

*9 January 2012*

# Screening Report Iceland

## Chapter 14 – Transport Policy

**Date of screening meetings:**

Explanatory meeting: 4-5 May 2011

Bilateral meeting: 8-9 June 2011

## I. CHAPTER CONTENT

EU transport policy is aimed at sustainable mobility combining Europe's competitiveness with the welfare of its citizens, hereby contributing to greater safety, security and enhanced rights. It is an essential component of the Lisbon strategy and contributes to the EU's social and territorial cohesion. The objectives of EU transport policy are: to improve the functioning of the internal market by promoting safe, competitive, resource efficient, environmentally sound, user-friendly and effectively integrated transport system offering a high level of sustainable mobility throughout the Union, protecting the environment, promoting labour and qualification standards for the sector and protecting safety and security of the citizens. The EU's sustainable transport policy requires the integrated, interoperable and interconnected transport system to meet society's economic, social and environmental needs.

Transport policy is governed by Title VI, Articles 90-100 of the Treaty on the Functioning of the European Union. A significant part of the *acquis* consists of binding and directly applicable legislation in the form of regulations and decisions. The remaining *acquis* in this chapter mostly consists of directives that need to be transposed into the legal system of the country.

The *acquis* under this chapter covers road transport, rail transport, inland waterways transport, combined transport, air transport, maritime transport and satellite navigation.

Substantial parts of the *acquis* in this chapter are covered by the EEA Agreement, notably through its Annex XIII.

## II. COUNTRY ALIGNMENT AND IMPLEMENTATION CAPACITY

This part summarises the information provided by Iceland and the discussion at the screening meeting as well as the additional information forwarded by Iceland after the meeting. Iceland indicated that it can accept the *acquis* regarding transport but that it will request special attention during negotiations as regards derogations and adaptations that it has already negotiated, or is in the process of negotiating, in the framework of the EEA Agreement in the area of the road transport *acquis* (access to the road haulage market and driving time and rest periods), the air transport *acquis* (single European sky, market operation and aviation security legislation) as well as on the summer - time arrangements.

### IIa. Road transport

#### *Road charging*

Iceland stated that Directive 99/62 on the charging of heavy goods vehicles for the use of certain infrastructures, amended by Directive 2006/38, has been transposed by the Icelandic Road Act 80/2007. Iceland informed that a bi-annual vehicle tax based on CO<sub>2</sub> emissions is levied on all motor vehicles and that the minimum level of the tax is aligned with the levels outlined in Annex I to the Directive. Iceland informed that it also applies a tax per kilometre on all vehicles weighing over 10 tons which is in line with Annex II of the Directive. The taxes are a source of income for the Road Administration for building and maintenance of the road system in Iceland. The Directorate of Customs and the Directorate of Internal Revenue within the Ministry of Finance are responsible for the collection of the taxes. Iceland indicated that it will have no difficulty in fully applying EU rules on road charging by the date of accession.

Regarding the accounting system for expenditure on infrastructure in respect of transport by rail, road and inland waterway, Iceland informed that Regulation (EEC) No 1108/70

introducing an accounting system for expenditure on infrastructure in respect of transport by rail, road and inland waterway was transposed by Icelandic Regulation 440/2008 on the same subject.

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

Iceland informed that Directive 96/26/EC on access to the haulage market has been transposed by Act 73/2001 on passenger transport and haulage operations on land and Regulation No 100/2006 on road haulage operations. However, Iceland stated that the new EU legislation on road haulage operator (Regulation 1071/2009), access to the international road haulage market (Regulation 1072/2009) and coach and bus services (Regulation 1073/2009), of which the latter two also regulate the cabotage operations, have not yet been implemented in Iceland as these acts are applicable from 4 December 2011. Moreover, Iceland has submitted an application in the framework of the EEA Agreement for an adaptation text related to Article 29 of EU Regulation 1073/2009 which amends Article 8 of EU Regulation 561/2006 by reinstating the so called "twelve days rule". This Article refers to the possibility to postpone the weekly rest period of a driver for up to twelve consecutive 24-hour periods following a previous regular weekly rest period when the driver is engaged in a single occasional service of international carriage of passengers.. Iceland has requested to apply this provision also to national occasional services within its territory given the size and the specificities of the country. Iceland flagged this issue as requiring specific attention during the negotiations in this chapter. Otherwise, no problems are foreseen in fully implementing rules on cabotage in road haulage and in coach and bus services. The responsible authority for enforcing this legislation is the Road Administration.

Iceland informed that the "own account" cabotage rules (EU Regulation 792/94), the common rules for international carriage of passengers by coach and bus (EU Regulation 684/92 as amended), and the models of documents for passenger transport (EU Regulation 2121/98) have been transposed in Act 73/2001 on Transport of Passengers and Haulage Operations on Land.

As regards Council Decisions 2002/917 and 2010/308 on the "Interbus Agreement" on international occasional carriage of passengers by coach and bus, Iceland stated that the decisions are not implemented as it is not part to the EEA Agreement and there are currently no operators of this kind of services in Iceland. However, Iceland does not foresee any problems as regards full implementation of the "Interbus Agreement" by the date of accession.

As for the *fixing of rates for the carriage of goods* by road between Member States (EU Regulation 4058/89), Iceland stated that it has aligned its legislation by Act 33/1995. There are no limitations on the transport rates and prices in Iceland; free competition is ensured including for national transport. The application of the rules of Regulation 11 from 1960 on abolition of discrimination in transport rates and conditions as amended by Regulation 569/2008 is ensured by Article 50 of the EEA Agreement.

EU Regulation 3912/92 on the controls carried out within the EU in the field of road and inland waterway transport in respect of means of transport registered or put into circulation in a third country, and Regulation 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 implemented by Iceland. According to Iceland, no problems are foreseen for their implementation by the date of accession.

## *Social Conditions*

Iceland informed that EU Regulation 561/2006 on the harmonisation of certain social legislation relating to road transport, and Directive 2006/22 laying down the minimum conditions for the implementation of the road transport social legislation, as amended (Directives 2009/4 and 2009/5) have been transposed by the Road traffic Safety Act 50/1987 and Regulation 605/2010. Iceland stated that it will apply the harmonised reporting form required by Directive 2006/22 as of the date of accession. EU Regulation 561/2006, particularly the application of its articles 6 and 7 with regard to the carriage of perishable foodstuffs, was flagged by Iceland as requiring special attention during the negotiations. In June 2010, the EFTA Surveillance Authority (ESA) granted Iceland temporary exemptions on these articles extending the maximum uninterrupted driving time from four and a half hours to five hours in the case of carriage of perishable foodstuffs. In January 2011, Iceland requested permanent exemptions on these articles in the framework of the EEA Agreement. Iceland indicated that it would like to keep these exemptions also after accession.

