

MEMORANDUM OF UNDERSTANDING
Between the Federal Republic of Nigeria and Iceland signed at
ICAN 2014
held in
Bali, Indonesia
between 18-21 November, 2014

The Delegations representing the Government of the Federal Republic of Nigeria and Iceland (hereinafter referred to “Nigeria” and “Iceland” respectively or “Contracting Party” and collectively as the “Delegations” or “Contracting Parties”) met in Bali, Indonesia on 19 November 2014 for consultations with a view to negotiating an air service agreement and related arrangements which would be applicable in respect of the operations of air transportation between and beyond their respective countries.

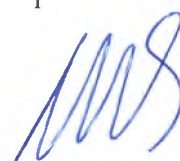
Discussions were held in a very friendly atmosphere. The composition of the two Delegations is attached as “Attachment A” and “Attachment B” respectively.

As a result of these discussions, the Delegations have reached the following agreements and conclusions:

1. TEXT OF THE AIR SERVICES AGREEMENT (ASA)

The text of the ASA and its Annexes attached hereto as “Attachment C” was agreed and initialled by the Heads of both Delegations.

As from the date of signature of this Memorandum of Understanding and until such time as the ASA and its Annexes shall come into force, the two Delegations agree to apply the principles included therein, on a provisional basis and within the scope of their administrative competencies.



Both Delegations undertook to take such steps as will lead to an early signature, and completion of their respective constitutional requirements for the entry into force of the ASA and its Annexes as soon as possible.

2. THIRD AND FOURTH FREEDOM RIGHTS

The two Delegations agreed that designated airlines of both sides shall enjoy Full Third and Fourth freedom traffic rights. Both Delegations agreed that each designated airline shall be entitled to three cargo flights per week.

3. NON SCHEDULED FLIGHTS

The Icelandic Delegation proposed that each designated airline shall be permitted to perform, on a non-schedule basis, charter flights from any point or points.

Both Parties agreed that such non-scheduled flights will be permitted on a request by the designated airline of the other Party, subject to the approval of the Aeronautical Authorities of the country.

Both Delegations confirmed their willingness to positively consider the requests from airline(s) of both Parties for non-scheduled services between their two countries, in accordance with the national laws and regulations in force in each Party.

The Delegations agreed that charter operations must not cause any unfair competitive practices and should be operated in accordance with the national legislation of the state of origin

4. THE ICELANDIC OBLIGATION AS A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (EEA)

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



arrangements. It explained the meaning of these provisions and urged the Nigerian Delegation to accept them. It further explained that if these provisions were not accepted, any arrangements or agreements entered into between Iceland and Nigeria could only be applied on a provisional basis. Furthermore, notwithstanding Article 13, paragraph 2, of the ASA, the Icelandic side advised that during such provisional period airlines designated by the Republic of Nigeria would be requested to notify, before the launching of services, their prices on routes wholly within the European Economic Area.

The Nigeria Delegation, while taking note of the request of the Icelandic side, stated that it needed more time to study these clauses. It was not possible to immediately confirm the incorporation of these clauses in the ASA, as they are still under consideration of the Government of Nigeria. However, the entire issue would be discussed in due course or as soon as the matter is settled between the African Union and the European Union.

5. GROUND HANDLING

Both Delegations agreed on the rights of designated airlines to select among competing ground-handling agents for such services in the respective territories in whole or in part. The rights shall be subject only to physical constraints resulting from considerations of airport safety. Where such considerations preclude self-handling, ground services shall be available on an equal basis to all airlines.

6. CODE-SHARE

Both Delegations agreed that in operating or holding out the authorized services on the agreed routes, any designated airline of one Party may enter into co-operative marketing arrangements such as blocked-space, code-sharing or leasing arrangements, with an airline or airlines of either Party.

7. EFFECTIVE DATE

Pending the signature and entry into force of the draft ASA, the two Delegations agreed that the provisions of the draft ASA shall be, within their administrative competences, provisionally applied. The provisions of this MOU shall enter into force with immediate effect from the date of signature.

