

INTERGOVERNMENTAL CONFERENCE ON THE  
ACCESSION OF ICELAND TO THE EUROPEAN UNION

**NEGOTIATING POSITION OF ICELAND**

**Chapter 14  
Transport**

**Summary of the negotiating position**

1. Chapter 14 on Transport is covered by the EEA Agreement. Iceland implements and applies EEA relevant *acquis* under this chapter on an ongoing basis.
2. Iceland accepts the *acquis* with respect to Chapter 14 on Transport Policy as of 1 February 2012. Iceland will have implemented any outstanding *acquis*, as of that date, subject to the outcome of the negotiations under this chapter, by the date of accession.
3. Iceland has the legislative and institutional framework necessary to continue implementing the *acquis* in this chapter.
4. Iceland requests special arrangements under this chapter.

**The EEA Agreement**

Iceland has been a party to the agreement on the European Economic Area (EEA) since its entry into force in 1994. As a result, Iceland has participated in the single market for 18 years and implemented all relevant EU legislation with respect to the four freedoms, as well as in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture. The EFTA Surveillance Authority (ESA) regularly monitors Iceland's performance under the EEA Agreement and publishes information about Iceland's implementation record twice yearly in an internal market scoreboard.

In those chapters covered by the EEA, Iceland has built its legislative framework and institutional framework to comply with and implement relevant EU legislation. Chapter 14 on Transport is covered by the EEA Agreement.

**Legislative and Institutional Framework**

The legislative and institutional framework in Iceland is in place to continue implementing the *acquis* in this chapter, a substantial part of which is already covered by the EEA Agreement, notably through its Annex XIII.

## **Transport Policy**

Iceland's global position, its size, nature, weather conditions, and its small population makes transport a very important policy issue for Iceland. Iceland is a large country compared to the size of its population, the landscape is challenging and in most cases there are considerable distances between inhabited places. The population density is very low, or 3.1 per square km, and the country is mountainous. The climate is harsh and the weather changes frequently. It can therefore be very challenging and expensive to provide and maintain good infrastructure networks.

As an island state situated in the North Atlantic, Iceland is very much dependent on air and sea transport for tourism, trade and interconnections with its neighbouring countries. Iceland's geographic location has also made it ideal as a hub for passenger flights between Europe and North-America which Icelandic air carriers have taken advantage of. The aviation industry is an important economic sector for Iceland. In 2009 the industry produced 5.6% of the national industry gross production value. It is therefore one of the economic foundations of Iceland.

The Icelandic economy is heavily reliant on external trade; foreign merchandise trade accounts for around 30% of GDP (29% imports and 36% exports in 2010). For an island far away from markets, a well-functioning shipping sector is needed for a vibrant trade in the goods sector. In 2009, ships transported 99.35% of all imported goods in tonnes to Iceland and 98.3% of all exports in tonnes from Iceland were transported by ships.

Transport policy in Iceland is based on a multi-year National Transport Plan. In accordance with Act No 33/2008, the Minister of the Interior submits a proposal for a National Transport Plan to the Parliament every four years. The National Transport Plan shall include an integrated policy for all modes of transport for the next twelve years with a fiscal plan that displays revenue and expenditure. A National Transport Plan proposal shall be accompanied by a proposal for a short term project plan, which is a detailed plan that displays how the National Transport Plan will be implemented in the next four years. The short term project plan is to be revised every two years.

### Proposal for a National Transport Plan 2011-2022

A proposal for a National Transport Plan for 2011-2022 was submitted to the Parliament in December 2011, accompanied by a proposal for a short term project plan for 2011-2014. The Parliament began discussing the two proposals in the first months of 2012.

The National Transport Plan 2011-2022 will take important steps towards a more efficient and cost effective transport system that is safer and has less impact on the environment. There are various references to EU legislation and measures in the plan. The transport policy has a much sharper focus on public transport improvements than before. The Icelandic government has introduced a CO<sub>2</sub> based purchase and license tax on cars and CO<sub>2</sub> tax on fossil fuel that encourages the purchase and use of fuel efficient vehicles and vehicles that use renewable energy. A National Road safety Plan for 2011-2022 accompanies the National Transport Plans which to some extent reflects the EU Road Safety Plan for 2010-2020. Research on the impact of implementing a "Vision-Zero" in road traffic safety will be undertaken in the next couple of years and socio-economic analyses will be used to assess and prioritize larger transport projects and initiatives.

## Government Institutions

The Ministry of the Interior, which employs 75 staff members, and its agencies are mainly responsible for the formulation and implementation of transport policy in Iceland.

Four agencies under the Ministry in the field of transport employ approximately 450 persons. These include the following:

- **Civil Aviation Administration (ICAA)** is responsible for the administration of civil aviation in Iceland and promoting safety in aviation. The ICAA is also responsible for public policy as well as assuming a role of surveillance and monitoring of aviation and aviation administration regulations. Iceland is a member of the European Air Safety Agency (EASA) and ICAO and the ICAA administers projects related to them on behalf of Iceland. The ICAA has a staff of 40 persons.
- **Icelandic Maritime Administration (IMA)** is responsible for administering maritime, harbour and lighthouse affairs in Iceland. It has a staff of 60 persons.
- **Public Road Administration** is responsible for the oversight, maintenance, service and construction of public roads in Iceland and has a staff of 300 persons.
- **Road Traffic Directorate** oversees administration of traffic affairs including: traffic regulations; road vehicles; road vehicle registrations; driving exams and driving schools; traffic safety education; accident registration etc. The Road Traffic Directorate employs 50 persons.

Other administrative bodies are:

- **ISAVIA** operates and manages nearly all airports in Iceland with a few exceptions. ISAVIA also operates the Air Navigation Services for domestic flights and the North Atlantic Ocean area serviced by Iceland, which includes parts of Greenland cf. an agreement with Denmark. ISAVIA has a staff of 700 persons. ISAVIA is a wholly state owned limited company.

## Road transport

### *Road charging*

- Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, amended by Directive 2006/38/EC, is transposed by the Road Act No 80/2007.

A bi-annual vehicle tax based on CO<sub>2</sub> emissions is levied to all road vehicles and the minimum level of the tax is aligned with the levels outlined in Annex I to the Directive. A tax is also applied per kilometre to all road vehicles weighing over 10 tonnes, which is in line with Annex II

of the Directive. Tax collection is the responsibility of the Directorate of Customs and the Directorate of Internal Revenue. The taxes are a source of income for the Public Road Administration for building and maintenance of the road system.

- Regulation (EEC) No 1108/70 introducing an accounting system for expenditure on infrastructure in respect of transport by rail, road and inland waterway is transposed by Regulation No 440/2008 on the same subject.

#### *Market access for goods and passengers and pricing*

- Regulation (EC) No 792/94 (“own account” cabotage rules), Regulation (EEC) No 684/92 (common rules for international carriage of passengers by coach and bus) as amended, and Regulation (EC) No 2121/98 are transposed by Act No 73/2001 on Transport of Passengers and Haulage Operations on Land.
- Decisions 2002/917/EC and 2010/308/EU (international occasional carriage of passengers by coach and bus) are not a part to the EEA Agreement and have not been transposed in Iceland. The Decisions will be implemented by the date of accession.
- Regulation (EEC) No 4058/89 (fixing of rates for the carriage of goods by road between Member States) is transposed by Act No 33/1995.
- Regulation (EEC) No 3912/92 on the controls carried out within the Community in the field of road and inland waterway transport in respect to means of transport registered or put into circulation in a third country, and Regulation (EEC) No 3916/90 on measures to be taken in the event of a crisis in the market in the carriage of goods by road, are not EEA relevant and have therefore not been transposed in Iceland. The Regulations will be implemented by the date of accession.
- Directive 96/26/EC on access to the haulage market is transposed by Act No 73/2001 on passenger transport and haulage operations on land, and Regulation No 100/2006 on road haulage operations.
- Regulation (EC) No 1071/2009 (road haulage operator), Regulation (EC) No 1072/2009 (access to the international road haulage market) and Regulation (EC) No 1073/2009 (coach and bus services) have not yet been incorporated into the EEA Agreement. The road package will be transposed once it has been incorporated into the Agreement, which is expected to take place once a decision is made on Iceland’s request for an adaptation to Article 29 of Regulation (EC) No 1073/2009 on applying the twelve day rule in national transport in Iceland (see negotiation request on pg. 18).

