time the charges are imposed.

(2) User charges imposed by the competent authorities or bodies of each Contracting Party on the airlines of the other Contracting Party may reflect, but not exceed, the full cost to those authorities or bodies of providing appropriate and not excessive airport, airport environmental, air navigation, aviation security and related facilities and services at the airport or within the airport system. Such charges may include a reasonable return on assets. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

(3) Each Contracting Party shall make its best efforts to ensure that consultations on user charges take place between the competent authorities or bodies in its territory and the airlines using the services and facilities, and that the competent authorities or bodies and the airlines exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles of paragraphs (1) and (2) of this Article. Each Contracting Party shall make its best efforts to ensure that the competent authorities or bodies provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views before changes are made.

(4) Neither Contracting Party shall be held, in dispute resolution procedures pursuant to Article 23, to be in breach of a provision of this Article, unless:

- (a) it fails to undertake a review, or fails to commission an independent review of the charge or practice that is the subject of complaint by the other Contracting Party within a reasonable time; or
- (b) following such a review, it fails to take all steps within its power to remedy any charge or practice that is inconsistent with this Article.

ARTICLE 19

Intermodal Transport

The designated airlines of each Contracting Party shall be permitted to employ, in connection with international air services, any intermodal transport to or from any points in the territories of the Contracting Parties or third countries. Airlines may elect to perform their own intermodal transport or to provide it through arrangements, including code share, with other carriers. Such intermodal services may be offered as a through service and at a single price for the air and intermodal transport combined, provided that passengers and shippers are informed as to the providers of the transport involved.

ARTICLE 20

Direct Transit

Passengers, baggage and cargo in direct transit across the territory of either party and not leaving the area of the airport reserved for such purpose shall only be subject to an aviation security control, except that security measures against violence, air piracy and illegal transportation of narcotic substances require differently. The baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes and charges.

ARTICLE 21

Environmental Protection

- (1) The Contracting Parties support the need to protect the environment by promoting the sustainable development of aviation.
- (2) When environmental measures are established, the aviation environmental standards adopted by ICAO in Annexes to the Chicago Convention shall be followed except where differences have been filed.
- (3) Nothing in this Agreement shall be construed to limit the authority of the competent authorities of a Contracting Party to take all appropriate measures to prevent or otherwise address the environmental impacts of air services, provided that such measures are fully consistent with their rights and obligations under international law and are applied without distinction as to nationality.

ARTICLE 22

Consultations

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement or compliance with this Agreement. Such consultations, which may be between aeronautical authorities, shall begin within a period of 60 days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

ARTICLE 23

Dispute Settlement

- (1) If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement shall be settled by negotiations between the aviation authorities of the Contracting Parties. If the aviation authorities fail to reach an agreement, the dispute shall be settled by the Contracting Parties through negotiation.
- (2) If the Contracting Parties fail to reach a settlement of the dispute by negotiation, it may be referred by them to such person or body as they may agree on or, at the request of either Contracting Party, shall be submitted for decision to a tribunal of three arbitrators which shall be constituted in the following manner:
 - (a) within 30 days after receipt of a request for arbitration, each Contracting Party shall appoint one arbitrator. A national of a third State, who shall act as President of the

tribunal, shall be appointed as the third arbitrator by agreement between the two arbitrators, within 60 days of the appointment of the second;

- (b) if within the time limits specified above any appointment has not been made, either Contracting Party may request the President of ICAO to make the necessary appointment within 30 days. If the President has the nationality of one of the Contracting Parties, the Vice-President shall be requested to make the appointment. If the Vice-President has the nationality of one of the Contracting Parties, the Member of ICAO next in seniority who does not have the nationality of one of the Contracting Parties shall be requested to make the appointment.

(3) Except as hereinafter provided in this Article or as otherwise agreed by the Contracting Parties, the tribunal shall determine the limits of its jurisdiction and establish its own procedure. At the direction of the tribunal, or at the request of either of the Contracting Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held not later than 30 days after the tribunal is fully constituted.