8. AMENDMENTS OF THE ASA

Amendments of the ASA shall be done following, when necessary, consultations between the aeronautical authorities of the Contracting Parties.

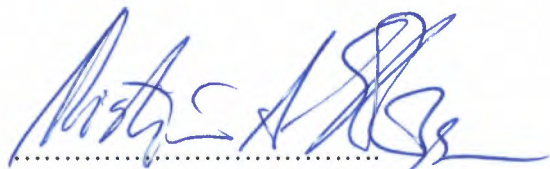
This Memorandum of Understanding shall come into effect on the date of its signature.

Signed in Bali, Indonesia on the 19th of November 2014.

For and on behalf of the Government of
the Government of the Federal Republic
of Nigeria


.....
Engr. Hassan Musa
Director, Air Transport Management

For and on behalf of
Iceland


.....
Kristján Andri Stefánsson
Ambassador, Chief Air Negotiator

“ATTACHMENT A”

Delegation of the Government of the Federal Republic of Nigeria

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DIRECTOR, AIR TRANSPORT MANAGEMENT
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MR. AHMADU D. ILITRUS
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MR. F. I. ENANG
SECOND SECRETARY
EMBASSY OF NIGERIA
JAKARTA, INDONESIA



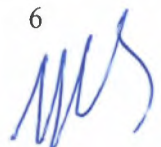
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FEDERAL MINISTRY OF AVIATION

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CAPT. MOHAMMED JOJI
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MR. NA'ALLAL I.S
AGM, BUSINESS DEVELOPMENT
MEDVIEW AIRLINES

ENGR. MOHAMMED ISHABA
QUALITY MANAGER
SKYPOWER EXPRESS



Delegation of the Government of Iceland

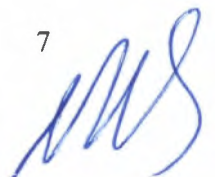
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AMBASSADOR, CHIEF AIR NEGOTIATOR
MINISTRY FOR FOREIGN AFFAIRS

GUNNAR ÖRN INDRÍÐASON
LEGAL ADVISOR
MINISTRY OF THE INTERIOR

KRISTÍN HELGA MARKÚSDÓTTIR
HEAD OF LEGAL SECTION
TRANSPORT AUTHORITY



7



**BILATERAL AIR SERVICES
AGREEMENT**

BETWEEN

**THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF NIGERIA**

AND

THE GOVERNMENT OF ICELAND

**BILATERAL AIR SERVICES AGREEMENT BETWEEN THE
GOVERNMENT OF THE FEDERAL REPUBLIC OF NIGERIA AND**

The Government of the Federal Republic of Nigeria and the Government of Iceland. (hereinafter referred to as the “Contracting Parties”);

Considering that the Federal Republic of Nigeria and the Government of Iceland are 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, supplementary to the Convention, for the purpose of establishing air services between and beyond their respective territories;

HAVE AGREED AS FOLLOWS:

**ARTICLE 1
DEFINITION:**

For the purpose of this Agreement (and the Annex attached hereto) unless the context otherwise requires:

- (a) “Agreement” means this Agreement, the Annex attached thereto and any or similar documents amending the present Agreement or the Annex;
- (b) “the Convention” means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944 and includes any annexes adopted under Article 90 of that Convention made pursuant to Articles 90 and 94 thereof so far as those Annexes and Amendments have been adopted by both Contracting Parties;
- (c) “aeronautical authorities” means, in the case of the Federal Republic of Nigeria, the Minister of Aviation and any person or body authorized to



perform any functions at present performed by the said Minister or similar functions, and, in the case of the Government of Iceland, the Minister of the Interior or any person or body authorized to perform any function at present exercisable by the said Minister or similar functions;