Iceland explained that the legislation on tachographs (EU Regulation 3821/85 as amended) has been transposed into the Icelandic Road traffic Act and Regulations 572/95 and 661/2006, except for EU Regulation 1266/2009 whose implementation is planned by the end of 2011. Iceland informed that only accredited workshops to standards EN 45000 and EN ISO/IEC 17000 can install and repair digital tachographs. The accrediting workshops are under the supervision of the Public Road Administration. Iceland participates in the TACHOnet network for exchange of data among Member States that issue tachograph cards. As regards administrative capacity, the Road Traffic Directorate oversees the enforcement of the rules on driving times and rest periods. The police investigate reports of breaches.

Regarding the form concerning road transport social legislation (Decision 2007/230, amended by 2009/259), Iceland considers that the current forms in use are in line with the *acquis*. Furthermore, enforcement authorities have taken notice of the Commission Recommendation 2009/60 on guidelines for best enforcement practice concerning checks of recording equipment to be carried out at roadside checks and by authorised workshops.

Iceland informed that the *acquis* on the organisation of the working time of persons performing mobile road transport activities, including the self-employed workers (Directive 2002/15) has been transposed with the Icelandic Road Traffic Act 50/1987 and Regulation 690/2006, as amended by Regulation 564/2009.

### *Technical and safety conditions – transport of dangerous goods.*

Regarding roadworthiness tests (Directives 2009/40) and roadside inspection of commercial vehicles (Directive 2000/30 amended by 2003/26), the Icelandic legislation has been aligned through the Road Traffic Act 50/1987 and Regulation 8/2009 on inspection of vehicles. Iceland stated that Directives 2010/48 and 2010/47, adapting the above Directives to the technical progress will be implemented after their incorporation into the EEA Agreement. Authorised private inspection centres, supervised and monitored by the Road Traffic Directorate, perform the inspection 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 inspection.

EU Directives 92/6 and 2002/85 on the *installation and use of speed limitation devices* have been transposed into the Icelandic legal order by the Road Traffic Act and by Regulation 822/2004 on design and equipment of vehicles. The legislation is enforced by the Road Traffic Directorate which specifies methods of inspections of speed limitation devices that special accredited workshops perform according to Icelandic Regulation 71/1998 on installation of

speed limitation devices in motor vehicles and Regulation 822/2004 on design and equipment of vehicles. The Icelandic Road Traffic Act and Regulation 822/2004 transpose also EU Directive 2007/38 on the retrofitting of mirrors to heavy goods vehicles. The Road Traffic Directorate issues guidelines on permissible deviations based on the Directive.

Regarding the *compulsory use of safety belts and child-restraint systems in vehicles*, Iceland informed that EU Directive 91/671, amended by Directive 2003/20, has been introduced into the Icelandic legal order by the Road Traffic Act and Regulation 347/2007 on the use of safety and protection equipment in vehicles. Concerning *registration documents for vehicles*, Iceland stated that EU Directive 1999/37 as amended (Directives 2003/127 and 2006/103) has been transposed by the Road Traffic Act and Regulation 751/2003 on registration of vehicles. As for the recognition in intra-EU traffic of the *distinguishing sign* of the Member State in which motor vehicles and their trailers are registered (EU Regulation 2411/98), Iceland informed that it does not currently require other EEA Member States to display distinguishing signs when travelling by car in Iceland.

The *driving licenses* Directive (91/439 as amended) and the Directive on *the initial qualification and periodic training of drivers* (2003/59) have been transposed by the Road Traffic Act 50/1987 and Regulation No 501/1997 amended by Regulation 760/2006, now Regulation 830/2011 on driving licences. The categories of driving licences are, according to Iceland, largely in line with the Directive, except for the minimum age for driving a passenger car that is currently set up at 17 years. A draft Road Traffic Bill pending for adoption by the Icelandic Parliament, introduces the minimum age of 18 years in order to ensure full alignment. Iceland stated that the recast Directive 2006/126, as amended by Directive 2009/113, is implemented by a new Icelandic Regulation on driving licenses No 830/2011. The new Regulation also stipulates that Directive 2003/59/EC will be applicable as of 10 September 2013 as regards compulsory courses on the minimum level of training for certain drivers engaged in the carriage of goods or passengers by road. Training will be performed according to a study programme which is currently in draft form. The enforcement of this legislation is performed by the Road Traffic Directorate which is in charge of the approving and supervising training centres for initial and periodic training and for the organisation and supervision of driving exams. Iceland stated that by 2016 all drivers in long haul and passenger transport in Iceland have to pass a periodic training course in order to maintain their certificate of professional competence (CPC). Regarding administrative capacity, there are 6 permanently manned and 7 "on a needs basis" test centres, and 14 examiners oversee driving examinations.

Directive 2004/54 on minimum *safety requirements for tunnels* in the trans-European road network has been transposed with the Icelandic Road Traffic Act and Regulation 992/2007 on safety requirements in tunnels. Iceland informed that there are only two tunnels in Iceland that fall within the scope of the Directive and they are already technically in compliance.

Regarding *road infrastructure safety management*, Iceland informed that Directive 2008/96 has been implemented by Regulation 866/2011 envisaging the provisions of the Directive apply both to the TEN-T roads and the highway network (roads according to Art. 8 of the Road Act 80/2007). Iceland considers that its legislation on *weights and dimensions of vehicles* (Road Traffic Act and Regulation 155/2007) is mostly aligned with Directive 96/53 and the subsequent adaptations to technical progress, except for the maximum length of combination of tractor plus semi-trailer for which an exemption was negotiated in the framework of the EEA Agreement allowing for maximum length of 25,25 m (whilst the Directive fixes that limit at 16.5 m), provided that the length of semitrailer does not exceed 13.6 m, the tractor and semitrailer is fitted with braking system and driving is limited to restricted routes indicated in Annex IV of the Regulation. This issue will require special attention during the accession negotiations.

