

## Agreed Minutes

1. Delegations representing the Government of the Republic of Iceland and the Government of the Sultanate of Oman met in Reykjavik, Iceland, on 25 and 26 of March 2004 in order to assess their bilateral air transport relations and to negotiate an Air Services Agreement. A list of members of the two Delegations is attached as Appendix 1.

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

3. The Delegations agreed to recommend to their relevant authorities to enter into negotiations aimed at the conclusion of an Agreement for the Avoidance of Double Taxation on the air transport revenue of designated airlines as well as on the employment income of their expatriate staff.

Notwithstanding the aforesaid, the Omani Delegation undertook to bring to the attention of their relevant authorities the draft text of an article relating to the Avoidance of Double Taxation (Appendix 3), proposed by the Icelandic side for temporary inclusion in the ASA, until such time as an agreement providing for similar exceptions may enter into force between the Contracting Parties. If acceptable to the relevant Omani authorities, such an article would be added to the agreed text as Article 12 of the ASA before its signature.

4. The Delegations agreed, that if circumstances arise whereas an airline licensed in a third country and established in the territory of either Contracting Party, in accordance with Article 3 of the ASA, seeks designation by either Contracting Party, and the State which holds regulatory control of the airline in question, has not entered into a bilateral ASA with the Government of the other Contracting Party which contains third and fourth freedom traffic rights, the Contracting Parties to the ASA may ask for consultations.

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

Signed in Reykjavik on 26 March 2004

For the Delegation of  
the Government of the Republic of Iceland:

For the Delegation of  
the Government of the Sultanate of Oman:

  
Ólafur Egilsson

  
Sultan Yarub Al-Saifi

BER 02/10007

**Iceland - Oman Air Services Agreement Meeting  
Reykjavik, Iceland  
25-26 March 2004**

**Icelandic Delegation**

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

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

Ms. Katrín Einarsdóttir, First Secretary, Ministry for Foreign Affairs

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

Mr. Sveinn Zoëga, Project Manager, Air Atlanta

Mr. Thorarinn Kjartansson, Managing Director, Bluebird Cargo

Mr. Einar Björnsson, Director Operations, Íslandsflug

**Omani Delegation**

Mr. Sultan Yarub Al-Saifi, Acting/Director General of Civil Aviation & Meteorology  
(Head of Delegation)

Mr. Rashid Bin Mohamed Al-Kiyumi, Director of Air Transport

Mr. Hassan A. Hassani, Manager Government & International Relations, Gulf Air



# **AIR SERVICES AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF  
THE REPUBLIC OF ICELAND**

**AND**

**THE GOVERNMENT OF  
THE SULTANATE OF OMAN**

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The Government of the Republic of Iceland and the Government of the Sultanate of Oman (hereinafter referred to as the "Contracting Parties");

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

Desiring to promote their mutual relations in the field of civil aviation and to conclude an agreement for the purpose of establishing air services between and beyond their respective territories;

Desiring to promote an international aviation system based on competition among airlines in the marketplace with minimum government interference and regulation;

Desiring to facilitate the expansion of international air service opportunities;

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

Have agreed as follows:

## **Article 1**

### *Definitions*

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

1. "Aeronautical authorities" means, in the case of the Republic of Iceland, the Ministry of Communications and any person or agency authorized to perform the functions exercised by the said authority, and in the case of the Sultanate of Oman, the Minister for Transport and Communications and any person or agency authorized to perform the functions exercised by the said Minister;
2. "Agreement" means this Agreement, its Annexes, and any amendments thereto;
3. "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes: any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by both Contracting Parties, and any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annexes or amendments is at any given time effective for both Contracting Parties;
4. "Designated airline" means an airline designated and authorized in accordance with Article 3 of this Agreement;
5. "European Economic Area" is an enhanced free trade area established by the Agreement on the European Economic Area, done at Oporto on 2 May 1992, between the European Community and its member states on the one hand and the EFTA states with exclusion of Switzerland on the other hand. EFTA is an abbreviation for the European Free Trade Area of which Iceland is a member;



6. "Full cost" means the cost of providing service plus a reasonable charge for administrative overhead;
7. "International air service" means an air service that passes through the airspace over the territory of more than one State;
8. "Price" means any fare, rate or charge for the carriage of passengers (and their baggage) and/or cargo (excluding mail) in air service charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge;
9. "Stop for non-traffic purposes", "airline", "air service" and "territory" have the meaning specified in Articles 2 and 96 of the Convention; and
10. "User charges" means a charge imposed on airlines for the provision of airport, air navigation or aviation security facilities or services including related services and facilities.