- (d) “designated airline” means an airline which has been designated and authorized in accordance with Article 4 of this Agreement;
- (e) “territory” in relation to a State has the meaning assigned to it in Article 2 of the Chicago Convention;
- (f) “air services”, international air services” “airline” and “stop for non-traffic purposes” have the meanings respectively assigned to them in Article 96 of the Convention;
- (g) “regular equipment”” “aircraft stores” and “spare parts” have the meanings respectively assigned to them in Annex 9 of the Convention; and
- (h) “tariff” means the prices to be paid for the carriage of passengers, baggage, and cargo and the conditions under which those prices apply, including prices and conditions for agency and
- (i) other auxiliary services but excluding remuneration and conditions for the carriage of mail.
- (j) “Capacity” in relation to an aircraft means the payload of the aircraft available on the route or section of a route; and in relation to a specified air service means the capacity of aircraft, used on such service, multiplied by the frequency of the flights, operated by such an aircraft over a given period and route or section of route.



- (k) “User Charges” means any charge that may be imposed or permitted to be imposed by a Contracting Party for the use of airports and air navigation facilities.

ARTICLE 2
APPLICABILITY OF CHICAGO CONVENTION

The provisions of this Agreement shall be subject to the provisions of the Convention in so far as those provisions are applicable to international air services.

ARTICLE 3
GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the following rights in respect of its scheduled international air services:
 - (a) the right to fly across its territory without landing;
 - (b) the right to make stops in its territory for non-traffic purposes.
2. Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing scheduled international air services on the routes specified in the appropriate section of the schedules annexed 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 schedules annexed to this Agreement for the



purpose of taking on board and discharging passenger and cargo including mail, in combination or separately.

3. Nothing in paragraph (2) of this Article shall be deemed to confer on the airlines of one Contracting Party, the privilege of taking 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.

ARTICLE 4 **DESIGNATION AND AUTHORISATION**

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one airline for the purpose of operating the agreed services on the specified routes.
2. On the receipt of the notice of such designation, the other Contracting Party shall, subject to the provisions of paragraphs (3) and (4) of this Article, without delay grant to the airline designated the appropriate operating authorization.
3. The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations which are applicable to the operation of international air services by such authorities in conformity with the provisions of the Convention.
4. Each Contracting Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the



5 

rights specified in Article 3 of this Agreement, in any case where the said Contracting Party is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals.

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

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

- (i) it is established in the territory of Iceland in accordance with relevant law and regulations, and has a valid Operating License in accordance with national law.; and
- (ii) effective control of the airline is exercised and maintained by an Icelandic operator , and the relevant aeronautical authority is clearly identified in the designation; and
- (iii) it is owned and shall continue to be owned directly or through majority ownership by Iceland.

b) in the case of an airline designated by the Federal Republic of Nigeria:

- (i) it is established in the territory of the Federal Republic of Nigeria and is licensed in accordance with the applicable law of the Federal Republic of Nigeria; and
- (ii) the Federal Republic of Nigeria has and maintains effective regulatory control of the airline and the aeronautical authority is clearly identified in the designation; and
- (iii) it is owned and shall continue to be owned directly or through majority ownership by the Federal Republic of Nigeria and/or nationals of the Federal Republic of Nigeria and shall at all times be effectively controlled by the Federal Republic of Nigeria and/or its nationals.

c) the designated airline is qualified to meet the conditions prescribed under the legislation normally applied to the operation of international air services by the Party considering the application or applications; and

d) the provisions set forth in Article 9 (Safety) and Article 10 (Security) are being maintained and administered.

5. When an airline has been so designated and authorized, it may begin at any time to operate the agreed services, provided that the conditions of operation of those services and the tariffs to be applied thereon have been approved under Articles 14 of this Agreement.

ARTICLE 5

VALIDITY OF CERTIFICATES

1. Certificates of airworthiness, certificates of competency and licences issued or validated by either Contracting Party which have not expired, shall be recognized as valid by the other Contracting Party for the purpose of operating the routes specified in the Annex. Each Party shall recognize as valid, for the purpose of operating the air services provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or validated by the State responsible for the regulatory control of a designated airline and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards that may be established pursuant to the Convention.
2. Each Contracting Party reserves the right to refuse to recognize as valid for the purpose of operating the said specified routes over its own territory, certificates of competency and licences issued to its own nationals by the other Contracting Party.

