

### Agreed Minutes

Delegations representing the Government of the Republic of Iceland and the Kingdoms of Denmark, Norway and Sweden met in Reykjavik, Iceland, on 27-28 March 2007 in order to assess their bilateral air transport relations and to negotiate a new Air Services Agreement to replace earlier agreements and arrangements. A list of members of the two Delegations is attached as Appendix 1.

The discussions were conducted in a friendly and positive atmosphere, both Delegations stressing their interest in expanding mutual relations in the field of air transport. The Delegations discussed extensively the substance of a draft agreement between their respective Governments and agreed on and initialled the text of an Air Services Agreement (ASA) and a Memorandum of Understanding regarding the cooperation within SAS. The texts are attached as Appendix 2 and 3.

In their effort to strengthen the relations between their respective Countries in the field of civil aviation, the Delegations agreed, pending entry into force of the respective ASAs, that they would give immediate practical effect to the provisions of the agreed text as it stands in Appendix 2 to the extent possible under national law.

The Scandinavian delegation pointed out that the draft Agreements could only be provisionally applied pending the outcome of the comitology procedure foreseen in the Council Regulation 847/2004.

The delegations of Denmark and Iceland agreed that the draft Agreement does not refer to air transport concerning Greenland and the Faroe Islands which continues until otherwise agreed to be regulated by the Air Services Agreement between Denmark and Iceland of 22 March 1950.

The Icelandic Delegation expressed its interest to pursue negotiations and to conclude a new agreement with Denmark regarding traffic rights to Greenland and the Faroe Islands.

The delegations agreed to meet again no later than 31 December 2009 in order to discuss further liberalization of traffic rights, including non-scheduled operations.

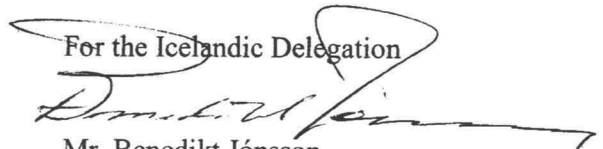
Done in Reykjavik on 28 March 2007

For the Scandinavian Delegation



Ms. Susanne Isaksen  
Head of Delegation

For the Icelandic Delegation



Mr. Benedikt Jónsson  
Head of Delegation

**List of delegations**

**Delegation for the Kingdoms of Denmark, Norway and Sweden**

Ms. Susanne Isaksen, Head of Division  
Ministry of Transport and Energy (Head of Delegation)  
Denmark

Mr. Thorkild Saxe, Head of Section  
Ministry of Transport and Energy  
Denmark

Mr. Pierre Chauvin, Senior Adviser  
Ministry of Transport and Communications  
Norway

Mr. Lars Österberg, Director  
Ministry of Enterprise, Energy and Communications  
Sweden

**Icelandic Delegation**

Mr. Benedikt Jónsson, Ambassador,  
Ministry for Foreign Affairs (Head of Delegation)

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

Ms. Ástrídur S. Thorsteinsson, Legal Adviser,  
Ministry of Communications, Transport and Tourism

Mr. Fridrik Jonsson, Councillor  
Ministry for Foreign Affairs

Mr. Hrafn Thorgeirsson, Director Stations, Icelandair

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**Appendix 2**

**Air Services Agreement**

between

the Government of the Republic of Iceland

and

the Government of the Kingdom of *[Denmark/Norway/Sweden]*

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The Government of the Republic of Iceland and the Kingdom of [Denmark/Norway/Sweden], hereinafter referred to as the "Contracting Parties",

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944, and

Desiring to conclude an Agreement for the main purpose of establishing scheduled air services between and beyond their respective territories;

Have agreed as follows:

### Article 1

#### Definitions

1. For the purpose of this Agreement, unless the context otherwise requires:

(a) "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, and includes any Annex adopted under Article 90 of that Convention, and any amendment of the Annexes or of the Convention under Articles 90 and 94 thereof, insofar as such Annexes and amendments have been adopted by both Contracting Parties;

(b) "aeronautical authorities" means, in the case of the Republic of Iceland, the Ministry of Transport, Tourism and Communications; and in the case of the Kingdom of [Denmark/Norway/Sweden], .....

