

INTERNATIONAL COURT OF JUSTICE

# APPLICATION

INSTITUTING PROCEEDINGS

filed in the Registry of the Court

on 1 February 2021

## Application Concerning Nationality of Airlines

*ATLANTIS (APPLICANT) v. MIDGARD (RESPONDENT)*

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COUR INTERNATIONALE DE JUSTICE

# REQUÊTE

INTRODUCTIVE D'INSTANCE

enregistrée au Greffe de la Cour

le 1 Février 2021

## Application la Nationalité des Compagnies

## Aériennes

*ATLANTIS (DEMANDEUR) c. MIDGARD (DÉFENDEUR)*



**NOTIFICATION**  
**ADDRESSED TO THE REGISTRAR OF THE COURT**

The Hague, the 1st of February 2021.

On behalf of the Government of the State of Atlantis, I have the honour to enclose an Application instituting proceedings against the State of Midgard before the International Court of Justice concerning the Dispute between the State of Atlantis (Applicant) and State of Midgard (Respondent) on the interpretation of the nationality of airlines,

*(Signed)*

Her Excellency Mme Kidagakash Nedakh  
Ambassador to the State of Atlantis  
to the Kingdom of the Netherlands



**THE 2022 LEIDEN-SARIN INTERNATIONAL  
AIR LAW MOOT COURT COMPETITION**

**APPLICATION**

THE STATE OF ATLANTIS (*applicant*)

v.

THE STATE OF MIDGARD (*respondent*)

**IN THE MATTER OF NATIONALITY OF AIRLINES**



## **I. Background**

1. For the purposes of this Case, both Parties – Atlantis and Midgard – are parties to the following multilateral agreements:
  - (i) *The Convention on International Civil Aviation*, signed at Chicago on 7 December 1944 (Chicago Convention), including the amendments thereto.
  - (ii) *The United Nations Charter*, signed at San Francisco on 26 June 1945 (U.N. Charter);
  - (iii) *The Convention on the Law of Treaties*, signed at Vienna on 23 May 1969;
2. Air services between Atlantis and Midgard are governed by a bilateral Air Services Agreement (ASA) negotiated and signed on 20 January 2014 and attached as Appendix 3 to the Application. The ASA entered into force on 1 March 2014.
3. In accordance with the terms of the ASA, Atlantis and Midgard have each designated one airline to operate services between the two States:
  - a. Atlantis Airlines for Atlantis; and
  - b. Odin Airways for Midgard.
4. Each airline operates one daily return frequency between the two capitals, Undersea City in Atlantis and Middleville in Midgard.
5. At the time the ASA entered into force, Atlantis Airlines was 100% owned by the State of Atlantis and Odin Airways was 100% owned by the State of Midgard.
6. In March 2020, Atlantis Airlines encountered a severe drop in its passenger numbers, as Atlantis banned its citizens from overseas leisure travel following a global pandemic. This put Atlantis Airlines in serious financial difficulty.
7. The State of Atlantis did not have the funds available to provide emergency financing to Atlantis Airlines, and it, therefore, sought to sell a proportion of its shares in Atlantis Airlines in return for investing the capital needed to prevent the airline's collapse.