ARTICLE 6

REVOCATION AND SUSPENSION OF OPERATING AUTHORISATION

1. Each Contracting Party shall have the right to revoke an operating authorization, or to suspend the exercise of the rights specified in Article 3 of this Agreement by the airline designated by the Contracting Party or to impose such conditions as it may deem necessary on the exercise of this rights in any of the following cases:



- (a) If it is not satisfied that substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in nationals of such Contracting Party;
- (b) Failure by the airline to comply with the laws or regulations of the Contracting Party granting these rights; or
- (c) If the airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under this Agreement and the Annex attached hereto.

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

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

- (i) it is not established in the territory of Iceland , or does not have a valid Operating Licence in accordance with national law.; or
- (ii) effective regulatory control of the airline is not exercised or not maintained by Iceland responsible for issuing its Air Operator's Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or
- (iii) it is not owned, directly or through majority ownership by, or it is not at all times effectively controlled by Iceland or its nationals.; or
- (iv) the airline has failed to comply with the laws and regulations of the Federal Republic of Nigeria.

b) in the case of an airline designated by the Federal Republic of Nigeria:

- (i) it is not established in the territory of the Federal Republic of Nigeria; or is not licensed in accordance with the applicable law of the Federal Republic of Nigeria; or
- (ii) The Government of the Federal Republic of Nigeria is not maintaining effective regulatory control of the airline; or



- (iii) it is not owned, directly or through majority ownership, or it is not at all times effectively controlled by the Government of the Federal Republic of Nigeria and / or its nationals; or
- (iv) the airline has failed to comply with the laws and regulations of Iceland.

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

3. This Article does not limit the rights of either Party to withhold, revoke, limit or impose conditions on the operating authorization or technical permission of an airline or airlines of the other Party in accordance with the provisions of Article 9 (Safety) and Article 10 (Security).

ARTICLE 7 **EXEMPTION FROM CUSTOMS DUTIES**

1. Aircraft operated on international services by the designated airline of either Contracting Party, as well as their regular equipment, supplies of fuel and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempted from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Party, provided such equipment, supplies and aircraft 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 the territory.



2. There shall also be exemption from the same duties, fees and charges with the exception of charges corresponding to the services performed for:

- (a) aircraft stores taken on board in the territory of a Contracting Party, within limits fixed by the authorities of the said Contracting Party, and for use on board outbound aircraft engaged in an international service by the designated airline of the other Contracting Party;
- (b) spare parts and regular equipment imported into the territory of either Contracting Party for the maintenance or repair of aircraft used on international services by the designated airline of the other Contracting Party;
- (c) fuel and lubricants for the supply of outbound aircraft operated on international services by the designated airline of the other Contracting Party even when these 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;
- (d) advertising materials and airline documentation having no commercial value used by the designated airlines of one Contracting Party in the territory of the other Contracting Party;
- (e) the office equipment introduced in the territory of either Contracting Party in order to be used in the offices of the designated airline of the other Contracting party provided that such equipment is in the disposal of those offices during three (3) years from the date of their introduction into that



territory and the principle of reciprocity applies, in accordance with the rules of the land

Materials referred to in sub-paragraphs (a), (b) and (c) above may be required to be kept under customs supervision of control.

3. Passengers, baggage and cargo in direct transit across the territory of one Contracting Party and not leaving the area of the airport reserved for such purpose shall be subject to a very simplified control. Baggage and cargo in direct transit only shall be exempt from customs duties and other similar taxes.

