

**AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA  
AND  
THE GOVERNMENT OF THE REPUBLIC OF ICELAND  
RELATING TO CIVIL AIR TRANSPORT**

The Government of the People's Republic of China and the Government of the Republic of Iceland;

Desiring to facilitate friendly contacts between their two peoples and to develop mutual relations in the field of civil aviation by concluding an agreement between their States (hereinafter referred to as the "Contracting Parties");

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

Have agreed on the establishment and operation of air services between and beyond their respective territories as follows:

**Article 1**

**Definitions**

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

(1) the term "aeronautical authorities" means, in the case of the People's Republic of China, the General Administration of Civil Aviation of China, or any person or agency authorized to perform the functions presently exercised by the said authorities, and in the case of the Government of the Republic of Iceland, the Minister of Communications, or any person or agency authorized to perform the functions presently exercised by the said authority;

(2) the term "airline" means any air transport enterprise offering or operating international air services;

- (3) the term "designated airline" means an airline which has been designated and authorized in accordance with Article 3 of this Agreement;
- (4) the term "air service" means any scheduled air service performed by aircraft for the public transport of passengers, baggage, cargo or mail;
- (5) the term "international air service" means an air service which passes through the air space over the territory of more than one State;
- (6) the term "stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, baggage, cargo or mail;
- (7) the term "tariff" means any amount charged or to be charged by an airline, directly or through its agents, to any person or entity for the carriage of passengers (and their baggage) and cargo (excluding mail) in air transportation, including:
  - (a) the conditions governing the availability and applicability of a tariff, and
  - (b) the charges and conditions for any services ancillary to such carriage which are offered by airlines;
- (8) the term "capacity" means:
  - (a) in relation to an aircraft, the payload of that aircraft available on a route or section of a route;
  - (b) in relation to an air service, the capacity of the aircraft used on such service multiplied by the frequency operated by such aircraft over a given period on a route or section of a route.
- (9) the term "Route Schedule" means the Route Schedule annexed to this Agreement or as amended in accordance with the provisions of Article 18 of this Agreement. The Route Schedule forms an integral part of this Agreement.

## **Article 2**

### **Grant of Rights**

(1) Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purpose of establishing and operating international air services on the routes specified in the Route Schedule annexed to this Agreement. Such services and routes are hereinafter called the “agreed services” and “the specified routes” respectively.

(2) The airlines designated by each Contracting Party shall enjoy, whilst operating an agreed service on a specified route, the following rights:

(a) the right to fly without landing across the territory of the other Contracting Party along the air route(s) prescribed by the aeronautical authorities of the other Contracting Party i

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

(c) to make stops in the said territory at the points specified for that route in the Route Schedule annexed to this Agreement, for the purposes of putting down and taking on international traffic in passengers, cargo and mail, originating in or destined for the first Contracting Party.

(3) The right of the designated airline of one Contracting Party to take on board and discharge at point(s) in the territory of the other Contracting Party international traffic to or from a third country shall be agreed upon between the aeronautical authorities of the two Contracting Parties.

(4) Nothing in paragraphs (1), (2) and (3) of this Article shall be deemed to grant the right for the designated airlines of one Contracting Party to participate in air transportation between points in the territory of the other Contracting Party.

### **Article 3**

#### **Airline Designation and Authorization**

- (1) Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or more airlines to operate the agreed services on the specified route, and to withdraw or alter such designations.
- (2) The substantial ownership and effective control of the airline designated by each Contracting Party shall remain vested in such Contracting Party or its nationals.
- (3) The aeronautical authorities of the other Contracting Party may require the airline or airlines designated by the first Contracting Party to satisfy them that it is qualified to fulfill the conditions and the obligations prescribed under the laws and regulations normally and reasonably applied by them to the operation of international air services by the said authorities.
- (4) On receipt of such designation, the other Contracting Party shall, subject to the provisions of paragraphs (2) and (3) of this Article, grant to the airline or airlines so designated the appropriate operating authorization without unreasonable delay.
- (5) Upon receipt of the operating authorization of paragraph (4) of this Article the designated airline may, at the agreed date, begin to operate the agreed services, in part or in whole, provided that it complies with the provisions of this Agreement and that tariffs for such services have been established in accordance with the provisions of Article 8 of this Agreement.