Regarding *transport of dangerous goods*, Iceland acceded to the European Agreement concerning the international carriage of dangerous goods by road (ADR) in February 2011. The Directives on the inland transport of dangerous goods and on uniform procedures for checks with subsequent amendments (2008/68, 95/50), only apply to road transport, in the absence of rail and inland waterways transport in Iceland, and have been transposed by the Icelandic Road Traffic Act and Regulation 1077/2010. Iceland informed that the used checklists are not completely in line with Annex I of Directive 95/50 and plans to have the lists updated. The checks are performed by the police. The implementation of the predecessor of the current *transportable pressure equipment* Directive 2010/35/EU (i.e. Directive 1999/36/EC) was ensured by the Administration of Occupational Safety and Health but Iceland will reconsider whether it would be more effective to manage this Directive by transport authorities. The EC Directive was transposed by Regulation 762/2001, based on Act 46/1980 on the working environment, health and safety in the workplace. The new EU Directive 2010/35 repealing Directive 99/36 as of 1 July 2011 has not yet been implemented. Iceland plans to implement it in the beginning of 2012. Though this Directive modifies a number of technical provisions, the main objectives and approach are identical to the repealed Directive 99/36.

A total number of seventeen employees in the Road Administration, the road traffic Directorate and the Administration of occupational safety and health in Iceland enforce the social, technical and safety legislation in the field of road transport.

## **II.b. Rail transport**

### *Market and infrastructure access – standardisation of accounts and statistics*

The EU Railway legislation has been incorporated into the EEA agreement. However, as there are no railways in Iceland, it is not implemented in Iceland. Iceland does not foresee any difficulties in implementing the EU legislation, particularly Directive 95/18/EC on a licensing body and Directive 2008/57/EC on interoperability concerning the possibility of placing interoperability constituents into service in the EU, by the date of accession.

## **II.c. Inland waterways transport**

The EU legislation in the field of inland waterways has been incorporated into the EEA agreement. However, as no passenger or cargo transport is carried out on inland waterways in Iceland, except for one passenger vessel operating on Lake Lögurinn in northeast Iceland in the summer, it is not implemented in Iceland. Iceland stated that the implementation of the legislation in this field by the date of accession is not problematic. The Maritime Administration under the supervision of the Ministry of Interior is in charge of registration and control (survey) of boats.

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

Iceland informed that it has transposed and implements Directive 92/106 on *combined transport of goods* between Member States, as amended by Directive 2006/103/EC by Act 73/2001 on passenger and goods transport. The application of this Directive in Iceland is limited due to geographical reasons and the absence of railways in the country. Iceland informed that no state aid measures or schemes are in force in the sector of combined transport within the meaning of Article 1 of this Directive. Concerning Iceland's participation in the Marco Polo Programme (EU Regulation 1692/2006, amended by Regulation 923/2009), it was underlined that rarely, if ever, have Icelandic companies acceded to financing as the thresholds are too high

Regarding the promotion of *clean and energy-efficient road transport vehicles* and the *deployment of intelligent transport systems* in the field of road transport, Iceland stated that Directives 2009/33 and 2010/40 will be implemented in Iceland in the first half of 2012.

Directive 2004/52 on the *interoperability of electronic road toll systems* and Decision 2009/750 on the definition of the European Electronic Toll Service are EEA relevant but not yet incorporated into the EEA Agreement. Iceland does not foresee any difficulties in implementing the EU legislation by the date of accession. There are no electronic toll systems in place in Iceland.

### ***General Issues Affecting All Modes of Transport***

Iceland stated that it has a good level of alignment with EU legislation regulating passenger rights in all modes of transport.

EU Regulation 261/2004 on compensation and assistance to passengers in the event of *denied boarding* and of cancellation or long delay of flights (repealing Regulation 295/91) has been implemented by Regulation 574/2005 of the same title. EU Regulation 1107/2006 concerning the *rights of disabled persons* and persons with reduced mobility when travelling by air has been implemented by Regulation 475/2008 of the same title, and EU Regulation 2027/97 on *air carrier liability in the event of accidents*, amended by Regulation 889/2002 has been implemented into the Icelandic legal order by Chapter 10 of the Aviation Act 60/1998 and amendments to that chapter.

*Concerning the rights of passengers in bus and coach*, Iceland stated that EU Regulation 181/2011 that will apply from 1 March 2013, and will amend EU Regulation 2006/2004, has not yet been incorporated in the EEA Agreement. Iceland stated that it will implement Regulation 1177/2010 on rights of passengers travelling by sea and inland waterway once it applies in December 2012.

### ***General measures***

EU Regulation 1370/2007 *on public passenger transport services by rail and by road* (repealing Regulations 1191/69 and 1107/70) has been transposed by Regulation 128/2011 based on Road Traffic Act 80/2007. The Regulation entered into force in Iceland in January 2011 and is implemented by the Public Road Administration under the Ministry of Interior.

Regarding the *summer-time arrangements*, Iceland indicated that Directive 2000/84 has not been implemented in Iceland and it flagged this issue as requiring special attention during the negotiations. Considering its specific geographical location, Iceland doubts the relevance of this Directive with the purpose of day-light saving during the summer.

## **II.e Maritime transport**

### ***Market access***

Iceland stated that its legislation is fully aligned with the EU Regulations on freedom to provide services (4055/86), maritime cabotage (3577/92), transfer of cargo and passenger ships between registers (789/2004) and action to safeguard free access to cargoes in ocean trades (4058/86). The Regulations have been transposed through Notices 572/1993, 563/1998, 572/1993 and 442/1994 on the entry into force of provisions according to the EEA Agreement regarding maritime transport.

Iceland informed that 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. This involves registration of ships and maintaining the register.

#### *International relations*

Iceland stated that EU Regulation 4057/86 on unfair pricing practices in maritime transport and Decision 77/587 are fully transposed into Icelandic legislation (Notice 572/1993). Iceland stated that Decision 92/143 on radio navigation systems for Europe and Regulation 2158/93 on amendments to the 1974 International Convention for the safety of life at sea (SOLAS), and to the 1973 International Convention for the prevention of pollution from ships (ICPPS), are also fully transposed into Icelandic legislation (Notice 442/1994).

#### *International agreements*

Regarding the international Convention on liability and compensation for damage in connection with the carriage of hazardous and noxious substances by sea (HNS Convention), the Convention on the establishment of an international fund for compensation for oil pollution damage (IOPC Convention), and the Convention on a Code of Conduct for Liner Conferences, Decision 2002/971, Decision 2004/246, amended by 2004/664, and Regulation 1490/2007 have not yet been implemented in Iceland. Iceland stated that it foresees no difficulties with ratifying the Conventions by the date of accession.