8. Atlantis approached the neighbouring country of Dorado, which is far wealthier than Atlantis due to its extensive gold reserves. Atlantis and Dorado had a strong relationship, with Dorado investing extensively in Atlantis' infrastructure. In return, Atlantis provided very secure storage facilities for much of Dorado's gold supply.
9. The share capital of Atlantis Airlines consists of 100,000 Class A "ordinary" shares and 50,000 Class B shares. The State of Atlantis sold shares in Atlantis Airlines as follows:
  - a. 49,000 Class A shares to Golden Air, an airline which is 100% owned by the State of Dorado, for 49 million Atlantis Dollars (A\$);
  - b. 50,000 Class B shares to Golden Air for A\$50m; and
  - c. 21,000 Class A shares to Ms Lemuria, a wealthy individual who is a national of Atlantis but is resident in Dorado, for A\$21m. Ms Lemuria is very experienced in the aviation industry and previously sat on the board of Golden Air as a non-executive director.
10. The State of Atlantis retained 30,000 Class A shares in Atlantis Airlines.
11. The State of Atlantis, Golden Air and Ms Lemuria entered into a shareholders agreement as part of the transaction, of which an extract is attached as Appendix 1. Atlantis Airlines and Golden Air also entered into a co-operation agreement, which is extracted at Appendix 2. The transaction was completed on 1 June 2020.
12. Due to ongoing political tensions, there is no air services agreement currently in place between Midgard and Dorado. One of Dorado's most prized statues, a solid gold eagle, is on display in the Midgard National Museum. Despite repeated demands by Dorado to return it, Midgard refused to do so, claiming that it had been legitimately traded for a pair of marble ravens over 200 years ago.
13. Midgard was very concerned when it heard about the investments in Atlantis Airlines. In particular, Midgard was worried about Dorado's increased influence in the region, and that Golden Air would stand to profit from flights on the Undersea City – Middleville route. The Midgard government was also concerned that, with significant investment by Golden Air, Atlantis Airlines would be able to offer a far superior

passenger experience on the route than Odin Airways, meaning that Odin Airways was likely to lose market share in the longer term once demand recovered.

14. On 1 July 2020, the Civil Aviation Authority of Midgard (CAAM) launched an investigation into the arrangements at Atlantis Airlines, demanding that Atlantis provide immediate evidence that Atlantis Airlines continued to comply with the nationality requirements to be designated under the ASA. On 3 July 2020, Atlantis Airlines sent the relevant transaction documents to the CAAM.
15. On 20 July 2020, Midgard wrote a letter to Atlantis stating that the CAAM had concluded that Atlantis Airlines no longer meets the nationality requirements under the ASA and demanding that the transaction be reversed within 10 days, otherwise Midgard would take action under the ASA. Atlantis did not do so, and on 1 August 2020 Midgard suspended Atlantis Airlines' right to sell tickets from its Middleville office and through its [www.atlantisairlines.mi](http://www.atlantisairlines.mi) website, pending the resolution of consultations between Midgard and Atlantis.
16. Atlantis objected to this and accused Midgard of breaching the ASA. Nonetheless, on 3 August 2020 Atlantis entered into bilateral consultations with Midgard over their conflicting interpretations of the ASA, with particular regard to Midgard's interpretation of the nationality requirements of Atlantis Airlines. The consultations continued for four weeks, throughout which time Atlantis Airlines was unable to sell tickets from its Middleville office or its [www.atlantisairlines.mi](http://www.atlantisairlines.mi) website.
17. On 31 August 2020, Midgard announced that it was no longer willing to continue with the bilateral consultations, as no progress had been made after multiple rounds of talks. Later that day, Midgard revoked Atlantis Airlines' operational authorization, citing Article 4(1) of the ASA.
18. In response, on 1 September 2020, Atlantis revoked Odin Airways' permission to operate to Atlantis, ending all nonstop air services between the two countries.

19. On 2 September 2020, Atlantis, with the consent of Midgard, started preparations to bring the dispute before the International Court of Justice by way of this Application.

## **II. Action**

1. In summary, the State of Atlantis has asked the International Court of Justice to rule that:
  - a. Midgard did not have the right to suspend Atlantis Airlines' sales of tickets under Article 6 of the ASA, and in particular Midgard did not follow the required procedure for consultation;
  - b. Midgard did not have the right to revoke Atlantis Airlines' operational authorization under Article 4 of the ASA, given that:
    - i. Atlantis Airlines is majority owned and effectively controlled by Atlantis and its nationals; and/or
    - ii. Atlantis Airlines has its principal place of business in Atlantis, and is not majority-owned or effectively controlled by any third country or its nationals;
  - c. Midgard's actions in suspending Atlantis Airlines' sales of tickets and revoking the operating authority of Atlantis Airlines were therefore in violation of the ASA;
  - d. Atlantis' retaliatory actions against Odin Airways are appropriate, proportionate and lawful.
2. For the State of Midgard, the International Court of Justice is asked to rule that:
  - a. Midgard was entitled to suspend Atlantis Airlines' sales of tickets pending resolution of the dispute, given the need for immediate action;
  - b. Midgard was entitled to revoke Atlantis Airlines' operational authorization under Article 4 of the ASA, given that:
    - i. Atlantis Airlines is not majority owned and effectively controlled by Atlantis and its nationals; and
    - ii. Atlantis Airlines:
      1. Does not have its principal place of business in Atlantis; and/or