#### *Social conditions*

- Regulation (EC) No 561/2006 on the harmonisation of certain social legislation relating to road transport, and Directive 2006/22/EC laying down the minimum conditions for the implementation of the road transport social legislation, as amended (Directives 2009/4/EC

and 2009/5/EC), are transposed by the Road Traffic Safety Act No 50/1987 and Regulation No 605/2010. Iceland will apply the harmonised reporting form required by Directive 2006/22/EC as of 2013.

- In June 2010 Iceland was granted a temporary exemption from articles 6 and 7 of Regulation (EC) No 561/2006, with regard to the carriage of perishable foodstuffs, by the EFTA Surveillance Authority (ESA). The exemptions on these articles extend the maximum uninterrupted driving time from four and a half hours to five hours in the case of carriage of perishable foodstuffs. Iceland will request permanent exemptions on these articles in the context of the accession negotiations (see negotiation request on pg. 19).
- Directive 2002/15/EC on the organisation of the working time of persons performing mobile road transport activities, including self-employed workers, is transposed by the Road Traffic Act No 50/1987 and Regulation No 690/2006, as amended by Regulation No 564/2009.
- Regulation (EEC) No 3821/85 (tachographs) is transposed by the Road Traffic Act No 50/1987 and Regulation No 605/2010 (on driving time and rest period, use of tachographs and control), Regulation No 1150/2011, amending Regulation No 605/2010, and Regulation No 572/1995 (testing of tachographs). Regulation (EC) No 1266/2009 (amending Regulation (EC) No 3821/85) is transposed by Regulation No 1150/2011. The Public Road Administration oversees enforcement of the rules on driving times and rest periods while the Road Traffic Directorate is the supervising authority for accrediting workshops. The police investigates reports of breaches. Iceland already participates in the TACHOnet network for exchange of data among Member States.

#### *Technical and safety conditions*

The Road Traffic Directorate authorises, supervises and monitors private inspection centres, which perform periodic inspections and control of motor vehicles. There are 52 test lanes and 40 inspection centres in Iceland. The Police, in cooperation with the Road Traffic Directorate and Road Administration, perform random, technical roadside inspections.

- Directive 2009/40/EC (roadworthiness tests) and Directive 2000/30/EC (amended by 2003/26/EC) on roadside inspection of commercial vehicles is transposed by the Road Traffic Act No 50/1987 and Regulation No 8/2009 (inspection of vehicles).
- Directives 2010/48/EC and 2010/47/EC, adapting Directives 2009/40/EC and 2000/30/EC to technical progress, will be implemented before June 2012.
- Directive 92/6/EEC, Directive 2002/85/EC (installation and use of speed limitation devices) and Directive 2007/38/EC on the retrofitting of mirrors to heavy goods vehicles are transposed by the Road Traffic Act No 50/1987 and by Regulation No 822/2004 on design and equipment of vehicles.

- Directive 91/671/EEC, amended by Directive 2003/20/EC (compulsory use of safety belts and child-restraint systems in vehicles) is transposed by the Road Traffic Act No 50/1987 and Regulation No 348/2007 on the use of safety and protection equipment in vehicles.
- Directive 1999/37/EC and as amended, Directives 2003/127/EC and 2006/103/EC (registration documents for vehicles), are transposed by the Road Traffic Act No 50/1987 and Regulation 751/2003 (registration of vehicles).
- Regulation (EC) No 2411/98 (distinguishing sign) has not been transposed in Iceland because Iceland does not require vehicles registered in other EEA Member States to display distinguishing signs in Iceland.
- Directive 2006/126/EC on driving licenses (recast), as amended by Directive 2009/113/EC, and Directive 2003/59/EC (initial qualification and periodic training of drivers) are transposed in Iceland by the Road Traffic Act No 50/1987 and Regulation No 830/2011 on driving licenses. The Regulation stipulates that the provisions on compulsory courses on the minimum level of training for certain drivers engaged in the carriage of goods or passengers by road as set out in Directive 2003/59/EC will be applied as of 10 September 2013. The categories for driving licenses are in line with the Directive.

The Road Traffic Directorate is in charge of approving and supervising training centres for initial and periodic training as well as for the organisation and supervision of driving exams. By 2017 all drivers in long haul and passenger transport will have to pass a periodic training course in order to maintain their certificate of professional competence (CPC). There are 6 permanently manned and 7 temporary test centres in Iceland, and 14 examiners oversee driving examinations.

- Directive 2004/54/EC (safety requirements for tunnels) is transposed by the Road Act No 80/2007 and Regulation No 992/2007 on safety requirements in tunnels.
- Directive 2008/96/EC (road infrastructure safety management) is transposed by Regulation No. 866/2011.

Directive 96/53/EC (weights and dimensions of vehicles) is transposed by the Road Traffic Act No 50/1987 and Regulation No 155/2007. Iceland uses Article 4(4), which allows Member States to deviate from the dimensions laid out in the Directive in national transport of goods, under the framework of the EEA Agreement on the maximum length of combination of tractor plus semi-trailer. Since Iceland is an island with no international road transport, it continues to qualify for the exception laid out in Article 4(4) of the Directive. Iceland intends to continue to apply the provision upon accession.

#### *Transport of dangerous goods*

Iceland acceded to the European Agreement concerning the international carriage of dangerous goods by road (ADR) in February 2011.

- Directives 2008/68/EC (inland transport of dangerous goods) and 95/50/EC (uniform procedures for checks) are transposed by the Road Traffic Act No 50/1987 and Regulation No 1077/2010. The Icelandic legislation only applies to road transport as Iceland has no rail and inland waterway transport. The checklists are being updated to align fully with Annex I of Directive 95/50/EC.
- Directive 1999/36/EC (transposable pressure equipment) is transposed by Regulation No 762/2001 (the regulation is based on Act No 46/1980 on the working environment, health and safety in the workplace). Directive 2010/35/EC, which repealed Directive 99/36/EC as of 1 July 2011, will be implemented in 2012.

### **Rail transport**

The EU railway acquis has been incorporated into the EEA Agreement. However, as there are no railways in Iceland given the very low population density of 3.1 persons per km<sup>2</sup>, Iceland has not transposed the EU railway acquis into its legal framework. Iceland foresees no difficulties in implementing relevant rail transport acquis, such as the necessary legal provisions for the transport authority to regulate this sector and issue licenses should the need arise, by the date of accession. Iceland will implement the rest of the rail transport acquis if and when a railway sector and infrastructure is established at some point in the future.

### **Inland waterways transport**

The EU acquis in the field of inland waterways has been incorporated into the EEA Agreement but Iceland has not transposed it as there is no passenger or cargo transport carried out on inland waterways in Iceland. However, Iceland foresees no difficulties in implementing the EU acquis in this field if and when an inland waterway transport sector is established at some point in the future.

The Maritime Administration is in charge of registration and control (survey) of boats. All ships of 6 metres in length and over are subject to registration. The Maritime Administration, under the supervision of the Ministry of the Interior, would be responsible for enforcing the relevant legislation and requirements in this field.