#### *Technical and safety conditions*

Iceland has ratified most of the Conventions and instruments adopted by International Maritime Organisation (IMO), e.g. the International Convention for the Safety of Life at Sea (SOLAS), international Convention on standards of training, certification and watchkeeping for seafarers (STCW), international Convention on standards of training, certification and watchkeeping for fishing vessel personnel (STCW-F), Load Lines, the international Convention for the prevention of pollution from ships (MARPOL), Convention on the international regulations for preventing collisions at sea (COLREG), international Convention on maritime search and rescue (SAR), Convention for the suppression of unlawful acts against the safety of maritime navigation (SUA) and they have been implemented and enforced in the provisions of Icelandic laws and regulations. According to Iceland, it has also fulfilled the International Labour Organisation (ILO) standards.

Regarding the *recognized organisations*, Iceland considers Directive 2009/15 and Commission Decisions 2009/491 and 2009/78 (Polish Register) as fully transposed into Icelandic legislation by Ship Survey Act 47/2003 and by Regulation 142/2004 on the recognition of classification societies and on rules and standards for institutions responsible for carrying out ship survey and control. EU Regulation 391/2009 (recast) is not yet incorporated into the EEA Agreement but Iceland stated that no problems are foreseen for its implementation by the date of accession.

With regard to the *flag state control requirements*, Iceland stated that Directive 2009/21 will be transposed by Iceland as soon as it has been incorporated into the EEA Agreement.

As for *port state control*, Directive 2009/16 (amended by 428/2010, 801/2010 and 802/2010), and Directive 96/40 (identity card) are transposed into Icelandic legislation by the Ship Survey Act 47/2003 and Regulation 589/2003 on port state control. An updated Icelandic Regulation N 816/2011, incorporating the 2010 EU amendments to Directive 2009/16/EC, was published in August 2011. Iceland has been a party to the Paris MoU on Port State Control since July 2000. According to a notice from Schengen and SafeSeaNet, there were 351 single ship arrivals to Iceland in 2010. A total of 106 ships were inspected, which amounts to 30.2% of foreign ship arrivals in Iceland. The flag state and port state related activities fall within the



duties of the Maritime Administration and are divided between the Maritime Security Section and the Port State Control Section. The Maritime Administration has a staff of three to carry out inspections.

Iceland stated that the *vessel traffic monitoring* (VTM Directive 2002/59 amended by 2002/84) is fully transposed into Icelandic legislation by Act 41/2001 and Regulation 672/2006 on the maritime traffic service. The other amendments to the VTM Directive (2009/17, 2009/18 and 2011/15) are not yet incorporated into the EEA Agreement. Iceland foresees no problems to implement them by the date of accession. The Icelandic SafeSeaNet system has passed all commissioning tests by the European Maritime Safety Agency (EMSA) and is fully operable. Iceland is running one vessel traffic service (VTS) station and 31 automatic identification system (AIS) base stations for monitoring traffic and 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 VTS station was established in 2004 and is under the responsibility of the Icelandic Maritime Administration which has entered into a service agreement with Emergency Iceland (112), the Coast Guard, and the Icelandic Association for Search and Rescue (ICE-SAR).

Iceland informed that its legislation on *international safety management code* is fully aligned with EU Regulation 336/2006 (amended by EU Regulation 540/2008) by Act 76/2001 on crews serving on board Icelandic passenger ships and cargo ships and Regulation 337/2009.

Regarding *pilotage* Iceland stated that Directive 79/115 is fully transposed into Icelandic legislation by Notice 569/1993 on the entry into force of the provisions on ship pilotage of deep sea pilots according to the EEA Agreement (*consistency of terminology*).

With regard to *reporting formalities*, Directive 2010/65 repealing Directive 2002/6 has not yet been incorporated into the EEA Agreement. Iceland is currently applying the repealed Directive via Regulation 869/2004 on reporting formalities for ships arriving in and/or departing from EEA Member States. Iceland stated that a new Regulation aligning with Directive 2010/65 is currently in the process of drafting.

Iceland informed that its legislation on *marine equipment* (ship survey Act 47/2003 and Regulation 589/2004 on marine equipment, with later amendments) is fully aligned with the EU Directive in this field (96/98, amended by 98/85, 2001/53, 2002/75, 2008/67, 2009/26, 596/2009 and 2010/68).

The EU legislation on *passenger ships* (Directive 1999/35 on a system of mandatory surveys for the safe operation of regular ro-ro ferry and high-speed passenger craft services amended by 2002/84, 2009/18, 2003/25) is transposed by ship survey Act 47/2003 and Regulation 595/2004 on the inspection of ro-ro ferries and high speed passenger craft engaged in international voyages.

*Regarding the safety of fishing vessels*, Iceland stated that Directive 97/70/EC on safety of fishing vessels (amended by 1999/19, 2002/35 and 2002/84) is fully transposed by ship survey Act 47/2003 and Regulation 122/2004. A safety-management system is prepared for fishing vessels involving a manual where special emphasis will be placed on the human element in the working environment of fishing vessels. Manuals, brochures and audiovisual material on safety matters are prepared and issued on a regular basis.

As regards *oil tankers*, Iceland informed that EU Regulation 417/2002 (amended by EU Regulation 2099/2002, 1726/2003, 2172/2004, 457/2007 and 1163/2009) is fully transposed into Icelandic legislation with the ship survey Act 47/2003 and Regulation 1110/2008 on the design of oil tankers. Regarding *bulk carriers*, Iceland stated that Directive 2001/96, amended

by 2002/84 is fully transposed into Icelandic legislation by ship survey Act 47/2003 and Regulation 204/2004.

Regarding Accident investigation, Directive 2009/18 which entered into force on 17 June 2011 and amends Directives 1999/35 and 2002/59 was incorporated into the EEA Agreement on 1<sup>st</sup> July 2011. The Directive is currently translated and its implementation is foreseen in the near future.

As for *the insurance of ship-owners for maritime claims*, Directive 2009/20, that is to be transposed by the Member States before 1 January 2012, is EEA relevant and a bill is currently being prepared for its timely implementation.