2. Is majority-owned and/or effectively controlled by Dorado and its nationals, and Dorado does not have an air services agreement with Midgard;
- c. Midgard followed the required procedure for consultation;
- d. Atlantis' retaliatory actions against Odin Airways are inappropriate, disproportionate and unlawful.

## **Appendix 1: Extract from Shareholders Agreement**

**THE STATE OF ATLANTIS**

and

**GOLDEN AIR**

and

**MS LEMURIA**

Have agreed as follows in respect of their shareholdings in Atlantis Airlines:

### **ARTICLE 1 Rights attached to Shares**

1. Each shareholder shall be entitled to one vote per Class A share at the general meeting.
2. No voting rights shall be attached to Class B shares.
3. In addition, the State of Atlantis shall be entitled to require that Golden Air transfer all of its shares to the State of Atlantis, where the State of Atlantis deems that its general interests are substantially prejudiced and no remedy can be found within a period of six months. The price for such shares shall be determined by an international investment bank to be agreed upon by the State of Atlantis and Golden Air.

### **ARTICLE 2 General Meeting**

1. At the general meeting, the following matters shall be decided by a majority of 75% of votes cast:
  - a. Amendments to Atlantis Airlines' articles of incorporation (including changes of legal form and corporate purposes)
  - b. Any increase or decrease of Atlantis Airlines' share capital
  - c. Any liquidation, merger or split-up of Atlantis Airlines
2. At the general meeting, the following matters shall be decided by simple majority:
  - a. Distribution of dividends
  - b. Approval of the annual accounts of Atlantis Airlines
  - c. Appointment and dismissal of the members of the board of directors and statutory auditors
  - d. Discharging of the members of the board of directors and the statutory auditors

### **ARTICLE 3 Board of Directors**

1. The board of directors of Atlantis Airlines shall be responsible for the following:
  - a. Determining the company's general policy
  - b. Deciding on all strategic issues including the adoption of the business plan and the annual budget, material fleet investments and material changes to network configuration

2. The board of directors shall delegate day-to-day management to the chief executive officer (CEO), but such delegation shall not detract from the fullness of management powers of the board of directors.
3. The board of directors is to comprise 12 members, including the chairperson, and shall take all decisions by simple majority. No board member shall retain a casting vote.
4. The shareholders shall have the right to appoint directors as follows:
  - a. Six board members are to be appointed in accordance with a proposal made by the State of Atlantis and must be nationals of Atlantis
  - b. Five board members are to be appointed in accordance with a proposal made by Golden Air.
5. So long as Ms Lemuria holds not less than 21,000 Class A shares, she shall be entitled to be a member of the board and to act as its chairperson, or to nominate a successor to act in both of these roles, and each of the other shareholders shall cast its votes as necessary accordingly.

#### **ARTICLE 4 CEO**

1. Ms Lemuria shall be appointed Chief Executive Officer (CEO) of Atlantis Airlines.
2. The board of directors may decide by simple majority to dismiss Ms Lemuria as CEO and appoint an alternative CEO. This shall not affect Ms Lemuria's position as chairperson in accordance with Article 3.5.

## **Appendix 2: Extract from Co-operation Agreement**

### **ATLANTIS AIRLINES**

and

### **GOLDEN AIR**

Have agreed as follows:

#### **ARTICLE 1 Corporate Organisation**

1. Atlantis Airlines is to remain as a distinct legal entity incorporated under the laws of Atlantis.
2. Atlantis Airlines shall retain its registered office in Undersea City and shall continue to be subject to taxation under Atlantis law.