**Comment [51]:** Denmark: Ministry of Transport and Energy, Norway: Ministry of Transport and Communications, Sweden: Civil Aviation Authority

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or in either case any body authorized to perform any particular function to which this Agreement relates;

- (c) "designated airline", means an airline which has been designated in accordance with Article 3 of this Agreement;
- (d) "territory", "air service", "international air service", "airline" and "stop for non-traffic purposes" have the meaning laid down in Articles 2 and 96 of the Convention;
- (e) "Agreement" means this Agreement, its Annex and any amendments thereto;
- (f) "Annex" means any Annex to this Agreement or as amended in accordance with the provisions of paragraph 2 of Article 16 of this Agreement. The Annex forms an integral part of this Agreement and all references to the Agreement include the Annex unless otherwise stated;
- (g) "tariff" means the prices to be paid for the carriage of passengers and baggage, and the conditions under which those prices apply, including prices and conditions for other services performed by the carrier in connection with the air transportation, and including remuneration and conditions offered to agencies, but excluding remuneration and conditions for the carriage of mail;
- (h) "user charge" means a charge made to airlines by the competent authorities or permitted by them to be made for the provision of airport

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property or facilities or of air navigation facilities, including related services and facilities, for aircraft, their crew, passengers and cargo.

2. References in this Agreement to nationals of Iceland or [Denmark/Norway/Sweden] shall be understood as referring to nationals of EEA Member States.

References in this Agreement to airlines of Iceland or [Denmark/Norway/Sweden] shall be understood as referring to airlines designated by EEA Member States.

## Article 2

### Traffic Rights

1. Each Contracting Party grants to the other Contracting Party the following rights for the conduct of international air services by airlines designated by the other Contracting Party:

- (a) to fly across its territory without landing,
- (b) to make stops in its territory for non-traffic purposes, and
- (c) the rights otherwise specified in this Agreement.

2. The airlines of each Contracting Party, other than those designated under Article 3, shall also enjoy the rights specified in paragraph 1 (a) and (b) of this Article.

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### Article 3

#### Designation and Authorization of Airlines

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines for the purpose of operating air services on the specified routes and to withdraw or alter such designations.
2. On receipt of such a designation, and of applications from the designated airline, the other Contracting Party shall grant the appropriate authorizations and permissions with minimum procedural delay, provided:
  - a) it is established in the territory of the Contracting Party designating the airline under the Treaty establishing the European Community or under the Agreement on the European Economic Area, and has a valid Operating Licence in accordance with European Community law or in accordance with national law adopted under the Agreement on the European Economic Area; and
  - b) effective regulatory control of the airline is exercised and maintained by the European Community Member State or the EEA EFTA State responsible for issuing its Air Operator's Certificate, and the relevant aeronautical authority is clearly identified in the designation; and
  - 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;

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3. When an airline has been so designated and authorized, it may begin to operate air services on the specified routes provided that the airline complies with all applicable provisions of this Agreement.

#### **Article 4**

##### **Revocation or Suspension of Authorization**

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

- a) it is not established in the territory of the other Contracting Party under the Treaty establishing the European Community or in accordance with the Agreement on the European Economic Area, or does not have a valid Operating Licence in accordance with European Community law or in accordance with national law adopted in accordance with the Agreement on the European Economic Area; or
- b) effective regulatory control of the airline is not exercised or not maintained by the European Community Member State or the EEA EFTA State responsible for issuing its Air Operator's Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or
- c) the airline has failed to comply with the laws and regulations of the Contracting Party granting this authorization or these permissions.

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

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**Article 5**  
**Utilization of Airports and Facilities**

1. Neither Contracting Party shall impose on a designated airline of the other Contracting Party user charges higher than those imposed on its own airlines operating between the territories of the Contracting Parties.
2. Any air navigation facility charge imposed on international traffic performed by airlines designated or licensed by one of the Contracting Parties shall be reasonably related to the cost of service rendered to the airline concerned, and levied in accordance with the relevant guidelines issued by the International Civil Aviation Organization (ICAO).
3. When operating the agreed services, the same uniform conditions shall apply to the use by the airlines of both Contracting Parties of airports as well as of all other facilities under their control.
4. Each Contracting Party shall encourage consultations on user charges between its competent charging bodies and the airlines using the services and facilities provided by those charging bodies, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for changes in such 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 bodies and such users to exchange appropriate information concerning such charges.

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**Article 6**  
**Customs Duties**

1. Aircraft operated on international air services by a designated airline of either Contracting Party, as well as its regular equipment, supplies of fuel and lubricants and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt from all customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment, supplies and stores remain on board the aircraft up to such time as they are re-exported.