4. 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 the customs authorities of that territory. In such a case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

ARTICLE 8

APPLICATION OF NATIONAL LEGISLATION

1. The laws and regulations of a Contracting Party to the admission to or departure from its territory of passengers, crew or cargo of aircraft, such as regulations relating to entry, clearance, immigration, passports, customs, currency, health and quarantine shall be complied with by or on behalf of such passengers, crew or cargo upon entrance into or departure from, or while within the territory of that Contracting Party.



2. The laws and regulations of a Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft of the other Contracting Party while within its territory shall be applied.
3. Neither Party shall give preference to its own or any other airline over a designated airline of the other Party engaged in similar international air services in the application of the legislation provided for in this article.

ARTICLE 9
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 (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 5 of this Agreement.



3. Notwithstanding the obligations mentioned in Articles 33 of the Convention, it is agreed that any aircraft operated by the 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 authorized 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 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 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 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 the airline of the other Contracting Party immediately in the event the first Contracting Party concludes, whether as a result of a 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 above shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 10 AVIATION SECURITY

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 form 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 16th December, 1970 and the



Convention for the Suppression of Unlawful Act Against the Safety of Civil Aviation, signed at Montreal on 23rd September, 1971, and any other multi lateral agreement governing civil aviation security binding upon both contracting parties. Additionally:

- (a) 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 act against the safety of such aircraft, their passenger and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.
- (b) the Contracting Parties shall, also 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 on International Civil Aviation to the extent that such security provisions are applicable to the Contracting Parties, they shall require that operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions;
- (c) each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security by the other Contracting Party while entering into, departing from, or while within the territory of that other Contracting Party. Consequently, 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 further agrees to give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat; and

- (d) in the event that 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.

- (e) 6. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory agreement within fifteen (15) days from the date of such request shall constitute grounds to withhold, revoke, limit, or impose conditions on the operating authorization and technical permissions of an airline or airlines of that other Party. When required by an emergency, a Party may take interim action prior to the expiry of fifteen (15) days.

ARTICLE 11 **COMMERCIAL ACTIVITIES**

The designated airline/s of the other Contracting Party shall be allowed to establish in Nigeria a Ticket Sales office in the Airport only in accordance with the Nigeria/IATA BSP clearing House Agreement.

The airline shall also be allowed to bring in and maintain in the territory of the other Contracting Party, in accordance with the laws and regulations of that other Contracting



Party relating on entry, residence and employment, managerial, sales, technical, operational and other specialist staff required for the provision of air transportation.

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

ARTICLE 12

PRINCIPLES GOVERNING OPERATIONS OF AGREED SERVICES

1. There shall be fair and equal opportunity for the designated airline of each Contracting Party to operate the agreed services on the specified routes.
2. In operating the agreed services, the designated airline of one Contracting Party shall take into account the interest of the designated airline of the other Contracting Party so as not to affect unduly the services which the later provides on the whole or part of the same routes.
3. The total capacity to be provided on each of the specified routes shall be in accordance with reasonably anticipated traffic demands.
4. In order to meet the requirements of unexpected traffic demands of a temporary character, seasonal or future traffic growth on the specified routes in the Annex to this Agreement, the airline designated by both Contracting Parties shall make arrangements relating to the conditions under which the air services shall be operated. The arrangements so made by the designated airlines shall determine



the frequency of services and the schedules. The arrangements together with any modifications thereto shall be submitted to the aeronautical authorities of the two Contracting Parties for approval.

5. If and so long as the designated airline of one Contracting Party does not desire to utilize the whole or part of its own share of the capacity on one or more routes, it may allow the airline of the other Contracting Party to utilize its said share of the capacity during a specified period, subject to a commercial agreement between the designate airlines until such a time that the particular airline is ready to operate the whole or part of the capacity to which it is entitled.

ARTICLE 13 **APPROVAL OF CONDITIONS OF OPERATION**

1. The time-tables of the agreed services and in general the conditions of operation, may be required to be submitted by the designated airline of one Contracting Party for the approval of the aeronautical authorities of the other Contracting Party at least thirty (30) days before the intended date of their introduction. In special cases this time-limit may be reduced, subject to the agreement of the said authorities.
2. Any modifications to such time-tables and conditions (may be required to be submitted to the aeronautical authorities for approval.