### **Combined transport; clean and energy-efficient vehicles; ITS**

- Directive 92/106/EEC on the establishment of common rules for certain types of combined transport of goods between Member States is transposed by Act No 73/2001 on passenger transport and haulage operations on land. No state aid measures or schemes are in force in the sector of combined transport within the meaning of Article 1 of the Directive.
- Directive 2009/33/EC on clean and energy-efficient road transport vehicles and Directive 2010/40/EC on the deployment of Intelligent Transport Systems (ITS) in the field of road transport will be implemented in 2012.

- Directive 2004/52/EC (interoperability of electronic road toll) and Decision 2009/750/EC (definition of the European Electronic Toll service) are EEA relevant but have not yet been incorporated into the EEA Agreement. Iceland foresees no difficulties in implementing the rules by the date of accession.

#### *General issues affecting all modes of transport*

- Regulation (EC) No 261/2004 on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights is transposed by Regulation No 574/2005.
- Regulation (EC) No 1107/2006 on the rights of disabled persons and persons with reduced mobility when travelling by air is transposed by Regulation No 475/2008.
- Regulation (EC) No 2027/97, amended by Regulation (EC) No 889/2002 on air carrier liability in the event of accidents, is transposed by Chapter 10 of the Aviation Act No 60/1998.
- Regulation (EC) No 392/2009 on the liability of carriers of passengers by sea in the event of accidents will be implemented in the fall of 2012.
- Regulation (EC) No 181/2011 on the rights of passengers in bus and coach transport, which enters into force 1 March 2013, has not been incorporated into the EEA Agreement. Public consultation will take place in the first half of 2012. Without prejudice to the outcome of the consultation, Iceland will implement the Regulation in 2013.
- Regulation (EC) No 1177/2010 on the rights of passengers travelling by sea and inland waterways will be implemented in Iceland once it enters into force in December 2013.

#### *General measures*

- Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road is transposed by Regulation No 128/2011, which is based on the Road Act No 80/2007.
- Directive 2000/84/EC on summer time arrangements has not been transposed in Iceland. Day-light savings is irrelevant for Iceland given its geographical location and Iceland will request an adaptation to this Directive (see negotiation request on pg. 21).

### **Maritime transport**

#### *Market access*

Cargo and passenger transport by ships between Iceland and other countries are free and open to all, including maritime transport between ports in Iceland. The Maritime Administration is



responsible for the management of the Icelandic Ship Register, which involves *inter alia* the registration of ships and maintaining the register.

- Regulation (EEC) No 4055/86 (freedom to provide services), Regulation (EEC) No 3577/92 (maritime cabotage), Regulation (EC) No 789/2004 (transfer of cargo and passenger ships between registers) and Regulation (EC) No 4058/86 (action to safeguard free access to cargoes in ocean trades) are transposed by Notices No 572/1993, No 563/1998 and No 442/1994 on the entry into force of provisions according to the EEA Agreement regarding maritime transport.

#### *International relations and international agreements*

- Regulation (EEC) No 4057/86 on unfair pricing practices in maritime transport and Decision 77/587/EEC are transposed by Notice No 572/1993.
- Decision 92/143/EEC on radio navigation systems for Europe and Regulation (EEC) No 2158/93 on amendments to the 1974 International Convention for the safety of life at sea (SOLAS), and to the International Convention for the prevention of pollution from ships (ICPPS), are transposed by Notice No 442/1994.
- Decision 2002/971/EC (HNS Convention), Decision 2004/246/EC, as amended by Decision 2004/664/EC, (IOPC Convention) and Regulation (EC) No 1490/2007 (Convention on a Code of Conduct for Liner Conferences) have not been transposed in Iceland. The above acquis will be implemented by the date of accession.

#### *Technical and safety conditions*

Iceland has ratified most of the Conventions and instruments adopted by the International Maritime Organisation (IMO) and is in compliance with International Labour Organisation (ILO) standards.

- Directive 2009/15/EC, Decisions 2009/491/EC and 2009/78/EC regarding the recognized organisations are transposed by the Ship Survey Act No 47/2003 and by Regulation No 142/2004 on the recognition of classification societies and on rules and standards for institutions responsible for carrying out ship surveys and control. Regulation (EC) No 391/2009 (recast) has not been incorporated into the EEA Agreement but will be implemented in 2012.
- Directive 2009/21/EC (flag state control requirements) will be implemented in 2012.
- Directive 2009/16/EC (amended by 428/2010/EU, 801/2010/EU and 802/2010/EU) on port state control, and Directive 96/40/EEC (identity card) are transposed by the Ship Survey Act No 47/2003 and Regulation No 816/2011 (port state control).

Iceland has been a party to the Paris MoU on Port State Control since July 2000. The Maritime Administration is the responsible authority for port state and flag state related activities and has a staff of 3 to carry out inspections.

- Directive 2002/59/EC (vessel traffic monitoring or VTM) amended by 2002/84/EC is transposed by Act No 41/2003 and Regulation No 672/2006 on maritime traffic service. Amending Directives 2009/17/EC, 2009/18/EC and 2011/15/EC to the VTM Directive have not been incorporated into the EEA Agreement. The amendments will be implemented in 2012.

The Icelandic SafeSeaNet system has passed all commissioning tests by the European Maritime Safety Administration (EMSA) and is fully operable. Iceland is running one VTS station and 31 automatic identification system (AIS) base stations for monitoring traffic. It has implemented long ranged identification and tracking (LRIT) for deep sea monitoring. Additionally, all Icelandic fishing vessels are monitored by the VTS station for fishery inspection and safety purposes. The system has contributed to the marked reduction of fatal accidents at sea; a milestone was reached in 2008 and again in 2011 when no fatalities were reported at sea.

The VTS station was established in 2004 and is under the responsibility of the Maritime Administration. The Maritime Administration has entered into a service agreement with Emergency Iceland (112). Furthermore, the IMA weather and sea state information system increases safety for seafarers and contributes to more efficient fishing. The system is based on both real-time measurements and forecasts.

- Regulation (EC) No 336/2006 (amended by Regulation (EC) No 540/2008) on international safety management code is transposed by Act No 76/2001 on crews serving on board Icelandic passenger ships and cargo ships, and Regulation No 337/2009.
- Directive 79/115/EEC (pilotage) is transposed by Notice No 569/1993 on the entry into force of the provisions on ship pilotage of deep sea pilots according to the Agreement on the EEA.
- Directive 2010/65/EC (repealing Directive 2002/6/EC) on reporting formalities has not been incorporated into the EEA Agreement. Iceland has transposed Directive 2002/6/EC with Regulation No 869/2004 on reporting formalities for ships arriving in and/or departing from EEA Member States. A new Regulation aligning with Directive 2010/65/EC is in the process of being drafted and will be adopted in 2012.
- Directive 96/98/EC (amended by 98/85/EC, 2001/53/EC, 2002/75/EC, 2008/67/EC, 2009/26/EC, 596/2009/EC and 2010/68/EC) on marine equipment is transposed by the Ship Survey Act No 47/2003 and Regulation No 589/2004.
- Directive 1999/35/EC (amended by 2002/84, 2009/18, 2003/25) on a system of mandatory surveys for the safe operation of regular ro-ro ferry and high-speed passenger craft services is transposed by the Ship Survey Act No 47/2003 and Regulation No 595/2004.