EU Regulation 2009/2002 on the Committee on safe seas and the prevention of pollution from ships (COSS), amended by Regulations 415/2004 and 93/2007, is fully transposed into Icelandic legislation by ship survey act 47/2003 and Regulation 652/2009 establishing COSS. The Icelandic Maritime Administration (IMA) participates in COSS meetings. Regarding the establishment of a *European Maritime Safety Agency (EMSA)*, EU Regulation 1406/2002, amended by 1644/2003, 724/2004 and 2038/2006 is fully transposed into Icelandic legislation by IMA Act 6/1996 and Regulation 1138/2007. The Director General of IMA participates in the EMSA Administrative Board meetings and has the right to speak and present proposals.

### ***Environmental conditions***

Iceland considers its legislation on *ship-generated waste* at a good level of alignment with the *acquis*. Directive 2000/59, amended by Directives 2002/84 and 2007/71, is fully transposed into Icelandic legislation by Act 33/2004 on marine and coastal antipollution measures and Regulation 792/2004 on the reception of waste from ships as amended by Regulation 463/2011. As regards the *Organotin compounds*, EU Regulation 782/2003, amended by EU Regulation 536/2008 is fully transposed into Icelandic legislation by Act 33/2004 and Regulation 824/2005 on the control of harmful anti-fouling systems on ships, amended by Regulation 827/2010. Iceland stated that Directive 2005/35 on *ship-source pollution*, amended by 2009/123, is not yet incorporated into the EEA Agreement, but that its implementation by the date of accession is not problematic.

### ***Maritime Security***

Regarding *maritime security*, Iceland stated that EU Regulation 725/2004 on enhancing ship and port facility security (amended by Commission Decision 2009/83), Directive 2005/65, EU Regulation 324/2008 and Commission Recommendation from 11 March 2010 are fully transposed into Icelandic legislation by the Act on maritime security 50/2004 cf. amendments 18/2007, Regulation 474/2007 on ship and port security, and Regulation 265/2008 on the implementation of maritime security. Maritime security in Iceland is thus in compliance with all relevant EU *acquis*. The Ministry of Interior is responsible for maritime security affairs and their implementation is ensured by the Icelandic Maritime Administration (IMA) under the Ministry. The MA has 65 employees. In practice the MA, the Directorate of Customs, the National Commissioner of the Icelandic Police (NCIP) and the Coast Guard (140 employees) enforce the law and the Regulation on maritime security.

### ***Social aspects***

Directive 2008/16 on the minimum level of *training for seafarers*, amending 2005/45 and Decisions 2010/361 (Israel), 2010/363 (Algeria), 2010/705 (Georgia) and 2010/704 (Sri Lanka) are implemented in Iceland by Act 76/2001 on crews serving on board Icelandic passenger ships and cargo ships and by Regulation 599/2001 on watch keeping arrangements on board Icelandic passenger ships and cargo ships. The Icelandic Maritime Administration

(IMA) issues all STCW Certificates of Competency to Icelandic seafarers, currently around 700. IMA is also responsible for controlling that education in maritime colleges meets the requirements of International Conventions. Iceland has ratified the Convention on training and certification of seafarers (STCW) and is on the White List of the International Maritime Organisation (IMO).

The *working time* Directive (1999/63) is implemented in Iceland with Act 76/2001 on crews serving on board Icelandic passenger ships and cargo ships and with Regulation 680/2004, amended by 1019/2006. Directive 2009/13/EC, implementing the Agreement concluded by the European Community shipowners' associations (ECSA) and the European transport workers' Federation (ETF) on the maritime labour Convention and amending Directive 1999/63/EC, is currently being translated and implementation is foreseen after incorporation into the EEA Agreement. No problems are foreseen by Iceland for its implementation.

## **II.f. Air transport**

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

Iceland stated that the four *single European sky I* (SES I) Regulations (549/2004, 550/2004, 551/2004, 552/2004) are transposed by Icelandic Regulation 870/2007 on air navigation services within the SES, and that all the implementing rules to the regulations are fully transposed in different legal acts. Regarding *air navigation services*, Iceland stated that EU Regulations 2096/2005 and 668/2008 (amending Annexes II to V of the latter) have been transposed with Regulation 631/2008 on licensing in air navigation services and amendments to that regulation. The same national legislation also transposes EU Regulation 482/2008 establishing a *software safety assurance system*. *The safety oversight in air traffic management* (EU Regulation 1315/2007 amending 2096/2005) was transposed with an amendment to Regulation 631/2008 and Regulation 354/2009. EU Regulation 730/2006 on *airspace classification* and access of flights operated under visual flight rules above flight level 195 has been transposed by Regulation 600/2008 of the same title. EU Regulation 2150/2005 on the *flexible use of airspace* has been transposed by Regulation 1045/2007 of the same title. EU Regulation 262/2009 on the coordinated allocation and use of Mode S interrogator codes for the SES has been transposed by Regulation 693/2010 by the same title. EU Regulation 1265/2007 on *air-ground voice channel spacing* for the SES has been transposed by Regulation 1085/2008 by the same title. EU Regulation 633/2007 laying down requirements for the application of a *flight message transfer protocol* used for the purpose of notification coordination and transfer of flights between air traffic control units has been transposed by Regulation 108/2009 by the same title. EU Regulation 1033/2006 on procedures for *flight plans in the pre-flight phase* for the SES has been transposed by Regulation 602/2008 by the same title. EU Regulation 1032/2006 for *automatic systems for the exchange of flight data* for the purpose of notification, coordination and transfer of flights between air traffic control units (amended by Regulation 30/2009) has been transposed by Regulation 601/2008 by the same title and amendment to that regulation. EU Regulation 29/2009 laying down requirements for *data link services* for the SES has been transposed by an amendment to Regulation 601/2008. EU Regulation 1794/2006 on common charging scheme for air navigation services has been transposed by Regulation 1020/2008 on a common charging scheme for air navigation services. However, the issue of the charging schemes (article 14 of Regulation 550/2004 on air navigation service provision in SES) was flagged by Iceland as requiring special attention during the negotiations and requiring possible adaptations due to its airspace being wholly within the International Civil Aviation Organisation (ICAO) North-Atlantic (NAT) region.

Regarding *the SES II legislation*, Iceland flagged EU Regulation 1070/2009, amending Regulations 549/2004, 550/2004, 551/2004 and 552/2004, as requiring special attention during the negotiations due to the possible exclusion of the NAT region from the scope of some of the

SES II regulations. Iceland indicated that it 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 a low traffic density oceanic area. The airspace governed by Iceland has a joint boundary with a block of non-EU countries where the planning activities are coordinated and governed by ICAO and implemented on the basis of the North Atlantic air navigation plan. Iceland stated that a number of Regulations<sup>1</sup> will be transposed as soon as a solution for Regulation 1070/2009 has been found.