ARTICLE 14 **TARIFFS**

1. Each Contracting Party shall allow the tariffs for international air services operated to/from/through its territory to be established by the designated airlines



at responsible levels, due regard being paid to all relevant factors, including cost of operation, reasonable profit and the tariffs of other airlines intervention by the Contracting Parties shall be limited to:

- a. Preventing of unreasonably discriminatory prices or practices;
 - b. Protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and
 - c. Protection of airlines from prices that is artificially low due to direct or indirect governmental subsidy or support.
2. The tariffs shall be submitted to the Aeronautical Authorities of both Contracting Parties at least thirty (30) days before the proposed date of their introduction. In special cases this time-limit may be reduced subject to the agreement of the said authorities.
3. Neither Contracting Party shall allow its designated airline or airlines, in the establishment of tariffs, either in conjunction with any other airline or airlines or separately, to abuse market power in a way which has or likely or intended to have the effect of severely weakening a competitor, being a designated airline of the other Contracting Party, or excluding such a competitor from a route.
4. The Contracting Parties agree that the following airlines practices, in relation to the establishment of tariffs, may be regarded as possible unfair competitive practices which may merit closer examination;
 - a. Charging fares and rates on routes at levels which are, in the aggregate, insufficient to cover the costs of providing the services to which they relate;
 - b. The practices in question are sustained rather than temporary;
 - c. The practices in question have a serious economic effect on, or cause significant damage to, designated airlines(s) of other Contracting Party; and
 - d. Behavior indicating an abuse of dominant position on the route.
5. In the event that either aeronautical authority is dissatisfied with a tariff proposed or in effect for an airline of the other Contracting Party, the Aeronautical Authorities will endeavor to settle the matter through consultations, if so



requested by either authority. In any event, the aeronautical authority of a Contracting Party shall not take unilateral action to prevent the coming into effect or continuation of a tariff of an airline of the other Contracting Party.

6. Notwithstanding the foregoing, the designated airlines of one Contracting Party shall provide, on request, to the aeronautical authorities of the other Contracting Party the information relating to the establishment of the tariffs, in a manner and format as specified by such authorities
7. No Contracting Party shall impose on the other Contracting Party's designated airlines a first-refusal, uplift ratio, no-objection fee, or any other requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.

ARTICLE 15 **USER CHARGES**

Any charge that may be imposed or permitted to be imposed by a Contracting Party for the use of airports and air navigation facilities by the aircraft of the other Contracting Party shall not be higher than those that would be paid by its national aircraft engaged in scheduled international air services.

ARTICLE 16 **STATEMENTS OF STATISTICS**

1. The aeronautical authorities of either Contracting Party shall supply of the aeronautical authorities of the other Contracting Party at the latter's request: such periodic or other statements of statistics as may be reasonably required for the purpose of reviewing the capacity provided on the agreed services by the designated airline of either Contracting Party.



2. Such statement shall include the information required to determine the amount of traffic carried by the designated airline on the agreed services and the origins and destinations of such traffic.

ARTICLE 17 **TRANSFER OF EXCESS OF RECEIPTS**

1. Each Contracting Party shall grant to the designated airline of the other Contracting Party the right to transfer inconvertible currencies at the official rate of exchange, the excess of receipt over expenditure earned by the airline in its territory in connection with the carriage of passengers, baggage, mail and cargo, subject to the prevailing foreign exchange regulations in the territory of each Contracting Party.
2. Whenever the payment system between the Contracting Parties is governed by a special agreement, that agreement shall apply in place of the provisions of this Article.

ARTICLE 18 **CONSULTATIONS**

1. Each Contracting Party can at any time, ask for consultation between the competent authorities of the two Contracting Parties for the interpretation, application or the modification of the present Agreement and its appendices.
2. This consultation should begin at the latest sixty (60) days from the day of receipt of the request.