- Directive 97/70/EC on the safety of fishing vessels (amended by 1999/19/EC, 2002/35/EC and 2002/84/EC) is transposed by the Ship Survey Act No 47/2003 and Regulation No 122/2004. Iceland applies stricter safety requirements for fishing vessels operating in Icelandic territorial waters due to specific weather conditions. Iceland will continue to apply these measures in line with Article 4 and Annex III of the Directive.
- Regulation (EC) No 41/2002 (amended by Regulations (EC) No 2099/2002, 1726/2003, 2172/2004, 457/2007 and 1163/2009) on oil tankers is transposed by the Ship Survey Act No 47/2003 and Regulation No 1110/2008 on the design of oil tankers.
- Directive 2001/96/EC (amended by 2002/84/EC) on bulk carriers is transposed by the Ship Survey Act No 47/2003 and Regulation No 204/2004.
- Directive 2009/20/EC on the insurance of ship-owners for maritime claims is EEA relevant and a draft bill has been introduced to Parliament to be implemented in 2012.
- Regulation (EC) No 2099/2002 (amended by Regulations (EC) No 415/2004 and 93/2007) on the Committee on safe seas and the prevention of pollution from ships (COSS) is transposed by the Ship Survey Act No 47/2003 and Regulation No 652/2009 establishing COSS.
- Regulation (EC) No 1406/2002 (amended by Regulations (EC) No 1644/2003, 724/2004 and 2038/2006) on the establishment of a European Maritime Safety Agency is transposed by Icelandic Maritime Administration Act No 6/1996 and Regulation No 1138/2007.

#### *Environmental conditions*

- Directive 2000/59/EC (amended by Directives 2002/84/EC and 2007/71/EC) on ship generated waste is transposed by Act No 33/2004 on marine and coastal antipollution measures and Regulation No 792/2004 (amended by Regulation No 463/2011) on the reception of waste from ships.
- Regulation (EC) No 782/2003 (amended by Regulation (EC) No 536/2008) on organotin compounds is transposed by Act No 33/2004 and Regulation No 824/2005 (amended by Regulation No 827/2010) on the control of harmful anti-fouling systems on ships.
- Directive 2005/35/EC on ship-source pollution has not been transposed but legislation is currently being prepared to transpose the Directive in 2012. Directive 2009/123/EC, amending Directive 2005/35/EC, has not been incorporated into the EEA Agreement. Iceland aims to implement the amending Directive in 2013.

#### *Maritime Security*

Maritime security in Iceland is in compliance with the international Convention for the safety of life at sea (SOLAS), the international ship and port facility security (ISPS) code and European Commission Regulations and Directives on maritime security. The Maritime Administration is

responsible for the implementation of maritime security affairs but in practice, the Maritime Administration, the Directorate of Customs, the National Commissioner of Police and the Coast Guard enforce the law and regulation on maritime security. The overall risk factor in respect of maritime security, including terrorism, is considered low.

- Regulation (EC) No 725/2004 (amended by Commission Decision 2009/83/EC) on enhancing ship and port facility security, Directive 2006/65/EC, Regulation (EC) No 324/2008 and Commission Recommendation 2010/159/EU are transposed by the Act on maritime security No 50/2004 cf. amendments in Act No 18/2007, Regulation No 474/2007 on ship and port security, and Regulation No 265/2008 on the implementation of maritime security.

### *Social aspects*

Iceland has ratified the Convention on training and certification of seafarers (STCW) and is on the White List of the International Maritime Organisation (IMO). Certificates of Competency for seafarers are issued by the Maritime Administration, which is also responsible for ensuring that education in maritime colleges meets the requirements of the international conventions to which Iceland is a party.

- Directive 2008/106/EC (amending 2005/45/EC) on the minimum level of training of seafarers, EU Decisions 2010/361/EU (Israel), 2010/363/EU (Algeria), 2010/705/EU (Georgia) and 2010/704/EU (Sri Lanka) are transposed by Act No 76/2001 on crews serving aboard Icelandic passenger ships and cargo ships and by Regulation No 599/2001 on watch keeping arrangements on board Icelandic passenger ships and cargo ships.
- Directive 1999/63/EC is transposed by Act No 76/2001 on crews serving on board Icelandic passenger ships and cargo ships, and by Regulation No 680/2004 (amended by Regulation 1019/2006).
- Directive 2009/13/EC, implementing the Agreement concluded by the European Community ship owners' associations (ECSA) and the European transport workers' Federation (ETF) on the maritime labour Convention and amending Directive 1999/63/EC, will be implemented in 2012.

### **Air transport**

#### *Single European sky I (SES I)*

- Regulations (EC) No 549/2004, 550/2004, 551/2004 and 552/2004 on the single European sky I (SES I) are transposed by Regulation No 870/2007 on air navigation services within the SES. All of the implementing rules to the regulations are transposed in different legal acts. Iceland wishes to retain an adaptation to Article 14 of Regulation (EC) No 550/2004 regarding charging schemes (see negotiation request on pg. 22).

- Regulation (EC) No 2096/2005 laying down common requirements for the provision of air navigation services, Regulation (EC) 668/2008 amending Annexes II to V of 2096/2005 and Regulation (EC) No 482/2008 establishing a software safety assurance system are transposed by Regulation No 631/2008 on licensing in air navigation services.
- Regulation (EC) No 1315/2007 amending Regulation (EC) No 2096/2005 (the safety oversight in air traffic management) is transposed with an amendment to Regulation No 354/2009 on safety oversight in air traffic management.
- Regulation (EC) No 730/2006 on airspace classification and access of flights operated under visual flight rules above flight level 195 is transposed by Regulation No 600/2008 of the same title.
- Regulation (EC) No 2150/2005 on the flexible use of airspace is transposed by Regulation No 1045/2007 of the same title.
- Regulation (EC) No 262/2009 on the coordinated allocation and use of Mode S interrogator codes for the SES is transposed by Regulation No 693/2010 of the same title.
- Regulation (EC) No 1265/2007 on air-ground voice channel spacing for the SES is transposed by Regulation No 1085/2008 of the same title.
- Regulation (EC) No 633/2007 laying down the requirements for the application of flight message transfer protocol used for the purpose of notification, coordination and transfer of flights between air traffic control units is transposed by Regulation No 108/2009 of the same title.
- Regulation (EC) No 1033/2006 on procedures for flight plans in the pre-flight phase for the SES is transposed by Regulation No 602/2008 of the same title.
- Regulation (EC) No 1032/2006 (amended by Regulation (EC) No 30/2009) laying down requirements for automatic systems for the exchange of flight data for the purpose of notification, coordination and transfer of flights between air traffic control units is transposed by Regulation No 601/2008 of the same title.
- Regulation (EC) No 29/2009 laying down requirements for data link services for the SES is transposed by an amendment to Regulation No 601/2008.
- Regulation (EC) No 1794/2006 on a common charging scheme for air navigation services is transposed by Regulation No 1020/2008 of the same title.

#### *Single European Sky II (SES II)*

- Regulation (EC) No 1070/2009 (amending Regulations (EC) No 549/2004, 550/2004, 551/2004 and 552/2004) on SES II has not been transposed in Iceland. Icelandic airspace

is wholly within the International Civil Aviation Organisation (ICAO) North Atlantic (NAT) region and Iceland will request that when implementing the SES II acquis it will be allowed to take due account of the different operational environment in the NAT region (see negotiation request on pg. 23).

- Regulation (EC) No 219/2007 (amended by Regulation (EC) No 1361/2008) on the establishment of a Joint Undertaking to develop the new generation European air traffic Management system (SESAR) will be implemented by the date of accession.
- Regulation (EC) No 80/2009 on a code of conduct for computerised reservation systems and repealing Council Regulation No 2299/89 will be implemented in 2013.
- Regulation (EC) No 785/2004 on insurance for air carriers and aircraft operators is transposed by Regulation No 78/2006 on insurance requirements for aviation.
- Regulation (EU) No 285/2010 specifying the minimum insurance cover was transposed by an amendment to article 108 of the Aviation Act No 60/1998, which entered into force in July 2010.