EU Regulation 219/2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic Management system (*SESAR*), amended by 1361/2008, is not EEA relevant and has therefore not been incorporated into Icelandic law. Iceland stated that it does not foresee any problems with participating in *SESAR* by the date of accession.

Regarding the *Code of Conduct for computerised reservation systems*, EU Regulation 80/2009 repealing 2299/89 has not been incorporated into the EEA. It will be incorporated once EU Regulation 216/2008 on the common rules in civil aviation and establishing a European Aviation Safety Agency becomes part of the EEA Agreement.

Regarding the requirements for *insurance for air carriers and aircraft operators*, EU Regulation 785/2004 has been transposed through Regulation 78/2006 on insurance requirements for aviation. Iceland stated that Regulation 285/2010 specifying the minimum insurance cover was transposed by an amendment to article 108 of the Aviation Act 60/1998, which entered into force in July 2011.

### ***Market operation***

Regarding *conditions for licensing of air carriers*, EU Regulation 1008/2008 on common rules for operation of air services in the EU has not yet been incorporated in the EEA. Iceland flagged this issue as requiring special attention during the negotiations in particular with regard to Article 16(9). Iceland is of the opinion that it should 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 (formerly Article 299(2) of the EC Treaty).

### ***Airport policy***

Regarding *access to the ground handling market at EU airports*, Iceland stated that it has transposed EU Directive 96/67 by Regulation 1186/2008 of the same title. Regarding Article 14 of Directive 96/67 and the possibility to make the activity of a ground handling agent at an airport conditional upon obtaining an approval, Iceland informed that at this point there is no approval system for ground handling agents in place; however, under the monitoring of the Icelandic Civil Aviation Administration, the airport service provider "Isavia" is identifying demands and setting standards for individuals and companies who are, or will be, authorized to operate within an airport area.

As regards *slots allocation*, Iceland informed that it has transposed EU Regulation 95/93 through Regulation 1050/2008 and an amendment to it. EU Regulation 545/2009 amending 95/93 has been implemented by Regulation 840/2009.

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<sup>1</sup> Regulation 73/2010 laying down requirements on the quality of aeronautical data and aeronautical information for the Single European Sky; Regulation 255/2010 laying down common rules on air traffic flow management; Regulation 691/2010 laying down a performance scheme for air navigation services and network functions and amending Regulation 2096/2005 laying down common requirements for the provision of air navigation services; Regulation 929/2010 amending Regulation 1033/2006 as regards the ICAO provisions referred to in Article 3(1); Regulation 1191/2010 amending Regulation 1794/2006 laying down a common charging scheme for air navigation services; Regulation 176/2011 on information to be provided before the establishment and modification of a functional airspace block; Regulation 283/2011 amending Regulation 633/2007 as regards the transitional arrangements referred to in Article 7; Decision 2011/121/EU setting the European Union-wide performance targets and alert thresholds for the provision of air navigation services for the years 2012 to 2014

Directive 2009/12 *on airport charges* has not been incorporated into the EEA-Agreement. Iceland stated that it has nevertheless been transposed by amendments to the Aviation Act 60/1998 and Regulation 947/2010 on the work of consultation bodies.

### ***Aviation Security***

Iceland informed that EU Regulations 300/2008 on common rules in civil aviation security and 272/2009 are transposed into the Icelandic legal order by Regulation 361/2005 on aviation security, replaced by Regulation 985/2011. EU Regulation 300/2008 (repealing 2320/2002) has been incorporated into the EEA Agreement with an adaptation regarding Iceland 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. Iceland indicated however that the legislation on civil aviation security applies to all international airports in Iceland, and that national security measures provide an adequate level of protection applicable to domestic air services. Iceland stated that this EEA adaptation would require particular attention during the accession negotiations. The Commission noted that a possibility to derogate from the common basic standards on aviation security set in Regulation 300/2008 would be adopting alternative security measures in accordance with Commission Regulation 1254/2009.

Iceland informed that other supplementing and implementing regulations and decisions based on EU Regulation 300/2008 were transposed into Icelandic legal order with Regulation 985/2011: Regulation 297/2010 amending Regulation 272/2009; Regulation 1254/2009 setting criteria to allow Member States to derogate from the common basic standards on civil aviation security and to adopt alternative security measures; Regulation 18/2010 amending Regulation 300/2008 as far as specifications for national quality control programmes in the field of civil aviation security are concerned; Regulation 72/2010 laying down procedures for conducting Commission inspections in the field of aviation security; Regulation 185/2010 laying down detailed measures for the implementation of the common basic standards on aviation security, and its amendments (357/2010 358/2010, 573/2010 983/2010, 334/2011); Decision 2010/774/EU laying down detailed measures for the implementation of the common basic standards on aviation security containing information as referred to in Point (a) of Article 18 of Regulation 300/2008; Decision 2010/2604 amending decision 2010/774/EU; Decision 2010/3572 amending decision 2010/774/EU Decision 2010/9139 amending decision 2010/774/EU. Decision 2010/3572 amending Decision 2010/774/EU and Decision 2010/9139 amending Decision 2010/774/EU, as well as the latest two amendments to Regulation 185/2010 (983/2010 and 334/2011) will be transposed into the Icelandic legal order once incorporated in the EEA Agreement.

The Icelandic Civil Aviation Administration (ICAA) is responsible for coordination and monitoring of aviation security measures and is the appointed authority for supervision of civil aviation security in Iceland. ICAA is a member of the European Aviation Safety Agency (EASA) and ICAO.

## *Aviation Safety*

Regarding *aviation safety and the European Aviation Safety Agency (EASA)*, EU Regulation 1592/2002 (amended by 1643/2003, 1701/2003 and 334/2007) has been transposed by Regulation 612/2005 on the incorporation of the European Community's regulation on common rules in the field of civil aviation and 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 2111/2005 and 351/2008, and Directive 2008/49/EC,) as regards the prioritisation of ramp inspections on aircraft using community airports, and EU Regulation 768/2006 on the collection and exchange of information on the safety of aircraft using Community airports and the management of the information system, have been transposed by Regulation 752/2007 on aircraft safety audits and amendments to that regulation.