#### **ARTICLE 2 Location of Business Functions**

1. The operational and technical staff of Atlantis Airlines shall continue to be based at Undersea City airport.
2. Atlantis Airlines' senior management shall be based in Undersea City but will be expected to travel to Golden Air's headquarters in Goldtown, Dorado regularly as required.
3. Atlantis Airlines' board meetings shall be split between Undersea City and Goldtown, Dorado.
4. Atlantis Airlines' aircraft shall continue to be based in Undersea City and registered in Atlantis. Routine maintenance of these aircraft shall be completed in Undersea City, whereas major maintenance shall be completed at Golden Air's MRO facility in Goldtown wherever possible.

#### **ARTICLE 3 Measures following completion of the Transaction**

1. Within one year following the completion of the transaction, Atlantis Airlines shall:
  - a. Adopt Golden Air's frequent flyer programme, DoradoPoints;
  - b. Operate at least 15% of its scheduled services using aircraft wet-leased from Golden Air; and
  - c. Offer access to Golden Air's lounge at Goldtown International Airport for its premium customers.

#### **ARTICLE 4 Joint Planning**

1. Atlantis Airlines and Golden Air agree to carry out joint planning in respect of the following activities:
  - a. Investments in aircraft fleets; and
  - b. Development of flight route networks.

## **ARTICLE 5 Board Approval**

1. The activities listed in Article 4 are subject to the prior approval of the board of directors of each of Atlantis Airlines and Golden Air. In considering whether to grant approval, the board of directors of each airline must consider the financial impact on their own airline, and each of Atlantis Airlines and Golden Air remains responsible for their individual financial performance.
2. If the board of directors of either Atlantis Airlines or Golden Air refuse to grant approval in accordance with Article 5(1) above, the parties shall submit a revised proposal to each board of directors within ten working days. If the revised proposal is still refused by either board of directors, the parties agree to submit to mediation.

### **Appendix 3: the Atlantis-Midgard Air Services Agreement**

**AIR SERVICES AGREEMENT BETWEEN  
THE GOVERNMENT OF THE STATE OF ATLANTIS  
AND  
THE GOVERNMENT OF THE STATE OF MIDGARD**

#### **PREAMBLE**

The Government of the State of Atlantis and the Government of the State of Midgard, hereinafter referred to as the Contracting Parties,

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

desiring to contribute to the progress of international aviation;

desiring to conclude an Agreement for the purpose of establishing air services, supplementary to the Convention;

HAVE AGREED AS FOLLOWS:

#### **ARTICLE 1 Definitions**

For the purpose of this Agreement

- a. the term "Aeronautical Authorities" means: for the State of Atlantis; for the State of Midgard: the Ministry of Transport and Communications, or in either case any person or body authorized to perform any functions at present exercised by the said Authorities;
- b. the terms "Agreed Service" and "Specified Route" mean: international air service pursuant to this Agreement and the route specified in the Annex to this Agreement respectively;
- c. the term "Agreement" means: this Agreement, its Annex drawn up in application thereof, as well as any amendment to the Agreement or the Annex;
- d. the terms "Air Service", "International Air Service", "Airline" and "Stop for non-traffic purposes" shall have the meaning respectively assigned to them in Article 96 of the Convention;
- e. the term "the Convention" means: the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes any Annex adopted under Article 90 of that Convention and any amendment of the Annexes or the Convention under Articles 90 and 94 thereof, insofar as

those Annexes and amendments have become effective for, or been ratified by both Contracting Parties;

- f. the term "Designated Airline" means: the Airline which has been designated and authorized in accordance with Article 3 of this Agreement (Designation and Authorization);
- g. the term "Price" means: any amount charged or to be charged by the airline, directly or through their agents, to any person or entity for the carriage of passengers (and their baggage) and cargo (excluding mail) in air transportation, including:
  - I. the conditions governing the availability and applicability of a Price; and
  - II. the charges and conditions for any services ancillary to such carriage which are offered by the Airline;
- h. the term "Territory" in relation to either Contracting Party shall be deemed to be the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection or mandate of the Contracting Party;
- i. the term "User Charge" means: a charge imposed on Airlines for the provision of airport, air navigation, or aviation security facilities or services including related services and facilities.