#### *Market operation*

Regulation (EC) No 1008/2008 on common rules for operation of air services in the EU is transposed by Regulation No 48/2012 on common rules for operation of air services in the EEA. Iceland will request an adaptation to Article 16(9) of the Regulation that would allow Iceland to qualify for a 5 year time limit for public service obligations in the same way as the outermost regions referred to in Article 349 of the TFEU. (See negotiation request on pg. 25)

#### *Airport policy*

- Directive 96/67/EC on access to the ground handling market at EU airports is transposed by Regulation No 1186/2008 of the same title.
- Regulation (EC) No 95/93 (slots allocation) is transposed by Regulation No 1050/2008 (and amendments).
- Regulation (EC) No 545/2009 (amending Regulation (EC) No 95/93) is transposed by Regulation No 840/2009.
- Directive 2009/12/EC on airport charges is transposed by amendments to the Aviation Act No 60/1998 and Regulation No 947/2010 on the work of consultation bodies.

#### *Aviation security*

- Regulation (EC) No 300/2008 on common rules in civil aviation security (along with Regulations (EC) No 272/2009 and 1254/2009, as well as Regulations (EU) No 297/2010, 720/2011, 185/2010, 357/2010, 358/2010, 573/2010 and Decisions 2010/774/EU and

2010/2604/EU) are transposed by Regulation No 985/2011 on aviation security. Iceland wishes to retain an adaptation to Regulation (EC) No 300/2008 regarding domestic air services (see negotiation request on pg. 26).

- Newer EU acquis in this field (Regulations (EU) No 983/2010 and 334/2011, and Decisions 2010/3572/EU and 2010/9139/EU) will be implemented in 2012.

#### *Aviation safety*

- Regulation (EC) No 1592/2002 (amended by Regulations (EC) No 1643/2003, 1701/2003 and 334/2007) on aviation safety and the European Aviation Safety Agency is transposed by Regulation No 612/2005 on the incorporation of the European Community's regulation on common rules in the field of civil aviation and the establishment of EASA and amendments to that regulation.
- Directive 2004/36/EC on the safety of third country aircraft using Community airports as amended (Regulations (EC) No 2111/2005 and 351/2008), Directive 2008/49/EC as regards the prioritisation of ramp inspections on aircraft using community airports, and Regulation (EC) No 768/2006 on the collection and exchange of information on the safety of aircraft using Community airports and the management of the information system, are transposed by Regulation No 752/2007 (and its amendments) on aircraft safety audits.
- Regulation (EC) No 104/2004 laying down rules on the organisation and composition of the Board of Appeal of the EASA is transposed by Regulation No 1046/2007 of the same title.
- Regulation (EC) No 593/2007 (amended by Regulation (EC) No 1356/2008) on the fees and charges levied by the EASA is transposed by Regulation No 118/2009 (and its amendments) of the same title.
- Regulation (EC) No 736/2006 on the working methods of EASA for conducting standardisation inspections is transposed by Regulation No 966/2007.
- Regulation (EC) No 2042/2003 (as amended) on the continuing airworthiness of aircraft and aeronautical products, parts and appliances, and on the approval of organisations and personnel involved in these tasks, is transposed by Regulation No 206/2007 (and its amendment) of the same title.
- Regulation (EC) No 962/2010 amending Regulation (EC) No 2042/2003 is transposed by Regulation No 845/2011.
- Regulation (EC) No 127/2010 is transposed by an amendment to Regulation No 206/2007.

- Regulation (EC) No 1702/2003 (as amended by Regulations (EC) No 381/2005, 706/2006, 335/2007, 375/2007 and 1057/2008) on airworthiness and environmental certification of aircraft and related products is transposed by Regulation No 205/2007 (and its amendments) of the same title.
- Regulation (EC) No 216/2008 on common rules in civil aviation and establishing a European Aviation Safety Agency (EASA) and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC will be implemented in 2012.
- Regulation (EC) No 2111/2005 regarding the list of air carriers subject to an operating ban within the EU, repealing Article 9 of Directive 2004/36/EC is transposed by Regulation No 277/2008 on securing aviation safety and a list of air carriers which do not fulfil safety requirements.
- Regulation (EC) No 474/2006 and its last amendment, Regulation (EU) No 390/2011, will be implemented in 2012.
- Regulation (EU) No 791/2010 (amending Regulation (EC) No 474/2006) is transposed by Regulation No 277/2008.
- Regulation (EU) No 1071/2010 is transposed by Regulation No 1074/2011.
- Regulation (EU) No 996/2010 on the investigation and prevention of accidents and incidents will be implemented in 2013.
- Directive 2003/42/EC (amended by Regulations (EC) No 1321/2007 and 1330/2007) on occurrence reporting in civil aviation is transposed by Regulation No 53/2006 on occurrence reporting on aircraft accidents, serious incidents and incidents, and an amendment to that Regulation.
- Regulation (EEC) No 3922/91 (and amending Regulations (EC) No 2176/96, 1069/1999, 2871/2000, 1899/2006, 1900/2006, 8/2008, 859/2008) on the harmonization of technical requirements and administrative procedures in civil aviation are transposed by Regulation No 1264/2008 of the same title, and amendments to it.
- Regulation (EC) No 1592/2002 is transposed by Regulation No 612/2005 on the incorporation of the EC Regulation on common rules in the field of civil aviation and establishment of the EASA and amendments to that regulation.
- Directive 91/670/EEC on mutual acceptance of personnel licences for the exercise of functions in civil aviation is transposed by Regulation No 926/2008. The requirements set out in the Directive are fulfilled with Regulations No 400/2008 on personnel licences; No 401/2008 on flight crew member licences for aeroplane; No 402/2008 on flight crew member licences for helicopters; No 403/2008 on health requirements for flight crew members; and No 404/2008 on air traffic controllers.



### *Environmental conditions, noise*

- Directive 2002/30/EC on the rules and procedures for noise-related operating restrictions at EU airports is transposed by Regulation No 1029/2009 of the same title.
- Directive 89/629/EEC on the limitation of noise emission from civil subsonic jet aeroplanes is transposed by administrative advertisement No 102/1994 on the incorporation of provisions originating from the EEA Agreement on noise restrictions from aircrafts.
- Directive 2006/93/EC on the regulation of the operation of aeroplanes covered by Part II, Chapter 3, Volume 1 of Annex 16 to the Convention on International Civil Aviation, second edition (1988) (codified version) is transposed by Regulation No 751/2007 on the limitation of noise emission from civil subsonic jet aeroplanes.

### *Relations of Member States with third countries*

Iceland is a party to several Air Service Agreements, such as the EU-USA Open Skies Agreement, UK and Northern Ireland, Denmark, Finland, Holland, Hong Kong, India, China, Croatia, Luxemburg, Macau, Mongolia, Norway, Russia, Canada, Singapore, Spain, Sweden, Thailand, Germany, Ghana, Jordan, Laos, Paraguay, Ruanda, Saudi Arabia, Zambia and South Africa, Armenia, Azerbaijan, Barbados, Bahrain, Brazil, Chile, Dominican Republic, Egypt, Indonesia, Jamaica, Qatar, Columbia, Kuwait, Lebanon, Malaysia, Oman, Syria, Turkmenistan, Turkey and Vietnam.

Regulation (EC) No 847/2004 on the negotiation and implementation of air service agreements between Member States and third countries does not have EEA relevance and has not been transposed in Iceland. Iceland will implement the Regulation by the date of accession.

### **Satellite navigation**

The Global Navigation Satellite System (GNSS) *acquis* is incorporated into the EEA Agreement. The GNSS has an important operational interest to Iceland. Iceland is an observer in the Programme Board on Satellite Navigation of the European Space Agency (ESA) and in the Galileo programme board. Iceland has also participated in the European Geostationary Navigation Overlay Service (EGNOS) programme and hosts two monitoring stations.