2. With the exception of charges based on the cost of the service provided, the following items shall also be exempt from duties, fees and charges referred to in paragraph 1 of this Article:

- (a) aircraft stores, introduced into or supplied in the territory of a Contracting Party, and taken on board, within reasonable limits, for use on outbound aircraft engaged in an international air service of a designated airline of the other Contracting Party;
- (b) spare parts, including engines, introduced into the territory of a Contracting Party for the maintenance or repair of aircraft used in an international air service of a designated airline of the other Contracting Party; and
- (c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Contracting Party for use in an aircraft engaged in an international air service of a designated airline of the other Contracting Party, even when these supplies are to be used on a part of the

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journey performed over the territory of the Contracting Party in which they are taken on board.

3. The items referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities.
4. The exemptions provided for by this Article shall also apply in situations where a designated airline of one Contracting Party has entered into arrangements with other airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airlines similarly enjoy such exemptions from the other Contracting Party.
5. Nothing in this Agreement shall prevent either Contracting Party from imposing, on a non-discriminatory basis, taxes, levies, duties, fees or charges on fuel supplied in its territory for use in an aircraft of a designated air carrier of the other Contracting Party that operates between a point or points in the territory of the first Contracting Party and another point in the territory of that Contracting Party or a point in the territory of another European Community Member State or EEA EFTA State.

**Article 7**  
**Storage of Airborne Equipment**  
**and Supplies**

The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of either Contracting Party, may be unloaded in the territory of the other Contracting Party only with the approval of its customs

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authorities. Such items may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

### **Article 8**

#### **Entry Clearance Regulations**

1. Passengers in transit across the territory of either Contracting Party shall be subject to a very simplified customs and immigration control. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.
2. The laws and regulations of one Contracting Party regarding entry, clearance, transit, immigration, passports, customs and quarantine shall be complied with by the designated airlines of the other Contracting Party and by or on behalf of passengers, crew, cargo and mail, upon transit of, admission to, departure from and while within the territory of such a Contracting Party.
3. Neither Contracting Party may grant any preference to any airline over a designated airline of the other Contracting Party in the application of the laws and regulations provided for in this Article.

### **Article 9**

#### **Capacity Provisions**

1. Each Contracting Party shall allow fair and equal opportunity for the designated airlines of both Contracting Parties to compete in the international air transportation covered by this Agreement.

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2. Each Contracting Party shall take all appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair competitive practices adversely affecting the competitive position of the airlines of the other Contracting Party.

3. Each Contracting Party shall allow each designated airline to determine the frequency and capacity of the international air services it offers based upon commercial considerations in the marketplace. 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 Convention.

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

5. Neither Contracting Party shall impose on the other Contracting Party's designated airlines a first refusal requirement, uplift ratio, no-objection fee or

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any other requirement with respect to the capacity, frequency or traffic which would be inconsistent with the purposes of this Agreement.

## **Article 10**

### **Tariffs**

1. Tariffs for international air transport operated pursuant to this Agreement shall not be required to be filed with the aeronautical authorities of either Contracting Party.
2. Without limiting the application of general competition and consumer law in each Contracting Party, intervention by the Contracting Parties may be initiated 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.
3. Notwithstanding the provisions of this Article, the tariffs to be charged by the designated airline(s) of both Contracting Parties for carriage wholly within the European Community and the European Economic Area shall be subject to European Community law and EEA law.

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**Article 11**  
**Transfer of Earnings**

Each designated airline shall have the right to convert and remit to its country on demand local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted without restrictions at the rate of exchange applicable to current transactions which is in effect at the time such revenues are presented for conversion and remittance, and shall not be subject to any charges except those normally made by banks for carrying out such conversion and remittance.

**Article 12**  
**Airline Representation**

1. Each Contracting Party grants to a designated airline of the other Contracting Party, on the basis of reciprocity, the right to maintain in its territory representatives including office, administrative, commercial and technical personnel as may be necessary for the requirements of the designated airline concerned.

2. The designated airlines of a Contracting Party shall have the right to engage in the sale of air transportation in the territory of the other Contracting Party, either directly or through agents. A Contracting Party shall not restrict the right of the designated airlines of the other Contracting Party to sell, and of any person to purchase, such transportation in local or in any freely convertible currency. Nor shall a Contracting Party restrict the right of a designated airline

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of the other Contracting Party to pay in local or in any freely convertible currency its locally incurred costs.

### **Article 13**

#### **Aviation Safety**

1. Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrew, aircraft or their operation adopted by the other Contracting Party. 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 any such area 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 the steps considered necessary to conform with those minimum standards, and that 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 Article 4 of this Agreement.
3. Notwithstanding the obligations mentioned in Article 33 of the Convention, it is agreed that any aircraft operated by 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 authorized representatives of the other Contracting Party, on board and around the aircraft to check both the

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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 inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licenses 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 above is denied by the representative of that airline or airlines, the other Contracting Party shall be free to infer that serious concerns of the type referred to in paragraph 4 above arise and draw the conclusions referred in that paragraph.