3. The possible changes that may be made in this Agreement will come into effect after confirmation by exchange of letters, through diplomatic representations.

ARTICLE 19

SETTLEMENT OF DISPUTES

1. If any dispute arises between the Contracting Parties relating to the interpretation or implementation of this Agreement and its Annex, the Contracting Parties shall in the first place endeavour to settle it by negotiation.
2. If the Contracting Parties fail to reach a settlement by negotiation, they may refer the dispute for discussion to some person or body; if they are unable to do so, the dispute shall at the request of either Contracting Party be submitted for decision to a tribunal 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 of a notice by either Contracting Party from the other through diplomatic channels requesting arbitration of the dispute by such a tribunal and the third arbitrator shall be appointed within a further period of sixty (60) days. 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 such a case, the third arbitrator shall be a national of a third State and shall act as President of the arbitral tribunal.



3. The arbitral Tribunal shall first endeavour to reconcile the two Contracting Parties, failing which it shall consider the dispute and give its decision by majority vote. Unless otherwise agreed between the Contracting Parties, the said tribunal shall itself draw up its rules of procedures, choose its own venue and give its decision within ninety (90) days following its constitution.
4. The Contracting Parties shall comply with any decision given under paragraph (3) of this Article.
5. Each Contracting Party shall be responsible for the cost of its designated arbitrator and subsidiary staff provided, and both Contracting Parties shall share equally all such further expenses involved in the activities of the tribunal including those of the President.
6. If, and so long as either Contracting Party fails to comply with a decision given under 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 its designated airlines.

ARTICLE 20
EFFECT OF MULTILATERAL AGREEMENT

This Agreement and its Annex shall be deemed amended so as to conform with any multilateral air transport agreement which may become binding on both Contracting parties.



ARTICLE 21
AMENDMENTS

1. If either of the Contracting Parties considers it desirable to modify any provision of this Agreement, such modifications, if agreed between the Contracting Parties and if necessary after consultation in accordance with Article (18) of this Agreement, shall come into effect when confirmed by an exchange of notes, through the diplomatic channels.
2. If the amendment relates to the provisions of the Agreement other than those of the annexed schedules, the amendment shall be approved by each Contracting Party in accordance with its constitutional procedures.
3. If the amendment relates only to the provisions of the annexed schedules, it shall be agreed upon between the aeronautical authorities of both Contracting Parties.

ARTICLE 22
REGISTRATION WITH THE INTERNATIONAL CIVIL AVIATION
ORGANISATION

This Agreement and any subsequent amendments hereto shall be registered with the International Civil Aviation Organisation by the state where the signature of the Agreement will take place.

ARTICLE 23
TERMINATION

A Contracting Party may at any time give notice to the other Contracting Party of its decision to terminate this Agreement; such notice shall be simultaneously communicated to the International Civil Aviation Organisation. 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 the 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 Organisation.

2. This Agreement and its Annex shall be subject to ratification by the Contracting Parties and Instruments of Ratification shall be exchanged through diplomatic channels.

ARTICLE 24
ENTRY INTO FORCE

This Agreement shall be approved according to the constitutional requirements in the country of each Contracting Party and shall come into force on the day of an exchange of diplomatic notes by the Contracting Parties.

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

Done in Bali, Indonesia the 19th of November 2014 in two originals in the English language.

.....
**For and on behalf of the Government
of the Federal Republic of Nigeria**

.....
For the Government of Iceland



ANNEX I

A. ROUTE SCHEDULE OF THE DESIGNATED AIRLINE OF NIGERIA

Point of Departure	Intermediate Points	Point (s) in Iceland	Points Beyond
Any Point(s) in Nigeria	Any Point(s)		Any Point(s)

B. ROUTE SCHEDULE OF THE DESIGNATED AIRLINE OF ICELAND

Point of Departure	Intermediate Points	Point (s) in Nigeria	Points Beyond
Any Point(s) in Iceland	Any Point(s)		Any Point(s)