In regard to the two programmes, Iceland will harmonize its legislation and join international agreements on the Galileo programme by the date of accession.

### **Acceptance of the *acquis***

Iceland accepts the *acquis communautaire* on Chapter 14 on Transport Policy as of 1 February 2012. Iceland will have implemented any outstanding *acquis*, as of that date, subject to the outcome of the negotiations under this chapter, by the date of accession.

## **Request for special arrangements**

### **Road Transport**

#### ***Market access for goods and passengers and pricing***

*Regulation (EC) No 1073/2009 of the European Parliament and of the Council of 21 October 2009 on common rules for access to the international market for coach and bus services, and amending Regulation (EC) No 561/2006 (recast).*

**Iceland requests that the following adaptation text to Art. 29 of Regulation (EC) 1073/2009 be inserted and thus become part of the Act:**

#### **Suggested adaptation text:**

“Paragraph 6a of Regulation (EC) 561/2006 applies to drivers engaged in a single occasional coach driving in the territory of Iceland.”

#### **Justification for suggested adaptation text related to Art 29 of Reg. (EC) No 1073/2009:**

Art. 29 of the Regulation amends Article 8(6) of Regulation (EC) No 561/2006 on the harmonisation of certain social legislation relating to road transport and amending Council Regulations (EEC) No 3821/85 and (EC) No 2135/98 and repealing Council Regulation (EEC) No 3820/85.

Article 6(1) of Regulation (EC) No 3820/85 was amended by Article 8(6) of Regulation (EC) No 561/2006 so that instead of coach drivers being able to postpone the weekly rest period for up to 12 consecutive 24-hour periods following a previous regular weekly rest period, the period was shortened to 6 consecutive 24-hour periods. Thus, the so called “twelve day rule” was abolished by Regulation (EC) No 561/2006. This decision led to the adoption of Article 29 of Regulation (EC) No 1073/2009, which inserts paragraph 6a in Article 8 of Regulation (EC) No 561/2006, thus reinstating the “twelve day rule”, but only on the condition that the driver is engaged in a single occasional service of international carriage of passengers, as defined in Regulation (EC) No 1073/2009.

Iceland welcomes the amendment of Article 8(6) of Regulation (EC) No 561/2006. However, it is unacceptable for Iceland that the reinstatement of the “twelve day rule” is confined to “international” carriage of passengers. In interpreting the definition of the term “international carriage” in the context of Regulation (EC) No 1073/2009, it is clear that Iceland’s geographical circumstances, an island of 103.000 sq. km located far away from the mainland, were not fully accounted for. The island is exceptionally sparsely populated with only 3.1 persons per km<sup>2</sup>. The rugged interior of the country and large parts of the coastline are popular tourist destinations. Tourism is of major importance for the Icelandic economy. Icelandic service operators offer long distance coach tours in these vast areas of wilderness. These tours can take many days and the driver covers only short distances per day, often on unpaved and seasonal mountain roads. It is impossible for drivers to rest after 6 days of coach driving far away from home, especially since

there are no ferries or trains available for them to go back home. Eliminating the “twelve day rule” in Iceland would make the operation of coach tourism in Iceland beyond six days unacceptably complicated and distort competition between coach tourism in Iceland and elsewhere in the EEA single market.

In addition, preamble 20 to Regulation (EC) 1073/2009 states that the aim of the derogation from the Art. 8 of Regulation (EC) 561/2006 is to encourage tourism and the use of environmentally friendly means of transport. This argument applies especially to Iceland as it is costly, time consuming and environmentally unfriendly to change drivers in the middle of an excursion.

In view of the above mentioned arguments and the specific situation in Iceland resulting from the combined effect of a huge territory and low population, as well as the fact that tourism is extremely important for the economy, Iceland requests that Art. 29 of Regulation (EC) No 1073/2009 (paragraph 6a of Regulation (EC) 561/2006) should apply in Iceland.

### ***Social conditions***

*Regulation (EC) No 561/2006 of the European Parliament and of the Council of 15 March 2006 on the harmonisation of certain social legislation relating to road transport*

**Iceland requests the following exemptions from the driving time and rest period rules of Regulation (EC) No 561/2006 since the basis for which the exemptions were originally granted still apply:**

1. Exemption from Article 6(1) of the Act, prolonging the daily driving time from 9 and 10 hours up to 11 hours four days of a week when transporting perishable foodstuffs on routes from Reykjavík – Ísafjörður – Reykjavík and Reykjavík – Eastfjords – Reykjavík, during the periods from 30 October until 15 April each year.
2. Exemption from Article 7(1) of the Act, allowing driving time for up to five hours without a break during the period from 30 October until 15 April each year on routes longer than 400 km from Reykjavík.

### **Explanation:**

Article 6(1): The exemption would only apply for carriage by road of perishable foodstuffs, such as fresh seafood, which needs to be transported in the quickest possible manner at a stable temperature to preserve the products for shipment abroad by air or sea carriers specifically designed for such transport. It is important for the long term viability of the seafood industry in outlying regions of Iceland that transport is carried out irrespective of weather conditions. Since no railways exist in Iceland, road transport is the only mode of transportation for perishable food. Transport from outlying regions to the metropolitan area goes through some of the most sparsely populated areas in Europe. Whereas the average population density in the European Union is 113 persons per sq. km, the average is 3.1 person per sq. km in Iceland with 63 percent of the population living in the metropolitan area around Reykjavík. Transport operations on the routes concerned can normally be concluded within the daily driving time limits of the Act. During the

winter however, especially under difficult weather conditions, it can be difficult to complete these routes within the time limits. The routes in question do not contain adequate resting areas for trucks and lorries. There are long distances between small towns and villages, which may serve as resting areas but opening hours vary, and in general, most relevant shops and service providers are closed between 18:00 and 09:00.

Article 7(1): The only viable option of reaching Reykjavík from the east coast (Egilsstaðir), and vice-versa, in a single day is by taking only one break, cf. the requirements of Article 7 of the Regulation. Freysnes is a service area located exactly midway between Reykjavík and Egilsstaðir, approximately 327 km from both locations. There are no other stopping points with the equivalent level of service facilities in the area and drivers must therefore reach Freysnes for their break in order to be able to reach Egilsstaðir in one day. Under good weather conditions it is possible to reach Freysnes and Egilsstaðir within the existing time limits. Yet under bad weather conditions, especially during the winter, it can be difficult to reach the destination within the time limits.

The most dangerous stretch of road between Reykjavík and Egilsstaðir is Breiðamerkursandur and Skeiðarársandur, which are non-populated black sand deserts only made accessible by car in 1974. The area has the highest amount of precipitation in Iceland and severe sandstorms are common, especially during the winter. Together these weather conditions cause a severe risk to road traffic and many cars have been damaged after being caught in sandstorms. Due to these factors, it is very important that drivers can reach Freysnes in the shortest time possible. The route between Freysnes and Egilsstaðir is also sparsely populated and has no rest areas except for Höfn in Hornafjörður. There are, however, only 120 km between Freysnes and Höfn, which makes Höfn an unpractical option as a resting place. Furthermore, during the time period of 30 October until 15 April, Höfn has limited services.

Iceland's geography, weather conditions, low population density, poor road infrastructure, and the lack of resting areas for trucks and lorries, constitute exceptional circumstances in the meaning of Art.14(1) of Regulation (EC) No 561/2006. These conditions mean that drivers are permanently facing the conditions referred to in Article 12 during the winter months. Adjusting the requirements of Articles 6(1) in accordance with this request would limit the need for drivers to use the provisions of Article 12. Furthermore, granting the exemption does not prejudice the objectives set out in Article 1 of the Regulation.