EU Regulation 104/2004 laying down rules on the organisation and composition of the Board of Appeal of the EASA has been transposed by Regulation 1046/2007 of the same title. EU Regulation 593/2007 on the fees and charges levied by the EASA (amended by 1356/2008) has been transposed by Regulation 118/2009 by the same title and an amendment to that regulation. EU Regulation 736/2006 on working methods of the EASA for conducting standardisation inspections has been transposed by Regulation 966/2007.

EU Regulation 2042/2003 on the *continuing airworthiness of aircraft and aeronautical products*, parts and appliances, and on the approval of organisations and personnel involved in these tasks, as amended (707/2006; 376/2007; 1056/2008) has been transposed by Regulation 206/2007 by the same title and amendments to that regulation. EU Regulation 962/2010 amending 2042/2003 has been transposed by Regulation 845/2011. Iceland informed that transposition is planned by the end of 2011. EU Regulation 127/2010 has not been incorporated because of changes that are required to the Aviation Act 60/1998 to transpose the regulation. Iceland informed that the needed changes would be made before the end of the year. Regarding *airworthiness and environmental certification* of aircraft and related products, EU Regulation 1702/2003 as amended (by Regulations 381/2005; 706/2006; 335/2007; 375/2007; 1057/2008; 1194/2009) has been transposed by Regulation 205/2007 by the same title and amendments to that regulation.

EU Regulation 216/2008 on common rules in civil aviation and establishing a European Aviation Safety Agency (EASA) and repealing Council Directive 91/670/EEC, EU Regulation 1592/2002 and Directive 2004/36/EC will be incorporated into the EEA-Agreement in December 2011. No major problems are foreseen by Iceland in implementing them upon accession.

Regarding *the list of air carriers subject to an operating ban within the EU*, EU Regulation 2111/2005, repealing Article 9 of Directive 2004/36/EC, has been transposed by Regulation 277/2008 on securing aviation safety and a list of air carriers which do not fulfil safety requirements. The implementing rules for the list of banned air carriers (EU Regulation 474/2006) and its last amendment (EU Regulation 390/2011) have not yet been incorporated into the EEA Agreement. Iceland plans to implement them once incorporated. EU Regulation 791/2010 amending 474/2006 has been transposed by Regulation 277/2008, and EU Regulation 1071/2010 has been transposed by Regulation 1074/2011.

Regarding *the investigation and prevention of accidents and incidents in civil aviation*, Regulation 996/2010 has not yet been incorporated into the EEA Agreement. Iceland plans to implement it once incorporated. The Directive on *occurrence reporting in civil aviation* (2003/42, amended by Regulations 1321/2007 and 1330/2007), has been transposed by Regulation 53/2006 on occurrence reporting on aircraft accidents, serious incidents and

incidents and an amendment to that regulation. As regards administrative capacity, the Aviation Accident Investigation Body (AAIB) handles all investigations, monitors reports and is the contact point to the European Commission regarding Occurrence Reporting using the European Co-Ordination Centre for Aviation Incident Reporting Systems (ECCAIRS) database. The Icelandic AAIB is part of the international cooperation between AAIB's throughout the world.

EU Regulation 3922/91 on the *harmonization of technical requirements and administrative procedures* in civil aviation, and its amendments (2176/96; 1069/1999; 2871/2000; 1899/2006; 1900/2006; 8/2008; 859/2008) have been transposed by Regulation 1264/2008 of the same title and amendments to it. EU Regulation 1592/2002 has been transposed by Regulation 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.

Regarding *pilot licences*, Iceland informed that Directive 91/670 on mutual acceptance of personnel licences for the exercise of functions in civil aviation is transposed by Regulation 926/2008. The following Icelandic Regulations fulfil the requirements set out in the directive: 400/2008 on personnel licences; 401/2008 on flight crew member licences for aeroplane; 402/2008 on flight crew member licences for helicopters; 403/2008 on health requirements for flight crew members; and 404/2008 on air traffic controllers.

### ***Environmental conditions, noise***

Iceland informed that Directive 2002/30 on the rules and procedures for *noise-related operating restrictions* at EU airports has been transposed by Regulation 1029/2009 of the same title, and Directive 89/629 on the *limitation of noise emission from civil subsonic jet aeroplanes* has been transposed by administrative advertisement 102/1994 on the incorporation of provisions originating from the EEA Agreement on noise restrictions from aircrafts. Directive 2006/93 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) has been transposed by Regulation 751/2007 on the limitation of noise emission from civil subsonic jet aeroplanes

### ***Relation Member States with third countries***

EU Regulation 847/2004 on the *negotiation and implementation of air service agreements* between Member States and third countries does not have EEA relevance and has therefore not been incorporated into the Icelandic legal order. Iceland does not foresee any problems to implement the Regulation by the date of accession. Iceland is a party to several Air Service Agreements signed and in force<sup>2</sup>, and has also signed several Agreements that are not officially in force but may however be applied.

### **II.g. Satellite navigation**

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

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<sup>2</sup> EU –USA Open Skies Agreement; UK and Northern Ireland; Denmark; Finland; Holland; Hong Kong; India; China; Croatia; Luxemburg; Macau; Mongolia

Regarding GNSS programmes and Galileo, Iceland stated that it is prepared to harmonize legislation fully by the date of accession, taking special note of Art. 14 of the EU Regulation 683/2008 concerning security arrangements that will apply to persons and legal entities which deal with EU classified information regarding the programmes. Iceland stated that it is prepared to join international agreements on the Galileo programme by accession.

### III. ASSESSMENT OF THE DEGREE OF ALIGNMENT AND IMPLEMENTING CAPACITY

Overall, Iceland has reached a good level of alignment in this field. As a member of the EEA, it has already aligned a large part of its legislation and policies with the *acquis* and should therefore be well prepared to take on the obligations of membership by the time of accession. However, efforts to further align legislation with the *acquis* and to ensure its implementation and enforcement need to continue. The derogations that Iceland has already secured in the framework of the EEA Agreement in specific transport areas will have to be renegotiated in the context of Iceland's accession negotiations and the justification for exempting Iceland from applying these and possibly other elements of the *acquis* needs to be carefully considered.

Actual Transport Administration Authorities responsible for Roads, Traffic, Civil Aviation and Maritime ensure implementation, surveillance and control of relevant legislation already aligned with the *acquis* in the framework of the EEA Agreement. However, further strengthening of its administrative capacity will be required to deal with future duties arising from fully implementing the *acquis*.

#### III.a. Road transport

Iceland has a satisfactory level of alignment with the road transport *acquis*.

