

No. 10783

**UNITED STATES OF AMERICA
and
ICELAND**

**Exchange of notes constituting a *modus vivendi* relating to
Air Transport Services. Washington, 24 June 1970**

Authentic text: English.

Registered by the United States of America on 6 October 1970.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISLANDE**

**Échange de notes constituant un *modus vivendi* en matière de
transports aériens. Washington, 24 juin 1970**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 6 octobre 1970.

EXCHANGE OF NOTES CONSTITUTING A *MODUS VIVENDI*¹ BETWEEN THE UNITED STATES OF AMERICA AND ICELAND RELATING TO AIR TRANSPORT SERVICES

I

DEPARTMENT OF STATE
WASHINGTON

June 24, 1970

Excellency:

I have the honor to refer to the consultations which recently took place in Washington under the Air Transport Services Agreement between the United States and Iceland of 1945². As a result of these consultations, the two delegations recommended a *modus vivendi* with respect to the operations of the designated Icelandic airline, in lieu of amendments of the Agreement desired by the United States to bring it into conformity with its standard air transport agreements.

The provisions of the *modus vivendi* are as follows:

1. During 1970 and 1971, the Icelandic airline may offer up to, and will not operate more than, 370,000 seats per year on scheduled services in the United States-Europe market. Scheduled services for the purpose of this understanding include extra sections. In subsequent years, the number of seats so offered may be increased by an amount not to exceed three-quarters of the average annual rate of growth in United States-Europe scheduled revenue passengers during the preceding five years. If the Icelandic airline's annual share of total United States-Europe scheduled revenue passengers reaches 2.5 percent, capacity may be increased thereafter by an amount equal to the average annual rate of growth as determined above in order to maintain that share of the market. An incremental increase not used in one year may be carried over to a subsequent year or years. For these purposes, IATA traffic statistics will be used.

¹ Came into force on 24 June 1970, the date of the note in reply, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 122, p. 293.

2. The Icelandic airline will defer any scheduled passenger service to Chicago until at least 1973.

3. The Icelandic airline will not engage in all-cargo scheduled services in the United States-Europe market without prior consultations between the two Governments, which will not be held before 1973.

4. The Government of Iceland will review the schedules of the Icelandic airline, before they are placed in effect, to assure conformity with the foregoing understandings.

5. In light of these understandings, the Government of the United States will defer its request for amendment of the United States-Iceland Air Transport Services Agreement to include provisions relating to capacity and rates as well as consideration of any unilateral steps relating to matters which are the subject of the above understandings.

The understandings contained in this *modus vivendi* are acceptable to my Government. If they are acceptable to your Government, I have the honor to propose that this Note and your reply thereto constitute an agreement between the two Governments which will enter into force from the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

PHILIP H. TREZISE

His Excellency Magnús V. Magnússon
Ambassador of Iceland

II

EMBASSY OF ICELAND
WASHINGTON 8, D.C.

June 24, 1970

Sir:

I have the honor to acknowledge receipt of your Note of today's date, which reads as follows:

[See note I]

In reply, I have the honor to confirm to you that the provisions set forth in the said Note are acceptable to the Government of Iceland and

that they agree with your proposal that your Note and this reply constitute an agreement between our two Governments on this subject, the agreement to enter into force on the date of this Note.

Accept, Sir, the renewed assurances of my highest consideration.

[Signed]

MAGNÚS V. MAGNÚSSON

The Honorable William P. Rogers
Secretary of State
Washington, D.C.