The Regulation foresees many exceptions for specific circumstances in Member States. Article 13 (1) allows, for example, Member States to grant exceptions for vehicles used for milk collection from farms. Iceland's request is of a similar nature and would not lead to reduced road safety or a deterioration in the drivers' working conditions. The drivers benefiting from the exemptions will be entitled to prolonged rest periods.

## **Combined transport; clean and energy-efficient vehicles; ITS**

### ***General measures***

Directive 2000/84/EC on summer time arrangements has not been transposed in Iceland. Considering Iceland's geographical location, Iceland doubts the relevance of the Directive with the purpose of day-light saving.

### **Iceland requests that the following adaptation text be inserted into paragraph (8) of the Preamble and Article 6 of the Directive:**

The words „In the case of Iceland, the arrangements do not apply to any of its territories“ shall be inserted after the words „Member States“.

#### ***Explanation:***

For geographical reasons Iceland decided to stop applying the summer-time arrangement in 1968. The resulting legislation stipulated that Iceland use Greenwich Mean Time (GMT) all year round. This means that Iceland is always on so-called summer time (i.e. the clock is put forward by one hour), although Iceland's time zone does not actually adhere to its meridian lines (in geographic terms). As a result of the current arrangement, time in Iceland is closer to that of Europe, Iceland's most important trading partner.

Iceland requests to maintain this practice. Adjusting the clock backwards by one hour during the dark winters in Iceland is not necessary to achieve the objectives of the Directive. It would only create unnecessary confusion and dislike among the Icelandic population. An understanding was reached among Member States that the overseas territories would not benefit from the common summer-time arrangements and that excluding them would not have a negative impact on the internal market. Due to its northernmost and remote geographical location, the same logic applies for Iceland. During summer time, there is 24 hours of daylight in the weeks preceding and following the summer solstice. By the end of the summer-time period, the last Sunday in October, Reykjavik has daylight from 9.00 in the morning until 17.00 in the afternoon. After that the daylight reduces rapidly. To adjust the clock backwards, which would mean daylight from 8.00 to 16.00, would not provide any daylight savings during the winter for the Icelandic population and its businesses.

Due to the island's remoteness, the negative impact on the internal market of Iceland not participating in the common arrangement is negligible. Service providers in transport (rail, roads and inland waterways) benefit the most from the common arrangements. For geographical reasons, train, road or inland waterway connections with the EU Member States are impossible. The aviation sector provides worldwide services and is already operating under different summer-time arrangements. If Iceland would be required to take up the common summer-time arrangement, it would not add any benefits for these sectors.

At the time this Directive was introduced there was an understanding that it would not be necessary to require Iceland to take up these arrangements in order to achieve the objectives of the internal market. Iceland has been a member of the internal market through the EEA Agreement for more than 18 years. In that time, the fact that Iceland does not have summer-time arrangements has not impacted the achievement of the Directive's objectives.

## **Air transport**

### ***Single European sky I***

*Regulation (EC) No 550/2004 of the European Parliament and of the Council of 10 March 2004 on the provision of air navigation services in the single European sky*

**Iceland requests that the following adaptation text to Art. 14 and Art. 15 of Regulation (EC) No 550/2004 be inserted and thus become part of the Act:**

#### *Suggested adaptation text:*

1. Art. 14: “This scheme shall be consistent with Article 15 of the 1944 Chicago Convention on International Civil Aviation and with Eurocontrol’s charging system for en route charges or with Joint Financing Agreements administered by ICAO for the North-Atlantic region.”
2. Art 15: With regard to Iceland the following shall be added at the end of the first sentence of Article 15(2)(b): “or North-Atlantic Region.”

#### *Explanation:*

Charging for air navigation services within Iceland’s airspace is based on the Agreement on the Joint Financing of Certain Air Navigation Services in Iceland (1956) as amended by the Montreal Protocols of 1982 and 2008, of which 24 states are members. In a joint statement by the Contracting Parties of the EEA Agreement to the Decision of the EEA Joint Committee No 67/2006 incorporating Regulation (EC) No 549/2004, 550/2004, 551/2004 and 552/2004 of the European Parliament and of the Council into the EEA Agreement, the parties agreed that the Joint financing Agreement scheme is consistent with Article 14 of Regulation (EC) No 550/2004. Article 14 and 15 of Regulation (EC) No 550/2004 were therefore adapted and Iceland requests to maintain the adaptation text.

In the case of Iceland, the Joint Financing Agreement dictates different responsibilities. The Agreement and the Joint Financing Agreement in Greenland<sup>1</sup> are applied in a co-ordinated and coherent manner. The Agreements are between 24 nations including Iceland<sup>2</sup> on financing of Air Navigation Services in the North Atlantic catering for cost sharing and cost recovery arrangements with its governance structure which has been harmonized with the Governance structure of the NAT region. The costs of the services are recovered by a single charge for both Agreements on civil aircraft flights crossing the North Atlantic (north of 45°N) served by ATC, COM and MET services in Greenland, Iceland and the Faroe Islands provided under two Joint Financing Agreements. Denouncing of the Icelandic Joint Financing Agreement might jeopardise the existing FAB-like operation of the harmonized Iceland/Greenland airspace (Reykjavik Control Area) since it would mean that when flying through the Reykjavik Control Area, which is serviced by a single ACC centre, two different charges would need to be collected instead of

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<sup>1</sup> AGREEMENT on the Joint Financing of Certain Air Navigation Services in Greenland (1956) as amended by the Montreal Protocols of 1982 and 2008 (ICAO Doc 9585-JS/681).

<sup>2</sup> The following states are members to the Icelandic Joint Financing Agreement: Belgium, Canada, Cuba, Denmark, Egypt, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Kuwait, Netherlands, Norway, Pakistan, Russian Federation, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States.

one. This in itself goes against the main objectives of the SES legislation since it will lead to less efficiency.

An adaptation was also made to Article 15 of Regulation (EC) No 550/2004 due to the fact that the whole of Iceland's airspace is within the ICAO North-Atlantic Region. Taking this into account, the contracting parties to the EEA Agreement thought it necessary to add at the end of the first sentence of Article 15(2)(b): "or North-Atlantic Region." The sentence read as follows: "the costs to be taken into account in this context shall be those assessed in relation to the facilities and services provided for and implemented under the ICAO Regional Air Navigation Plan, European Region or North-Atlantic Region."

### *Single European sky II*

**Iceland requests that when implementing the SESII acquis due account will need to be taken of other international responsibilities and the different operational environment in the NAT region. Iceland is the only country that has all of its airspace within ICAO NAT; about 2/3 of its airspace is high seas and is governed by ICAO rules, and the airspace is low traffic density oceanic area.**

#### Suggested adaptation text:

Iceland requests that the following paragraph be included in the preamble of Regulation (EC) No 1070/2009:

"According to Article 1 of the 1944 Chicago Convention on Civil Aviation, every State has complete and exclusive sovereignty over the airspace above its territory. In the airspace above the high seas, uniform rules apply in accordance with Article 12 of the Convention. The legislative powers with regard to this airspace rest with ICAO and its bodies. The whole of Iceland's airspace is within the NAT region. As regards this airspace, due account is to be taken of ICAO's rules and their uniform application as well as the ICAO's objectives in this region."

#### *Explanation:*

The services provided in the NAT region are based on ICAO requirements, the Organization's Global Air Navigation Plan and vision statement on the global Air Traffic Management as reflected in the North Atlantic Air Navigation Plan (ICAO Doc 9634). There is to a great extent a consistency between the objectives of the ICAO Global Air Navigation Plan and the regional requirements in the NAT region on the one hand, and the objectives reflected in the SES packages I and II on the other. However, some objectives of the SES II, e.g. aiming at solving congestion problems in the EUR region or interoperability, might not be relevant or unnecessarily burdensome in the NAT region.