6. Each Contracting Party reserves the right to suspend or vary the operating authorization 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

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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 above shall be discontinued once the basis for the taking of that action ceases to exist.

8. Where a Contracting Party has designated an air carrier whose regulatory control is exercised and maintained by another European Community Member State or EEA EFTA State, the rights of the other Contracting Party under Articles 3 and 4 shall apply equally in respect of the adoption, exercise or maintenance of safety standards by that other European Community Member State or EEA EFTA State, and in respect of the operating authorisation of that air carrier.

#### Article 14 Aviation Security

1. Each Contracting Party reaffirms that its obligation to the other Contracting Party to protect the security of civil aviation against unlawful interference forms an integral part of this Agreement. Each Contracting Party shall in particular act in conformity with the aviation security 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, and *Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil*

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*Aviation, Supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 September 1971, signed at Montreal on 24 February 1988, and any other multilateral agreement governing civil aviation security binding upon both Contracting Parties.*

2. Each Contracting Party shall be provided at its request with all necessary assistance by the other Contracting Party 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 applicable aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention. Each Contracting Party shall require operators of aircraft of its registry or operators of aircraft having 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 its operators of aircraft shall be required to observe, for entry into, departure from or while within the territory of the other Contracting Party, aviation security provisions in conformity with the law in force in that country, including, in the case of both Contracting Parties European Community law and EEA law. 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, mail and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other

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Contracting Party for reasonable special security measures to meet a particular threat.

5. If 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, airport or air navigation facilities occurs, each Contracting Party shall assist the other Contracting Party by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

### **Article 15**

#### **Consultations**

Either Contracting Party may at any time request consultations on the implementation, interpretation or amendment to this Agreement or compliance with the Agreement. Such consultations, which may be between aeronautical authorities, shall begin within a period of thirty (30) days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

### **Article 16**

#### **Amendments**

1. Any amendments to this Agreement agreed by the Contracting Parties shall come into force when approved in accordance with the constitutional requirements of both Contracting Parties and as confirmed by an exchange of diplomatic notes.

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2. Amendments to the Annex to this Agreement may be made by direct agreement between the competent aeronautical authorities of the Contracting Parties.

### Article 17

#### 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 endeavour to settle it by negotiation.
2. If the Contracting Parties fail to reach a settlement of the dispute by negotiation, the dispute may at the request of either Contracting Party be submitted for decision to an arbitration of three arbitrators, one to be nominated by each Contracting Party and the third to be appointed by the two so nominated. Each of the Contracting Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Contracting Party from the other of a notice through diplomatic channels requesting arbitration of the dispute and the third arbitrator shall be appointed within a period of sixty (60) days from the date of nomination of the two other arbitrators. If either of the Contracting Parties fails to nominate an arbitrator within the period specified, or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization may be requested by either Contracting Party to appoint an arbitrator or arbitrators as the case requires. In all cases, the third arbitrator shall be a national of a third State, shall act as president of the tribunal and shall determine the place where the arbitration will be held. If the President considers that he is a national of a State which cannot be regarded as neutral in relation to the

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dispute, the most Senior Vice-President who is not disqualified on that ground shall make the appointment. The arbitral tribunal shall reach its decision by a majority of votes.

3. Each Contracting Party shall bear the costs of the arbitrator it has nominated as well as of its representation in the arbitral proceeding. The cost of the president and any other costs shall be born in equal parts by the Contracting Parties.

4. The Contracting Parties undertake to comply with any decision given under paragraph 2 of this Article.

5. If and as long as either Contracting Party fails to comply with any decision under paragraph 2 of this Article, the other Contracting Party may limit, withhold or revoke any rights or privileges which it has granted by virtue of this Agreement to the Contracting Party in default or to a designated airline in default.

### **Article 18**

#### **Registration**

This Agreement, its Annex and any subsequent amendments thereto shall be submitted by the Contracting Parties to the International Civil Aviation Organization.

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**Article 19**  
**Termination**

Either Contracting Party may at any time give notice through diplomatic channels 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, unless the notice to terminate is withdrawn by agreement before the expiry of this period. In the absence of acknowledgement of receipt by the other Contracting Party, 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 20**  
**Entry into Force**

This Agreement shall enter into force on the date of signature. Upon entry into force, this Agreement shall replace the Air Services Agreement between [ *Denmark and Iceland of 22 March 1950 / Norway and Iceland of 14 July 1951 / Sweden and Iceland of 12 May 1960* ] and all subsequent arrangements.