## **ARTICLE 2 Grant of Rights**

1. Each Contracting Party grants to the other Contracting Party the following rights for the conduct of international air transportation by the Designated Airline(s) of the other Contracting Party:
  - a. the right to fly across its Territory without landing;
  - b. the right to make stops in its Territory for non-traffic purposes; and
  - c. While operating an Agreed Service on a Specified Route, the right to make stops in its Territory for the purposes of taking up and discharging international traffic in passengers, baggage, cargo and mail, separately or in combination
2. Nothing in paragraph 1 of this Article shall be deemed to grant the right for one Contracting Party's Airline(s) to participate in air transportation between points in the Territory of the other Contracting Party (cabotage).
3. Any intermediate points and/or points beyond may be served by the Designated Airline(s) of one Contracting Party without exercising fifth freedom traffic rights between those points and the Territory of the other Contracting Party. Such fifth freedom traffic rights may, however, be exercised by the Designated Airline(s) of one Contracting Party after having obtained prior approval of the Aeronautical Authorities of the other Contracting Party.

### **ARTICLE 3 Designation and Authorization**

1. Either Contracting Party shall have the right, by written notification through diplomatic channels to the other Contracting Party, to designate two airlines to operate International Air Services on the routes specified in the Annex and to substitute another Airline for an Airline previously designated.
2. On receipt of such notification and of applications from the Designated Airline, in the form and manner prescribed for operating authorizations and technical permissions, either Contracting Party shall, with minimum procedural delay, grant to the Airline so designated by the other Contracting Party the appropriate operating authorizations, provided that the Designated Airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air transportation by the Contracting Party considering the application or applications.
3. Upon receipt of the operating authorization of paragraph 2 of this Article the Designated Airline may at any time begin to operate the Agreed Services, in part or in whole, provided that it complies with the provisions of this Agreement.

### **ARTICLE 4 Revocation and Suspension of Authorization**

1. Each Contracting Party shall have the right to withhold, revoke, suspend or limit the operating authorizations of an Airline designated by the other Contracting Party in the event of any of the following:
  - a. such airline is not able to prove upon request that either:
    - I. the majority ownership and effective control of such airline are vested in the designating State, its nationals, or both; or
    - II. such airline:
      - i. has its principal place of business on the territory of the designating State; and
      - ii. is not majority owned or effectively controlled by any third country, its nationals, or both, where such third country has no existing air services agreements with the Contracting Party seeking to withhold, revoke, suspend or limit the operating authorization.
  - b. in case that Airline has failed to comply with the laws and regulations referred to in Article 10 (Application of Laws, Regulations and Procedures) of this Agreement;
  - c. in case the other Contracting Party is not maintaining and administering the standards set forth in Article 12 (Safety);

- d. in the event of failure by such Airline to qualify before the Aeronautical Authorities of the Contracting Party assessing the authorization, under the laws and regulations normally and reasonably applied to the operation of International Air Services by these Authorities in conformity with the Convention;
    - e. in case the Airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement.
2. Unless immediate action is essential to prevent further non-compliance with paragraph 1 of this Article, the rights established by this Article shall be exercised only after consultation with the other Contracting Party. Unless otherwise agreed by the Contracting Parties, such consultations shall begin within a period of sixty (60) days from the date of receipt of the request.
3. This Article does not limit the rights of either Contracting Party to withhold, revoke, limit or impose conditions on the operating authorization of an Airline or Airlines of the other Contracting Party in accordance with the provisions of Article 13 (Aviation Security).