## **Article 2**

### *Grant of Rights*

1. Each Contracting Party grants the other Contracting Party's designated airlines the following rights for the conduct of international air services:
  - a. the right to fly across its territory without landing;
  - b. the right to make stops in its territory for non-traffic purposes; and
  - c. the rights otherwise specified in this Agreement.
2. Nothing in this Article shall be deemed to confer to the designated airline or airlines of one Contracting Party the right to take on board, in the territory of the other Contracting Party, passengers, their baggage, cargo, or mail carried for remuneration and destined for another point in the territory of that other Contracting Party.

## **Article 3**

### *Designation and Authorization*

1. Each Contracting Party shall have the right to designate an airline or airlines for the purpose of operating the agreed services on each of the routes specified in the Annex and to withdraw or alter such designations. Such designations shall be made in writing and transmitted to the other Contracting Party through diplomatic channels.
2. Upon receipt of such a designation and of applications from the designated airline, in the form and manner prescribed for operating authorizations and technical permissions, the other Contracting Party shall grant the appropriate authorizations and permissions with minimum procedural delay, provided:
  - a) in the case of an airline designated by Iceland:
    - (i) it is established in the territory of Iceland in accordance with the Agreement on the European Economic Area, and is licensed in accordance with national law or European Community law adopted in accordance with the Agreement on the European Economic Area; and
    - (ii) effective regulatory control of the airline is exercised and maintained by a State which is a Contracting Party to the Agreement on the European Economic Area responsible for issuing its Air Operators Certificate and the relevant aeronautical authority is clearly identified in the designation;
  - b) in the case of an airline designated by Oman:



- (i) it is established in the territory of Oman and is licensed in accordance with the applicable law of Oman, and
- (ii) Oman has and maintains effective regulatory control of the airline; 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.

#### **Article 4**

##### *Revocation of Authorization*

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) in the case of an airline designated by Iceland:

- (i) it is not established in the territory of Iceland in accordance with the Agreement on the European Economic Area, or is not licensed in accordance with national law adopted in accordance with the Agreement on the European Economic Area or in accordance with European Community law; or
- (ii) effective regulatory control of the airline is not exercised or not maintained by a State which is a Contracting Party to the Agreement on the European Economic Area responsible for issuing its Air Operators Certificate, or the relevant aeronautical authority is not clearly identified in the designation;

b) in the case of an airline designated by Oman:

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

c) that airline has failed to comply with the laws and regulations referred to in Article 7 of this Agreement.

#### **Article 5**

##### *Application of Laws*

1. While entering, within, or leaving the territory of one Contracting Party, its laws and regulations relating to the operation and navigation of aircraft shall be complied with by the other Contracting Party's airlines.

2. While entering, within, or leaving the territory of one Contracting Party, its laws and regulations relating to the admission to or departure from its territory of passengers, crew or cargo on aircraft (including regulations relating to entry, clearance, aviation security, immigration, passports, customs and quarantine or, in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew or cargo of the other Contracting Party's airlines.

3. Neither Contracting Party shall give preference to its own or any other airline over a designated airline of the other Contracting Party engaged in similar international air services in the application of its immigration, customs, quarantine and similar regulations.



**Article 6**  
*Recognition of certificates*

1. Each Contracting 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 other Contracting Party 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, however, to refuse to recognize as valid for the purpose of flight above or landing within its own territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party.

**Article 7**  
*Safety*

1. Either Contracting Party may request consultations concerning the safety standards maintained in respect of an airline designated by the other Contracting Party relating to aeronautical facilities, aircrews, aircraft, and operation of the designated airlines.
2. If, following such consultations, one Contracting Party finds that safety standards in the areas referred to in paragraph 1 that meet the standards established at that time in accordance with the Convention are not effectively maintained and administered in respect of airlines designated by the other Contracting Party, the other Contracting Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards, and the other Contracting Party shall take appropriate corrective action.
3. Each Contracting Party reserves the right to withhold, revoke, or limit the operating authorization or technical permission of an airline or airlines designated by the other Contracting Party in the event the other Contracting Party does not take appropriate corrective action within a reasonable time.
4. Any action by one Contracting Party in accordance with paragraph 3 shall be discontinued once the basis for that action ceases to exist.