(4) Except as otherwise agreed by the Contracting Parties or prescribed by the tribunal, each Contracting Party shall submit a factual statement within 45 days after the tribunal is fully constituted. Each Contracting Party may submit a reply within 60 days of submission of the other Contracting Party's factual statement. The tribunal shall hold a hearing at the request of either Contracting Party, or at its discretion, within 30 days after replies are due.

(5) The tribunal shall attempt to give a written decision within 30 days after completion of the hearing or, if no hearing is held, 30 days after the date both replies are submitted. The decision shall be taken by a majority vote.

(6) The Contracting Parties may submit requests for clarification of the decision within 15 days after it is received and such clarification shall be issued within 15 days of such request.

(7) The decision of the tribunal shall be final and binding on the Contracting Parties.

(8) Each Contracting Party shall bear the costs of the arbitrator appointed by it. The other costs of the tribunal shall be shared equally by the Contracting Parties including any expenses incurred by the President, Vice-President or Member of ICAO in implementing the procedures in paragraph (2) (b) of this Article.

ARTICLE 24

Amendments

(1) Subject to paragraph (2), this Agreement may be amended by written agreement of the Contracting Parties following consultations held in conformity with Article 22 (Consultation) of this Agreement. Amendments shall enter into force in accordance with the terms set out in Article 27 (Entry into Force) of this Agreement.

(2) Any amendment of the Annex to this Agreement may be made by written common decision between the aeronautical authorities of the Parties and shall come into force in accordance with that decision.

ARTICLE 25
Registration at the ICAO

The Contracting Parties shall register this Agreement and any amendments hereto at the ICAO.

ARTICLE 26
Denunciation

(1) Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to denounce this Agreement. Such notice shall be simultaneously communicated to ICAO.

(2) If such notice is given, this Agreement shall terminate twelve (12) months after the date of receipt by other Contracting Party of the notice to terminate, unless the notice is withdrawn by agreement of the Contracting Parties before the end of this period.

(3) In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received 14 days after receipt of the notice by ICAO.

ARTICLE 27
Entry into Force

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

(2) Pending its entry into force, this Agreement shall be provisionally applied from the date of its signature.

IN WITNESS WHEREOF, the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

Done in _____ on _____, in two originals copies, each in the English language.

**For the Government
of the Republic of Moldova**

**For the Government
of Iceland**

(Name)

(Name)

ANNEX
to the Air Services Agreement between the Government of the Republic of Moldova
and the Government of Iceland

FLIGHT SCHEDULE

1. Flights to be operated by the designated airline or airlines of the Republic of Moldova:

Points of origin	Intermediate Points	Points of destination	Points Beyond
any points in the Republic of Moldova	any points	any points in Iceland	any points

The authorised airlines of the Republic of Moldova may, on any or all flights and at their option:

- (a) operate flights in either or both directions;
- (b) serve points in any combination and in any order;
- (c) omit stops at any point or points provided that the service begins or ends in the territory of the Republic of Moldova.

Traffic (including all forms of stop-over traffic) may be picked up at an intermediate point to be set down in the territory of Iceland or may be picked up in the territory of Iceland to be set down at a point beyond, and vice versa, only to the extent permitted under arrangements as may from time to time be jointly determined by the aeronautical authorities of the Contracting Parties.

2. Flights to be operated by the designated airline or airlines of Iceland:

Points of origin	Intermediate Points	Points of destination	Points Beyond
any points in the Iceland	any points	any points in the Republic of Moldova	any points

The authorised airlines of Iceland may, on any or all flights and at their option:

- (a) operate flights in either or both directions;
- (b) serve points in any combination and in any order;
- (c) omit stops at any point or points provided that the service begins or ends in the territory of Iceland.

Traffic (including all forms of stop-over traffic) may be picked up at an intermediate point to be set down in the territory of the Republic of Moldova or may be picked up in the territory of the Republic of Moldova to be set down at a point beyond, and vice versa, only to the extent permitted under arrangements as may from time to time be jointly determined by the aeronautical authorities of the Contracting Parties.

3. The exercise of the fifth freedom traffic rights in any type of service (passenger and cargo, separate or in combination, both for scheduled and non-scheduled flights) and/or of the seventh freedom traffic rights for cargo service by airlines designated by each Contracting Party at intermediate points and points outside its borders shall be agreed in writing between the aviation authorities of the Contracting Parties.