### **Article 4**

#### **Revocation, Suspension or Imposition of Conditions of Authorization**

- (1) Each Contracting Party shall have the right to refuse to grant to or to revoke or suspend an operating authorization granted to the designated airline of the other Contracting Party or to impose such conditions as it may deem necessary on the exercise by the said designated airline of the rights specified in Article 2 of this Agreement, in any of the following cases:

- (a) where it is not satisfied that the substantial ownership and effective control of that airline are vested in the Contracting Party designated that airline or its nationals; or
- (b) where that airline fails to comply with the laws and regulations of the first Contracting Party; or
- (c) where that airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.

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

## **Article 5**

### **Application of Laws, Regulations and Procedures**

(1) The laws, regulations and procedures of one Contracting Party relating to the admission to, stay in and departure from or operation and navigation in its territory of aircraft engaged in the international operation shall be applicable to the aircraft of the designated airline of the other Contracting Party, while entering, within and departing from or operating and engaging in navigation in the territory of the first Contracting Party.

(2) The laws and regulations of one Contracting Party relating to admission to, stay in or departure from its territory of passengers, crew, cargo or mail, such as regulations relating to entry, clearance, immigration, passports, customs and quarantine, shall be applicable to the passengers, crew, cargo or mail carried by the aircraft of the designated airline of the other Contracting Party, while entering, within and departing from the territory of the first Contracting Party. Each Contracting Party shall promptly supply to the other Contracting Party at the latter's request, the texts of the abovementioned laws and regulations.

(3) Other relevant laws and regulations relating to aircraft and provisions in respect of civil aviation of one Contracting Party shall be

applicable to the designated airline of the other Contracting Party while operating the agreed services in the territory of the first Contracting Party.

(4) Passengers, baggage, cargo and mail in direct transit and not leaving the area of the airport reserved for such purpose shall be subject to no more than a simplified control.

## **Article 6**

### **Fair and Equal Opportunity**

(1) There shall be a fair and equal opportunity for the designated airlines of both Contracting Parties to participate in the international air transportation covered by this Agreement.

(2) Each Contracting Party shall take appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair practices adversely affecting the agreed services of the designated airline of the other Contracting Party.

(3) In operating the agreed services the designated airline of each 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 the latter provides.

(4) The agreed services provided by the designated airlines of each Contracting Party shall bear a close relationship to the requirements of the public for transportation on the specified route and shall have as their primary objective the provision at a reasonable load factor of capacity adequate to meet the current and reasonable anticipated requirements for the carriage of passengers, cargo and mail.

(5) Provision for the carriage of passengers, cargo and mail by the designated airline of each Contracting Party, both taken on board and discharged at points on the specified route other than points in the territory of the Contracting Party designating that airline shall be made in accordance with the general principles that capacity shall be related to:

(a) traffic requirements to and from the territory of the Contracting Party which has designated the airline;

(b) traffic requirements of the region through which the agreed service passes, taking account of other air services established by airlines of the States comprising that region; and

(c) the requirements of through airline operation.

## **Article 7**

### **Operational Arrangements**

(1) Capacity and frequency shall be agreed upon between the aeronautical authorities of the Contracting Parties.

(2) The designated airlines of either Contracting Party may, according to traffic requirements, apply for operation of an extra section on the specified route. The application for such flight shall be submitted at least three (3) working days before its proposed operation to the aeronautical authorities of the other Contracting Party, and the flight can be operated only after approval has been obtained from such authorities.