**Article 8**  
*Aviation Security*

1. In accordance 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, done at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on 16 December 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 September 1971 and its protocol done on 24 February 1988 and the Convention on the Marking of Plastic Explosives for the





Purpose of Detection done at Montreal on 1 March 1991 and any other convention on aviation security to which both Contracting Parties become members.

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

3. The Contracting Parties shall, in their mutual relations, act in conformity with all aviation security standards and appropriate recommended practices established by the International Civil Aviation Organization and designated as Annexes to the Convention; they shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees to observe the security provisions required by the other Contracting Party for entry into the territory of that other Contracting Party and to take adequate measures to protect aircraft and to inspect passengers, crew, and their baggage and carry-on items, as well as cargo and aircraft stores, prior to and during boarding or loading. Each Contracting Party shall also give positive consideration to any request from the other Contracting Party for special security measures to meet a particular threat.

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

6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Contracting Party may request immediate consultations with the aeronautical authorities of the other Contracting Party. Failure to reach a satisfactory agreement within 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 Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the expiry of 15 days.

## **Article 9**

### *Commercial Opportunities*

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

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

3. Each designated airline shall have the right to perform its own ground-handling in the territory of the other Contracting Party ("self-handling") or, at its option, select among competing agents for such services 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; charges shall be based on the costs of services provided; and such services shall be comparable to the kind and quality of services as if self-handling were possible.

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

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

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

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

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

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

## **Article 10**

### *Customs Duties and Charges*

1. Each Contracting Party shall on the basis of reciprocity exempt a designated airline of the other Contracting Party to the fullest extent possible under its national law from customs duties, excise taxes, inspection fees and other national duties and charges on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores (including but not limited to such items of food, beverages and liquor, tobacco and other products destined for sale or to be used solely in connection with the operation or servicing of aircraft) and other items, such as printed ticket stock, air waybills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed free of charge by that designated airline intended for use or used solely in connection with the operation or servicing of aircraft of the designated airline of such other Contracting Party operating the agreed services.



2. The exemptions granted by this article shall apply to the items referred to in paragraph 1:

- a) introduction into the territory of the Contracting Party by or on behalf of the designated airline of the other Contracting Party;
- b) retained on board aircraft of the designated airline of one Contracting Party upon arrival in or leaving the territory of the other Contracting Party; or
- c) taken on board aircraft of the designated airline of one Contracting Party in the territory of the other Contracting Party and intended for use in operating the agreed services;

whether or not such items are used or consumed wholly within the territory of the Contracting Party granting the exemption, provided the ownership of such items is not transferred in the territory of the said Contracting Party.

3. The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline of either 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 case, they may be placed under supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

## **Article 11**

### *User Charges*

1. User charges that may be imposed by the competent charging 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 assessed on the airlines of the other Contracting Party on terms not less favourable than the most favourable terms available to any other airline at the time the charges are assessed.

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

3. Each Contracting Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines using the services and facilities, and shall encourage the competent charging authorities or bodies and the airlines to 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. Each Contracting Party shall encourage the competent charging authorities to provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views before changes are made.

4. Neither Contracting Party shall be held, in dispute resolution procedures pursuant to Article 16, to be in breach of a provision of this Article, unless (i) it fails to undertake a review of the charge or practice that is the subject of complaint by the other Contracting Party within a reasonable amount of time; or (ii) 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 12**  
*Avoidance of Double Taxation*

**Article 13**  
*Fair Competition*

1. Each Contracting Party shall allow a fair and equal opportunity for the designated airlines of both Contracting Parties to compete in providing the international air services governed by this Agreement.
2. 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. 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 Convention.
3. Neither Contracting Party shall impose on the other Contracting Party's designated airlines a first-refusal requirement, 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.
4. In case either Contracting Party requires the filing of schedules, programs for charter flights, or operational plans by airlines of the other Contracting Party, it shall minimize the administrative burdens of filing requirements and procedures on air services intermediaries and on designated airlines of the other Contracting Party.