The airspace governed by Iceland has a joint boundary with a block of third countries such as the United States and Canada, where the planning activities are coordinated and governed by the ICAO Operational Concept, the ICAO Global Air Navigation Plan and activities, and finally implementing the planning on the North Atlantic Air Navigation Plan (all ICAO Docs). These activities are prepared in cooperation and coordinated with the other states in the NAT-Region within the NAT SPG (Systems Planning Group) in accordance with the rules of procedure.

The above does not apply in the same way to other ICAO regions and it is clear that there are different obligations in ICAO EUR and ICAO NAT regions.

**Iceland requests adaptations to Article 11(1) of Reg. (EC) No 549/2004 as amended by Reg. (EC) No 1070/2009**

*Suggested adaptation text:*

The following shall be added after Article 11(1)(c):

“(d) The performance targets, review, monitoring and benchmarking of performance in letters (a), (b) and (c) shall take due consideration of NAT regional planning and the NAT regional agreements and the requirements set forth therein”

*Explanation:*

Within the ICAO NAT region there are different obligations, as already mentioned, which have for example to do with regional planning and regional agreements. In order for an improved performance and increased efficiency in the NAT region to realise, coordinated planning by the NAT SPG is not just important but also obligatory. Therefore the performance scheme should take into account the fact that the operation is within an oceanic environment, and other regional plans.

It should also be noted that Article 1 of Regulation (EU) No 691/2010 (the performance scheme regulation) limits its scope to the EUR and AFI regions. Article 1(6)(a) is also noteworthy in this context: *“Member States may also apply this Regulation in airspace under their responsibility within other ICAO regions, on condition that they inform the Commission and the other Member States thereof, and without prejudice to the rights and duties of Member States under the 1944 Chicago Convention on international civil aviation (the Chicago Convention).”* It is therefore clear that according to the regulation Member States can determine whether they implement it outside of the ICAO EUR and AFI regions. It is also clear from the text that the Commission is aware of the possibility that implementing the regulation in other ICAO regions could possibly lead to a conflict with a Member State’s obligations under the Chicago Convention. Seeing as though the regulation deals with performance schemes it means that the rules pertaining to performance schemes could conflict with a Member State’s obligations under the Chicago Convention. This is the case at hand and therefore Iceland is of the opinion that an adaptation is needed for Article 11(1) of Reg. (EC) No 549/2004.

**Iceland requests adaptations to Article 9a(2)(c) of Reg. (EC) No 550/2004 as amended by Reg. (EC) No 1070/2009**

*Suggested adaptation text:*

The following should be added to Article 9a(2)(c): “as well as consistency with ICAO NAT Regional planning.”

*Explanation:*

Since the NAT region has a different regulatory obligation, as ICAO is the body proposing the set of rules within the NAT, the adaptation ensures that airspace blocks covering, or adjacent to the



NAT region, should take this into account as well as to ensure consistency with the European route network. Consideration needs to be taken to the fact that the NAT SPG has a mandate to coordinate and implement regional plans in the NAT which is an extended role from its counterpart in Europe (EANPG). The commitment to ensure consistency works both ways and the adaptation ensures this. The adaptation would therefore ensure consistency between the EUR and NAT regions.

### ***Market operation***

*Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community (Recast)*

**Iceland requests that the following adaptation text to Art. 16 of Regulation (EC) 1008/2008 be inserted and thus become part of the Act:**

#### ***Suggested adaptation text:***

The following shall be added at the end of Article 16(9), second subparagraph: “, as well as regional airports in Iceland.”

#### ***Explanation:***

Regulation (EC) No 1008/2008 on common rules for operation of air services was incorporated into the EEA Agreement with an adaptation to Article 16(9), which Iceland requests to maintain. The contracting parties to the EEA Agreement were of the opinion that Iceland qualifies for a five year time limit for public service obligations in the same way as the outermost regions referred to in Article 349 of the TFEU (formerly Article 299(2) of the EC Treaty).

All flight route areas in Iceland can be considered as equally peripheral, if not more peripheral, than the outermost regions of the EU in Europe, as set out in Article 349 of the TFEU. Commercially based air carriers are therefore highly unlikely to be successful because of low population density (3.1 person per km<sup>2</sup>) and all airports outside the capital are situated in sparsely populated areas. The economy in those areas is dependent on few products where the population has a low average income compared to the national average. This is a cause of concern for consumers as many routes may become unavailable to them.

Icelandic coastal climate is harsh especially during the winter, which greatly reduces alternatives to air transport and can cause periodic problems for passenger transport. Maintenance of domestic flight services is therefore also important for security reasons.

### ***Aviation Security***

*Regulation (EC) No 300/2008 of the European Parliament and of the Council of 11 March 2008 on common rules in the field of civil aviation security*

**Iceland requests that the following adaptation text to Regulation (EC) No 300/2008 be inserted and thus become part of the Act:**

*Suggested adaptation text:*

“The specific geographical location and low population density of Iceland, as well as the composition of the fleet of aircraft serving on domestic routes in Iceland require that Regulation (EC) No 300/2008 does not apply to domestic air services in the territory of Iceland. The national security measures applicable to domestic air services in Iceland provide an adequate level of protection.”

*Explanation:*

Regulation (EC) No 300/2008 (repealing Regulation (EC) No 2320/2002) has been incorporated into the EEA Agreement with an adaptation regarding Iceland’s domestic air services. This adaptation refers to the specific geographical location and low population density of Iceland, as well as the composition of the fleet of aircraft serving on domestic routes. The legislation on civil aviation security applies to all international airports in Iceland and national security measures provide an adequate level of protection applicable to domestic air services. Iceland requests to maintain this adaptation.

Iceland acknowledges the need for effective security measures to ensure safe and secure air services. Iceland, however, maintains that in conformity with the principle of subsidiary, that security of domestic air services may be ensured by the application of national security measures. Due to the special circumstances in Iceland national measures can fully provide for the objectives of Regulation (EC) No 300/2008 for the following reasons:

- a) Geographical location: Iceland is an island in the North Atlantic, just south of the polar circle. It does not have borders to any other state. Domestic operations in Iceland pose no threat to other European countries.
- b) Population is just under 320.000 in a country of 103.000 sq. km. All airports outside the capital are situated in low density populated areas ensuring certain transparency, equalling a passenger profiling system.
- c) Domestic flight hours are all within 1 hour. Fuel reserves prohibit flights to the European continent. Only propelled aircraft (no jets), medium or small, are used in domestic services. The fleet is limited to 6 Fokker 50’s (49 seats), 2 DHC-8 (39 seats) and 2 DHC-6 (20 seats) airplanes and several smaller aircraft with less than 20 seats and all aircraft have MTOW less than 10 tonnes.
- d) Separation of international and domestic passengers is ensured. Almost all international passengers go through Keflavik International Airport which has no domestic flights. Only a few international passengers go through other airports in Iceland for example when flying to Greenland and the Faroe Islands and separation is always ensured at the airports in such cases.
- e) All domestic operators are trained to comply with the security provisions of their Flight Operations Manuals. The Manuals lay down detailed procedures to be followed in case of hijacking, bomb threats or attempted sabotage.
- f) All crewmembers and ground staff employed by Icelandic aircraft operators receive thorough training in aviation security.
- g) Alcohol is not served on domestic flights.

Taking due account of the above stated facts and the risk assessment carried out by the Icelandic Civil Aviation Authority accordingly, Iceland suggests that the measures laid down in the Regulation shall not apply to domestic air services at airports in the territory of Iceland.

Iceland emphasizes, that if at any time changes occur which give rise to the application of stricter measures, Iceland will immediately act accordingly.