#### **ARTICLE 5 Prices**

1. Each Contracting Party shall allow Prices for air transportation to be established by each Designated Airline based upon commercial considerations in the marketplace. Intervention by the Contracting Parties shall be limited to:
  - a. prevention of unreasonably discriminatory Prices or practices;
  - b. protection of consumers from Prices that are unreasonably high or restrictive due to the abuse of a dominant position;
  - c. protection of Airlines from Prices that are artificially low due to direct or indirect governmental subsidy or support.
2. Each Contracting Party may require notification to its Aeronautical Authorities of Prices to be charged to or from its Territory by Airlines of the other Contracting Party.

#### **ARTICLE 6 Commercial Activities**

1. The Designated Airline(s) of each Contracting Party shall be allowed:
  - a. to establish in the Territory of the other Contracting Party offices for the promotion and sale of air transportation and ancillary or supplemental services (including the right to sell and to issue any ticket and/or airwaybill, both its own tickets and/or airwaybills of any other carrier) as well as other facilities required for the provision of air transportation;

- b. in the Territory of the other Contracting Party to engage directly and, at its discretion, through its agents in the sale of air transportation and ancillary or supplemental services;
  - c. to sell such transportation and ancillary or supplemental services and any person shall be free to purchase such transportation or services in any currency.
2. In operating or holding out the Air Services on the Specified Routes, each Designated Airline of one Contracting Party may enter into commercial and/or cooperative marketing arrangements including but not limited to blocked-space, code-sharing and leasing arrangements, with any other Airline including an Airline of a third country, provided (a) that the operating carrier in such arrangements holds the appropriate operating authorization, and (b) that tickets make it clear to the purchaser at the point of sale which Airline will actually operate each sector of the service and with which Airline or Airlines the purchaser is entering into a contractual relationship. The code-sharing services of the marketing carrier will not be counted as a frequency.
3. The activities mentioned in this Article shall be carried out in accordance with the laws and regulations of the other Contracting Party.

#### **ARTICLE 7 Fair Competition**

1. Each Contracting Party shall allow a fair and equal opportunity for each Designated Airline to compete in providing the international air transportation governed by this Agreement.
2. Each Contracting Party shall take all appropriate action within its jurisdiction to eliminate all forms of discrimination or unfair competitive practices adversely affecting the competitive position of a Designated Airline of the other Contracting Party.
3. Each Contracting Party shall allow each Designated Airline to determine -within the entitlements contained in the Annex- the frequency and capacity of the international air transportation it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Contracting Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type(s) operated by the Designated Airline(s) of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.
4. Neither Party shall impose on the other Party's Designated Airlines a first-refusal requirement, uplift ratio, no-objection fee, or any other requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.

## **ARTICLE 8 Taxes, Customs Duties and Charges**

1. Aircraft operating on International Air Services by the Designated Airline(s) of either Contracting Party, as well as their regular equipment, spare parts, supplies of fuels and lubricants, aircraft stores as well as advertising and promotional material kept on board such aircraft shall, on the basis of reciprocity, be exempt from all customs duties, inspection fees and similar national or local duties and charges, on arrival in the Territory of the Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.
2. The exemptions provided by this Article shall also be available where a Designated Airline of one Contracting Party has contracted with another Airline, which similarly enjoys such exemptions from the other Contracting Party, for the loan or transfer in the Territory of the other Contracting Party of the items specified in paragraph 1 of this Article.

## **ARTICLE 9 User Charges**

1. User Charges that may be imposed by the competent charging authorities or bodies of each Contracting Party on the Airlines of the other Contracting Party shall be just, reasonable, not unjustly discriminatory, and equitably appointed among categories of users. In any event, any such User Charges shall be assessed on the Airlines of the other Contracting Party on terms not less favourable than the most favourable terms available to any other Airline at the time the charges are assessed.
2. User Charges imposed on the Airlines of the other Contracting Party may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport, airport environmental, air navigation, and aviation security facilities and services at the airport or within the airport system. Such full cost may include a reasonable return on assets, after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