**Article 14**  
*Pricing*

1. Each Contracting Party shall allow prices for air services to be decided by each designated airline based on commercial considerations in the marketplace. Intervention by the Contracting Parties shall be limited to:
  - a) prevention of unreasonably discriminatory prices or practices;
  - b) protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and
  - c) protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support.
2. Each Contracting Party may require notification to or filing with its aeronautical authorities of prices to be charged to or from its territory by airlines of the other Contracting Party. Notification or filing by the airlines of both Contracting Parties may be required no more than 30 days before the proposed date of effectiveness. In individual cases, notification or filing may be permitted on shorter notice than normally required. Neither Contracting Party shall require the notification or filing by airlines of the other Contracting Party of prices charged by caterers to the public, except as may be required on a non-discriminatory basis for information purposes.





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

## **Article 15**

### *Intermodal Services*

Notwithstanding any other provision of this Agreement, airlines and indirect providers of cargo transportation of both Contracting Parties shall be permitted, without restriction, to employ in connection with international air services any surface transportation for cargo to or from any points in the territories of the Contracting Parties or in third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customs processing and facilities. Airlines may elect to perform their own surface transportation or to provide it through arrangements with other surface carriers, including surface transportation operated by other airlines and indirect providers of cargo air services. Such intermodal cargo services may be offered at a single, through price for the air and surface transportation combined, provided that shippers are not misled as to the facts concerning such transportation.

## **Article 16**

### *Consultations and Settlement of Disputes*

1. In a spirit of close co-operation, either Contracting Party may, at any time, request consultations relating to this Agreement, its implementation and satisfactory compliance with the provisions of this Agreement. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place endeavour to settle it by consultation.
2. Any dispute which cannot be resolved by consultations, may at the request of either Contracting Party of the agreement be submitted to a mediator or a dispute settlement panel. Such a mediator or panel may be used for mediation, determination of the substance of the dispute or to recommend a remedy or resolution of the dispute.
3. The Contracting Parties shall agree in advance on the terms of reference of the mediator or of the panel, the guiding principles or criteria and the terms of access to the mediator or the panel. They shall also consider, if necessary, providing for an interim relief and the possibility for the participation of any Contracting Party that may be directly affected by the dispute, bearing in mind the objective and need for a simple, responsive and expeditious process.
4. A mediator or the members of a panel may be appointed from a roster of suitably qualified aviation experts maintained by ICAO. The selection of the expert or experts shall be completed within fifteen (15) days of receipt of the request for submission to a mediator or to a panel. If the Contracting Parties fail to agree on the selection of an expert or experts, the selection may be referred to the President of the Council of ICAO. Any expert used for this mechanism should be adequately qualified in the general subject of the dispute.



5. A mediation should be completed within sixty (60) days of engagement of the mediator or the panel and any determination including, if applicable, any recommendation, should be rendered within sixty (60) days of engagement of the expert or experts. The Contracting Parties may agree in advance that the mediator or the panel may grant interim relief to the complainant, if requested, in which case a determination shall be made initially.
6. The Contracting Parties shall cooperate in good faith to advance the mediation and to implement the decision or determination of the mediator or the panel, unless they otherwise agree in advance to be bound by decision or determination. If the Contracting Parties agree in advance to request only a determination of the facts, they shall use those facts for resolution of the dispute.
7. The costs of this mechanism shall be estimated upon initiation and apportioned equally, but with the possibility of re-apportionment under the final decision.
8. The mechanism is without prejudice to the continuing use of the consultation process, the subsequent use of arbitration, or Termination under Article 18.

### **Article 17** *Modification*

1. If either Contracting Party considers it desirable to modify any provision of this Agreement, including Annex thereto, it may request consultations between the aeronautical authorities of both Contracting Parties in relation to the proposed modification. Such consultations shall commence within a period of sixty days (60) from the date of receipt of the request. Any modifications so agreed shall enter into force when they have been confirmed by an exchange of diplomatic notes by both Contracting Parties. Pending the entry into force of such amendments, the Aeronautical Authorities shall give provisional effect to such amendments.
2. A modification to the Annex may be made by direct agreement between the aeronautical authorities of both Contracting Parties and shall enter into force when it has been confirmed by exchange of diplomatic notes.

### **Article 18** *Termination*

Either Contracting Party may, at any time, give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate at midnight at the place of receipt of the notice immediately before the first anniversary of the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement of the Contracting Parties before the end 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 date it was received by the International Civil Aviation Organization.



**Article 19**  
*Registration with ICAO*

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

**Article 20**  
*Entry into force*

This Agreement shall enter into force upon an exchange of diplomatic notes confirming that the internal procedures necessary for the entry into force of the Agreement have been completed.