## **Article 8**

### **Tariffs**

(1) The tariffs applicable between the territories of the two Contracting Parties shall be established at reasonable levels, due regard being paid to all relevant factors including cost of operation, reasonable profit, characteristics of service (such as speed and standard of accommodation) and tariffs applicable to the services of other airline(s) on any section of the specified route.

(2) The tariffs referred to in paragraph (1) of this Article shall be agreed upon between the designated airlines of both Contracting Parties, in consultation when necessary and possible with other airlines operating over the whole or part of the same route. The tariffs so agreed shall be submitted to their respective aeronautical authorities at least sixty (60) days prior to the proposed date of introduction of these tariffs and become effective after their approval by the aeronautical authorities of both Contracting Parties.

(3) If the designated airlines of the Contracting Parties cannot agree on any of these tariffs, the aeronautical authorities of the Contracting Parties shall try to determine the tariffs through consultation.

(4) If the aeronautical authorities cannot agree on the approval of any tariff submitted to them under paragraph (2) of this Article or on the determination of any tariff under paragraph (3) of this Article, the matter shall be referred to the Contracting Parties for settlement in accordance with the provisions of Article 18 of this Agreement.

(5) Pending determination of a new tariff in accordance with the provisions of this Article, the tariffs already in force shall prevail.

## **Article 9**

### **Provision of Technical Services and Rate of Charges**

(1) Each Contracting Party shall designate regular airport(s) and alternate (airports) in its territory to be used by the designated airline of the other Contracting Party for the operation of the agreed services, and shall provide this airline with such communications, navigational, meteorological and other auxiliary services as are required for the operation of the agreed services.

(2) The designated airlines of each Contracting Party shall be charged for the use of airports (including the technical equipment and other facilities and services), communications and navigational facilities and other auxiliary services of the other Contracting Party at fair and reasonable rates prescribed by the appropriate authorities of the other Contracting Party. Such rates shall not be higher than those applicable to any airline of other States engaged in international air services for the use of similar equipment, facilities and services in the territory of that other Contracting Party.

## **Article 10**

### **Customs Duties**

(1) Aircraft operated in international air services by the designated airline of the one Contracting Party, as well as their regular equipment,

spare parts (including engines), fuels, oil (including hydraulic fluids), lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempt on the basis of reciprocity from all customs duties, taxes, inspection fees and other similar fees and charges on arriving in the territory of the other Contracting Party, provided such equipment and items remain on board the aircraft up to such time as they are re-exported.

(2) The following equipment and items shall also be exempt on the basis of reciprocity from the same customs duties, taxes, inspection fees and other similar fees and charges, with the exception of charges corresponding to the services provided:

- (a) regular equipment, spare parts (including engines), fuels, oil (including hydraulic fluids), lubricants and aircraft stores (including food, beverages and tobacco) introduced by or on behalf of the designated airline of one Contracting Party into the territory of the other Contracting Party or taken on board the aircraft in the territory of the other Contracting Party and exclusively intended for use or consumption by aircraft engaged in the agreed services, even when such equipment and items are to be used on part of the journey performed over the territory of the other Contracting Party;
- (b) spare parts (including engines) introduces into the territory of one Contracting Party by or on behalf of the designated airline of the other Contracting Party for the maintenance or repair of aircraft engaged in operation of the agreed air services.

(3) Printed ticket stock, air waybills and publicity materials introduced into the territory of one Contracting Party by or on behalf of the designated airline of the other Contracting Party, shall be exempt on the basis of reciprocity from all the customs duties, taxes, inspection fees and other similar fees and charges.

(4) The equipment and items referred to in paragraphs (1) and (2) of this Article may be unloaded in the territory of the other Contracting Party with the approval of the customs authorities of the other Contracting Party. Such equipment and items shall be kept under the supervision or control of the customs authorities of the other Contracting Party up to such time as they are re-exported, or otherwise disposed of in accordance with the customs regulations.

(5) The exemption provided for in paragraphs (1) and (2) of this Article shall also be available where the designated airline of one Contracting Party has contracted with another airline, which similarly enjoys such exemptions in the territory of the other Contracting Party, for the loan or transfer in the said territory of the items specified in paragraphs (1) and (2) of this Article.