## **ARTICLE 10 Application of Laws, Regulations and Procedures**

1. The laws, regulations and procedures of either Contracting Party relating to the entrance or entry into or departure from its Territory of aircraft engaged in International Air Services, or to the operation and navigation of such aircraft, shall be complied with by the Designated Airline(s) of the other Contracting Party upon entrance into, and until and including departure from, the said Territory.
2. The laws, regulations and procedures of either Contracting Party relating to immigration, passports, or other approved travel documents, entry, clearance, customs and quarantine shall be complied with, by or on behalf of crews, passengers, cargo and mail carried by aircraft of the Designated Airline(s) of the other Contracting Party

upon their entrance into, and until and including their departure from the Territory of the said Contracting Party.

3. Passengers, baggage and cargo in transit across the Territory of either Contracting Party and not leaving the area of the airport reserved for such purpose shall, except in respect of security measures against violence and air piracy, be subject to no more than a simplified control.
4. Neither of the Contracting Parties shall give preference to any other Airline over the Designated Airline(s) of the other Contracting Party in the application of its customs, immigration, quarantine, and similar regulations; or in the use of airports, airways and air traffic services and associated facilities under its control.
5. Each Contracting Party shall, upon request of the other Contracting Party supply copies of the relevant laws, regulations and procedures referred to in this Agreement.

#### **ARTICLE 11 Recognition of Certificates and Licenses**

1. Certificates of airworthiness, certificates of competency and licenses issued, or rendered in reciprocity, by one Contracting Party and still valid, shall be recognized as valid by the other Contracting Party for the purpose of operating the Agreed Services on the Specified Routes, provided that the requirements under which such certificates and licenses were issued, or rendered in reciprocity, are equal to or higher than the minimum requirements which are, or may be in the future, established under the Convention.
2. Each Contracting Party, however, reserves the right to refuse to recognize, for flights above its Territory, certificates of competency and licenses granted to or validated for its own nationals by the other Contracting Party.

#### **ARTICLE 12 Safety**

1. Each Contracting Party may request consultations at any time concerning safety standards in any area relating to aircrew, aircraft or their operation adopted by the other Contracting Party. Such consultations shall take place within 30 (thirty) days of that request.
2. If following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards and requirements in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Contracting Party shall notify the other Contracting Party of those findings and the steps considered necessary to conform with those minimum standards, and that other Contracting Party shall take appropriate corrective action. Failure by the other Contracting Party to take appropriate action within 15 days or such longer period as may be agreed, shall be grounds for the

application of Article 4 of this Agreement (Revocation and Suspension of Authorization).

3. Each Contracting Party shall see to it that each Designated Airline will be provided with communicative, aviation and meteorological facilities and any other Services necessary for the safe operations of the Agreed Services.

### **ARTICLE 13 Aviation Security**

1. The Contracting Parties agree to provide assistance to each other as necessary with a view to preventing unlawful seizure of aircraft and other unlawful acts against the safety of aircraft, its passengers and crew, airports and air navigation facilities and any other threat to the security of civil aviation.
2. Each Contracting Party agrees to observe non-discriminatory and generally applicable security provisions required by the other Contracting Party for entry into the Territory of the other Contracting Party and to take adequate measures to inspect passengers and their carry-on items. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for special security measures for its aircraft or passengers to meet a particular threat.
3. The Contracting Parties shall act in accordance with applicable aviation security provisions established by the International Civil Aviation Organization. Should a Contracting Party depart from such provisions, the other Contracting Party may request consultations with that Contracting Party. Unless otherwise agreed by the Contracting Parties, such consultation shall begin within a period of 60 (sixty) days from the date of receipt of such a request. Failure to reach a satisfactory agreement could constitute grounds for the application of Article 14 of this Agreement.
4. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the Aeronautical Authorities of the first Contracting Party may request immediate consultations with the Aeronautical Authorities of the other Contracting Party. Failure to reach a satisfactory agreement within 15 days from the date of such request shall constitute grounds to withhold, revoke, limit or impose conditions on the operating authorization of an Airline or Airlines of that other Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the expiration of these 15 days.