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

DONE at                      this                      day of                      , 2004 in duplicate, in the Icelandic, Arabic and English languages, each text being equally authentic. In case of divergence of interpretation, the English language text shall prevail.

For the Government of  
the Republic of Iceland

For the Government of  
the Sultanate of Oman





**ANNEX I**  
*International Air Services*

**Section 1**  
*Routes*

Airlines of each Contracting Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform international air services between points on the following routes:

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

From points behind Iceland via points in Iceland and intermediate points to a point or points in Oman and beyond points.

Notwithstanding the above, the right granted to the designated airlines of the Republic of Iceland to transport passengers between Oman and points in India shall be subject to an agreement between the Aeronautical Authorities of the Contracting Parties.

For all-cargo service or services, between point or points in Oman and any point or points.

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

From points behind Oman via points in Oman and intermediate points to a point or points in Iceland and beyond points.

For all-cargo service or services, between point or points in Iceland and any point or points.

**Section 2**  
*Operational Flexibility*

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

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

Without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement; provided that, with the exception



of all-cargo services, the service serves a point in the territory of the Contracting Party designating the airline.

### **Section 3** *Change of Gauge*

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



## **ANNEX II**

### *Charter Operations*

#### **Section 1**

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

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

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

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

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

#### **Section 2**

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

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

#### **Section 3**

Except with respect to the consumer protection rules referred to in the preceding paragraph above, neither Contracting Party shall require an airline designated under this Annex by the other Contracting Party, in respect of the carriage of traffic from the





territory of that other Contracting Party or of a third country on a one-way or round-trip basis, to submit more than a declaration of conformity with the applicable laws, regulations and rules referred to under section 2 of this Annex or of a waiver of these laws, regulations, or rules granted by the applicable aeronautical authorities.



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**Article 12**  
*Avoidance of Double Taxation*

1. Income and profits derived from the operation of aircraft in international traffic by an airline of one Party, including participation in a pool service, a joint air transport operation or an international operating agency, which are subject to tax in the area of that Party shall be exempt from income tax, profits tax and all other taxes on income and profits imposed in the area of the other Party.
2. Capital and assets of an airline of one Party relating to the operation of aircraft in international traffic shall be exempt from taxes on capital and assets imposed in the territory of the other Party.
3. Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft which are received by an airline of one Party, the income and profits of which according to paragraph 1 are taxable only in the area of that Party, shall be exempt from any tax or gains imposed in the area of the other Party.
4. For the purposes of this Article:
  - a) the term "income and profits" includes revenues and gross receipts from the operation of aircraft for the carriage of persons, livestock, goods, mail or merchandise in international traffic including:
    - (i) the charter or rental of aircraft if such charter or rental is incidental to the operation of aircraft in international traffic;
    - (ii) the sale of tickets or similar documents, and the provision of services connected with such carriage, for the airline itself or for other airlines, but in the latter case only if such sales or provisions of service are incidental to the operation of aircraft in international traffic; and
    - (iii) interest on funds directly connected with the operation of aircraft in international traffic;
  - b) the term "international traffic" means any carriage by an aircraft except when such carriage is solely between places in the area of the other Party;
  - c) the term "competent authority" means, in the case of the Sultanate of Oman the Minister of Finance or his authorized representative, or any person or body authorized to perform any functions at present exercisable by the said Minister; and in the case of Iceland, the Minister of Finance or his authorized representative.
5. The competent authorities of the Parties shall, through consultation, endeavour to resolve by mutual agreement any disputes regarding the interpretation or application of this Article. Article 16 shall not apply to such disputes.
6. Notwithstanding Article 20, each Party shall in writing notify the other that the internal procedures necessary to implement this Article have been completed. The Article shall enter into force on the date of receipt of the latter of these notifications and shall thereupon have effect in respect of income, profits and gains arising on or after the first day of ----- and on capital and assets held.
7. Notwithstanding Article 18, this Article shall cease to have effect, in relation to income, profits and gains received as well as capital and assets held on or after the first day of January in the calendar year next following the expiry of six months after the date of receipt of such notice.
8. This Article shall cease to have effect in the event that an agreement for the avoidance of double taxation with respect to taxes on income, providing for similar exceptions to those stipulated in this Article, enters into force between the Parties.