(6) Baggage, cargo and mail in direct transit shall be exempt from all the customs duties, taxes, inspection fees and other similar fees and charges on the basis of reciprocity with the exception of the charges corresponding to the services provided.

## **Article 11**

### **Representation and Personnel**

(1) The designated airline of each Contracting Party shall have the right, in accordance with the laws and regulations of the other Contracting Party relating to entry, residence and employment, to bring into and maintain in the area of the other Contracting Party those of their own managerial, technical, operational and other specialist staff who are required for the provision of air transportation.

(2) The designated airlines of each Contracting Party shall be allowed to set up representation and engage in the sale of air transportation at the point(s) on the specified route in the territory of the other Contracting Party, either directly or through the duly authorized sales and/or travel agents. The Contracting Parties shall not restrict the right of the designated airlines of each Contracting Party to sell, and of any person to purchase, such transportation in local currency.

## **Article 12**

### **Conversion and Remittance of Revenue**

(1) The designated airline of each Contracting Party shall have on a reciprocal basis the right to remit to the territory of the Contracting Party designating the airline its revenue received in the territory of the other Contracting Party.

(2) The conversion and remittance of such revenue shall be effected in convertible currencies at the effective rate of exchange prevailing on the date of remittance.

## **Article 13**

### **Aviation Security**

(1) 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 the present Agreement. The Contracting Parties shall in particular act in conformity with the provisions of the Convention of Offences and Certain Other Acts Committeduon Board Aircraft signed in Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed in The Hague on 16 December 1970, and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed in Montreal on 23 September 1971 and its protocol signed on February 24, 1988.

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

(3) The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions and technical requirements 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 and requirements are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory act in conformity with such aviation security provisions and requirements.

(4) Each Contracting Party agrees that such operators of aircraft may be required to observe the aviation security provisions and requirements established by the other Contracting Party for entry into, departure from, or while within the territory of that Contracting Party. Each Contracting

Party shall ensure that adequate measures are effectively applied within its territory to protect the safety of the aircraft prior to and during boarding or loading, and to inspect passengers, crew, baggage, cargo and aircraft stores prior to boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

(5) When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against 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.

## **Article 14**

### **Provision of Statistical Data**

The aeronautical authorities of either Contracting Party shall furnish to the aeronautical authorities of the other Contracting Party, at their request, statistical data as may be reasonably required for the purpose of reviewing the capacity provided by the agreed services operated by the designated airline of the first Contracting Party on the specified route.

Such data shall include all information required to determine the amount of traffic carried by the said airline on the agreed services.

## **Article 15**

### **Recognition of Certificates and Licenses and Safety**

(1) Each Contracting Party shall recognize the valid certificate of airworthiness, certificate of competency and licenses issued or validated by the other Contracting Party for the operation of the agreed services on the specified route, provided that the standards of such certificates and licenses are equivalent to or above the minimum standard established in accordance with the Convention on International Civil Aviation.

(2) Either Contracting Party may request consultations concerning the safety standards maintained by the other Contracting Party relating to aeronautical facilities, aircrews, aircraft, and operation of the designated airlines. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards that may be established pursuant to the Convention, 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. 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 Party in the event the other Party does not take such appropriate corrective action within a reasonable time.

## **Article 16**

### **Investigation of Accidents**

(1) In the case of a forced landing or accident of an aircraft of either Party within the territory of the other Contracting Party, the aeronautical authorities of the Contracting Party in whose territory the forced landing or accident takes place shall immediately notify the aeronautical authorities of the other Contracting Party thereof, take immediate steps to assist the crew and the passengers, provide for the safety of the aircraft and mail, baggage and cargo on board and take necessary measures for an inquiry into the particulars and circumstances of the forced landing or accident.