### **ARTICLE 14 Consultation and Amendment**

1. In a spirit of close cooperation the Aeronautical Authorities of the Contracting Parties may consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement.
2. Either Contracting Party may request consultations with a view to amend this Agreement. These consultations shall begin within sixty (60) days from the date of the receipt of the request by the other Contracting Party, unless otherwise agreed. Such consultations may be conducted through discussion or by correspondence.
3. Any amendment of this Agreement agreed upon by the Contracting Parties, shall come into force on the date on which the Contracting Parties have informed each other in writing, through the exchange of diplomatic notes, of the completion of their respective constitutional requirements.
4. Notwithstanding the provisions of paragraph 3 above any amendment of the Annex to this Agreement shall be agreed upon in writing between the Aeronautical Authorities and shall take effect on a date to be determined by the said Authorities.

#### **ARTICLE 15 Settlement of Disputes**

1. If any disagreement arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place endeavour to settle their dispute by bilateral consultations.
2. If the Contracting Parties fail to reach a settlement by consultation, the dispute may at the request of either Contracting Party be submitted for decision to the International Court of Justice.
3. The Contracting Parties undertake to comply with any decision given under paragraph 2 of this Article.

#### **ARTICLE 16 Duration and Termination**

1. Either Contracting Party may, at any time, give notice in writing through diplomatic channels to the other Contracting Party of its decision to terminate this Agreement.
2. Such notice shall be simultaneously communicated to the International Civil Aviation Organization. In such case this Agreement shall terminate 12 (twelve) months after the date of receipt of the notice by the other Contracting Party unless the notice to terminate is withdrawn by agreement between the Contracting Parties before the expiry of this period. In the absence of acknowledgement of receipt of the notice of termination by the other Contracting Party, such notice shall be deemed to have been received fourteen (14) working days after the receipt of that notice by the International Civil Aviation Organization.

### **ARTICLE 17 Registration with ICAO**

This Agreement shall be registered with the International Civil Aviation Organization.

### **ARTICLE 18 Applicability of Multilateral Agreements and Conventions**

1. The provisions of the Convention shall be applicable to this Agreement.
2. If a multilateral agreement or convention, accepted by both Contracting Parties, concerning any matter covered by this Agreement, enters into force, the relevant provisions of that multilateral agreement or convention shall supersede the relevant provisions of this Agreement.
3. The Contracting Parties may consult each other to determine the consequences for the Agreement of the supersession, as mentioned under paragraph 2 of this Article and to agree upon required amendments to the Agreement.

### **ARTICLE 19 Entry into Force**

This Agreement shall come into force on the first day of the second month following the date on which the Contracting Parties have informed each other in writing that the formalities, constitutionally required therefore in their respective countries, have been complied with.

## **Annex to Appendix 3**

### **Route Schedule**

to the Air Services Agreement between the Government of the State of Atlantis and the Government of the State of Midgard.

1. The Designated Airline(s) of the Government of the State of Atlantis shall be entitled to operate Air Services on the route specified hereunder:  
points behind - points in Atlantis - intermediate points - points in Midgard - points beyond and vice versa.
2. The Designated Airline(s) of the Government of the State of Midgard shall be entitled to operate Air Services on the routes specified hereunder:  
points behind - points in Midgard - intermediate points - points in Atlantis - points beyond and vice versa.
3. Any or all of the intermediate points and/or points beyond on the Specified Routes may, at the discretion of each Designated Airline, be omitted on any or all of the flights, provided that those flights originate, respectively terminate in the Territory of the Contracting Party which has designated the Airline.
4. Each Designated Airline shall be allowed to operate flights on the routes mentioned above in any combination and in any order, without restrictions as to the frequency and aircraft type, in any configuration.
5. Each Designated Airline shall have the right to exercise own stop-over rights at all intermediate and all beyond points.
6. Each Designated Airline may combine different flight numbers within one aircraft operation.
7. Each Designated Airline may serve points behind any point in its territory with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services.