As regards ***taxation and road charges***, vehicles registered in the EU will need to be exempted from any tax applying on foreign vehicles.

Harmonisation with the new *acquis* on ***market access*** and road transport operators, as well as with the most recent social *acquis*, needs to be ensured. Possibility to postpone the weekly rest period of a driver for up to twelve consecutive 24-hour periods following a previous regular weekly rest period not only for a single occasional international carriage of passengers, but also to national occasional services in Iceland territory, which is being negotiated in the framework of the EEA Agreement, will require careful consideration during the negotiations.

A good level of alignment has been reached with the ***technical and safety conditions***, although further alignment with the driving licences and road infrastructure safety *acquis* is needed.

Vehicles weights and dimensions need to be further aligned with the *acquis*. The negotiated exemption in the framework of the EEA Agreement for the length of the combination of tractor plus semi-trailer will need to be justified and renegotiated in the process of the negotiations. The implementation of the *acquis* on vehicles roadworthiness and dangerous goods will need to continue. The uniform check list for the transport of dangerous goods will have to be introduced and used.

Regarding the recognition in intra-Community traffic of the distinguishing sign of the Member State in which motor vehicles and their trailers are registered, Iceland will need to be ready to recognise the EU Member State's sign from accession.



Regarding the *social legislation* relating to road transport, Iceland indicated that it would like to keep the temporary exemptions obtained in the framework of the EEA Agreement regarding the driving time in the case of carriage of perishable foodstuffs. Moreover, Iceland has requested these exemptions to be permanently granted in the EEA Agreement framework. This issue will require special attention during the negotiations. Iceland has to apply the harmonised reporting form as of the date of accession.

The Road Administration, the Road Traffic Directorate and the Administration of Occupational Safety and Health in Iceland have the necessary administrative capacity to enforce legislation concerning social and technical regulations in the field of road transport.

### **III.b. Rail transport**

The EU *acquis* in the field of rail transport is incorporated in the EEA Agreement, but Iceland has not yet aligned its legislation with it, as there is no functioning railway sector. However, the implementation of the relevant legislation and administrative capacity will have to be ensured by accession. Iceland is aware of that obligation and does not foresee any problems with implementation by accession.

### **III.c. Inland waterway**

The EU *acquis* in the field of inland waterway transport is incorporated in the EEA Agreement, but Iceland has not yet aligned its legislation with it as there is no inland waterways sector. Iceland is aware that it has to ensure the transposition and enforcement of the relevant *acquis* and does not foresee any problems with its implementation by accession.

### **III.d. Combined transport; clean and energy efficient vehicles; ITS**

There is a good level of alignment with the *combined transport acquis*. Alignment with the *clean and energy efficient vehicles* and interoperability of the *electronic road toll* systems needs to be ensured.

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

There is a good level of alignment with EU legislation regulating the passenger rights in all modes of transport. The legislation on the rights of bus, coach, sea and inland waterway passengers will have to be implemented once it applies, in 2013 and 2012 respectively. Regarding the *summer-time arrangements*, this issue will require careful consideration given that Iceland has indicated that it doubts the relevance for implementing the objectives of the Directive given the unique geographical location of Iceland.

### **III.e. Maritime transport**

Iceland has a good level of legislative alignment with the *acquis* in the field of maritime transport, notably through the application of several international conventions and standards. Regarding the *international agreements*, Iceland will have to ratify the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS Convention) and the Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (IOPC Convention) by the date of accession.

Iceland has a good level of alignment of its legislation with the *acquis* in the field of *technical, safety and security issues* particularly in the areas regarding flag state and port state control, international safety management code, pilotage, marine equipment, safety of fishing vessels, oil and bulk tankers. The recent amendments of the vessel traffic monitoring Directive, as well

as the recast Regulation on recognised ship inspections and survey organisations will have to be transposed. Iceland needs to align its legislation with the new rules on accident investigation to improve maritime safety, and the new legislation on insurance of ship owners for maritime claims, in order to make economic operators act more responsibly and to improve the quality of merchant shipping. Regarding the reporting formalities, Iceland is currently applying the repealed legislation as the new one is not yet incorporated in the EEA Agreement. Iceland will have to apply the new rules and to ensure that the reporting formalities are requested in a harmonised and coordinated manner within Iceland.

In the field of the *training of seafarers and social aspects*, Iceland has ratified the STCW Convention and is on the White list of IMO. Iceland will have to further align its legislation with the working time *acquis*.

There is a satisfactory level of alignment with the *environmental acquis* regarding ship generated waste and organotin compounds; alignment with the ship source pollution *acquis*, which is not yet incorporated in the EEA, remains to be ensured. Given the size of the Icelandic fleet, the administrative capacity of the Maritime administration is sufficient to implement the *acquis*.

### **III.f. Air transport**

In the **air transport** sector, a large part of the *acquis* is implemented by Iceland. The market is relatively open through bilateral agreements. Iceland is a member of the relevant international organisations and agencies. Regarding *Single European Sky* (SES), the level of alignment with the Framework, the service provision, the airspace and the interoperability Regulations, and their implementing, rules is good. However the compatibility with the *acquis* of the existing and envisaged air navigation charging system will need to be closely monitored. This issue will require special attention during the negotiations as Iceland has indicated that it may require possible adaptations due to its specific geographical location. Iceland will have to ensure that it applies the SES I and II *acquis*, regardless of it being an ICAO NAT region. This issue will require careful consideration during the negotiations. As regards the *market operation* *acquis*, the opinion of Iceland that it should qualify for a 5 year time limit for public service obligations in the same way as the outermost regions will require special attention during the negotiations.

Regarding *aviation security acquis*, the derogation that Iceland has obtained under the EEA Agreement allowing it to exclude its domestic air services from the application of the regulation on aviation security will require particular attention during the accession negotiations. The Commission notes that a possibility to derogate from the common basic standards on aviation security would be adopting alternative security measures in accordance with the corresponding Commission Regulation.

In the field of *aviation safety*, Iceland has reached a satisfactory level of alignment. However several other areas of the *acquis including* new legislation on aircraft worthiness, the implementing rules for the EU safety list of air carriers and the investigation and prevention of accidents and incidents remain to be transposed.

### **III. g. Satellite navigation**

Regarding **satellite navigation**, Iceland requested to participate in the Galileo programme. However, in the context of the economic crisis its application for participation was withdrawn, including its financial contribution. Iceland will have to be able to participate in relevant activities once the system is operational.