(2) The aeronautical authorities of the Contracting Party conducting the inquiry into the particulars and circumstances of the forced landing or accident shall inform the aeronautical authorities of the other Contracting Party of the holding of the inquiry and the aeronautical authorities of the other Contracting Party shall be granted full facilities to be represented at the inquiry. The aeronautical authorities of the Contracting Party conducting the inquiry shall send to the aeronautical authorities of the other Contracting Party the report of the inquiry as soon as it is available.

## **Article 17**

### **Consultation**

(1) The Contracting Parties shall, in a spirit of close cooperation and mutual support, ensure the correct implementation of and satisfactory compliance with the provisions of the Agreement. To this end the aeronautical authorities of the Contracting Parties shall consult each other from time to time.

(2) Either Contracting Party may at any time request consultation with the other Contracting Party concerning the Agreement. Such consultation shall begin as soon as possible, and at least within sixty (60) days from the date of receipt of the request by the other Contracting Party unless otherwise agreed.

## **Article 18**

### **Amendment and Modification**

(1) If either of the Contracting Parties considers it desirable to amend any provision of this Agreement or its Annex, it may at any time request consultation with the other Contracting Party. Such consultation, which may be between aeronautical authorities and which may be through discussion or by correspondence, shall begin within a period of sixty (60) days from the date of receipt of the request by the other Contracting Party, unless both Contracting Parties agree to an extension of this period.

(2) Any amendment to this Agreement or its Annex agreed upon as a result of the consultation referred to in paragraph (1) of this Article shall come into force when it has been confirmed by an exchange of notes through diplomatic channels.

## **Article 19**

### **Settlement of Disputes**

(1) If any dispute arises between the Contracting Parties relating to the interpretation or implementation of this Agreement, the aeronautical

authorities of the two Contracting Parties shall in the first place endeavour to settle the dispute by negotiation.

(2) If the aeronautical authorities of the Contracting Parties fail to reach a settlement of the said dispute, it shall be settled through diplomatic channels.

## **Article 20**

### **Termination**

Either Contracting Party may at any time give notice to the other Contracting Party through diplomatic channels of its decision to terminate this Agreement. This Agreement shall then terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party unless such notice is withdrawn by arrangement between the Contracting Parties before the expiry of this period.

## **Article 21**

### **Registration with ICAO**

This Agreement and any amendment thereto shall be registered with the International Civil Aviation Organization.

## **Article 22**

### **Time-Table Submission**

As long in advance as practicable, but not less than sixty (60) days, before the introduction of an agreed service, the designated airline of one Contracting Party shall provide to the aeronautical authorities of the other Contracting Party information regarding the nature of service, time-tables, types of aircraft including the capacity provided on each of the specified routes and any further information as may be required to satisfy the aeronautical authorities of the other Contracting Party that the requirements of this Agreement are being duly observed.

## **Article 23**

### **Entry into Force**

The present Agreement shall come into force on the date of signature.

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

DONE in duplicate at        on        in Chinese, Icelandic and English languages all texts being equally authentic.

In the event of any inconsistencies the English version shall prevail.

**For the Government of  
the People's Republic of China**

**For the Government of  
the Republic of Iceland**

## ANNEX

### Route Schedule

(1) The route of the agreed services operated by the designated airlines of the People's Republic of China shall be as follows in both directions:

From	To	Intermediate Points	Points Beyond
Points in China	three points to be selected at the discretion of the Chinese side	three points to be selected at the discretion of the Chinese side	to be specified and notified by the Chinese side

(2) The route of the agreed services operated by the designated airlines of the Government of the Republic of Iceland shall be as follows in both directions:

From	To	Intermediate Points	Points Beyond
Points in Iceland	three points to be selected at the discretion of the Icelandic side	three points to be selected at the discretion of the Icelandic side	to be specified and notified by the Icelandic side

(3) The designated airline of either Contracting Party may omit, at its own discretion, any point on the specified routes on any or all flights, provided that the agreed services begin and terminate in the territory of the Contracting Party designating the airline.