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

Done at \_\_\_\_\_ on \_\_\_\_\_  
in duplicate in the English language.

FOR THE GOVERNMENT OF  
THE REPUBLIC OF ICELAND

FOR THE GOVERNMENT OF  
THE KINGDOM OF [DENMARK/  
NORWAY/SWEDEN]

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**Annex**A. Traffic rights:

1. For air transport wholly inside the EEA, EFTA and the ECAA, traffic rights are established by the relevant multilateral agreements, European Community law and EEA law.

2. For all other scheduled air transport the following shall apply:

- a. Routes for the airlines designated by Iceland:  
From points behind Iceland via Iceland via intermediate points to a point or points in Denmark/Norway/Sweden and beyond, v.v.  
For all-cargo services, also from Denmark/Norway/Sweden to any point or points, v.v.
- b. Routes for the airlines designated by Denmark/Norway/Sweden:  
From points behind Denmark/Norway/Sweden via Denmark/Norway/Sweden via intermediate points to a point or points in Iceland and beyond, v.v.  
For all-cargo services, also from Iceland to any point or points, v.v.
- c. Behind, intermediate and beyond points may be omitted on any flight.

[Only applicable for the Danish – Icelandic ASA:

Fifth freedom traffic rights for passenger flights for designated airlines of both Contracting Parties shall be limited to four (4) intermediate and/or beyond points, at any given time, to be decided by each Contracting Party at its own discretion. Points may be interchanged at each Contracting Party's discretion. As of 1 January 2013, at the latest, no restrictions regarding fifth freedom traffic rights shall apply.]

B. Co-operative marketing arrangements:

In operating or holding out services on the agreed routes, and without limiting the application of general competition and consumer law in each Contracting Party, the following shall apply:

Any designated airline of one Contracting Party may enter into co-operative marketing arrangements such as blocked-space or code sharing arrangements, with

- a) an airline or airlines of either Contracting Party; and/or
- b) an airline or airlines of a third Party. If such third Party does not acknowledge or allow comparable arrangements between the airlines of the other Contracting Party and other airlines on services to, from and via such

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third country, the Contracting Parties have the right not to accept such arrangements.

The above provisions are, however, subject to the following conditions:

1. The operating airline must, for a route sector to/from the territory of one of the Contracting Parties, hold route rights for that sector.
2. The operating airline or the airline holding out services under its own code on a code sharing sector must hold traffic rights for that code sharing sector.
3. All airlines must meet the requirements applied to such arrangements regarding information to customers and filing procedures.

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**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE GOVERNMENTS OF  
THE KINGDOM OF DENMARK,  
THE KINGDOM OF NORWAY,  
THE KINGDOM OF SWEDEN  
AND  
THE GOVERNMENT OF  
THE REPUBLIC OF ICELAND  
ON  
THE CO-OPERATION BETWEEN THE SCANDINAVIAN  
COUNTRIES  
REGARDING SCANDINAVIAN AIRLINES SYSTEM (SAS)**

With reference to Article 3 of the three Air Services Agreements signed today ("the Agreements") between the Government of Iceland and the Governments of Denmark, Norway and Sweden regarding the designation of airlines, the Contracting Parties have agreed to the following understanding, should the three parent companies of Scandinavian Airlines System (SAS) be designated by the Kingdom of Denmark, the Kingdom of Norway and the Kingdom of Sweden, respectively:

1. Notwithstanding the provisions of Articles 3 and 4 of the Agreements, the three parent companies SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB, co-operating under the style of Scandinavian Airlines System (SAS), may operate services under the Agreements with aircraft, crew and equipment of any or all of the three parent companies. While services are operated under the style of SAS, services may not be operated by SAS Danmark A/S, SAS Norge ASA or SAS Sverige AB as individual companies.
2. In so far as any of the parent companies employs aircraft, crew and equipment of the other two parent companies participating in Scandinavian Airlines System (SAS), the provisions of the Agreements will apply to such aircraft, crew and equipment, as though they were the

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aircraft, crew and equipment of SAS Danmark A/S, SAS Norge ASA or SAS Sverige AB respectively. In this event the competent Danish, Norwegian or Swedish authorities and the respective parent company will accept full responsibility under the Agreement for such aircraft, crew and equipment.

Done at .....on.....in quadruplicate  
in the English language.

For the Government of  
the Kingdom of Denmark

For the Government of  
the Republic of Iceland

For the Government of  
the Kingdom of Norway

For the Government of  
the Kingdom of Sweden

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