

months' period ending June 30 in such year, together with such additional information concerning other aircraft movements as the Council may require for the purpose of determining the proportional use of the Services by its aircraft.

(ii) Upon receipt of the said information, the Council should review the percentages of assessment set forth in paragraph 3 and if necessary should establish different percentages to take effect in substitution for the percentages therein set forth.

(iii) In carrying out such review, the Council should be governed by the principle that the cost of operation, maintenance and development of the Services should be borne in proportion to the aeronautical benefits, and so far as practicable should take into account the non-aeronautical benefits, derived by each State from the Services.

(iv) In determining the aeronautical benefits derived by any State, the Council may disregard any temporary reduction in the use made of the Services by the aircraft of that State by reason of special circumstances arising within such State.

(b) In the event that any State does not consent to assessment or fails to make payment of the amount assessed to it, or withdraws from participation in this Arrangement, or a state not named in paragraph 3 agrees to participate in this Arrangement, the Council should, to the extent appropriate, establish different percentages to take effect in substitution for those set forth in paragraph 3.

(c) In the event that the establishment of different percentages under this paragraph results in assessment to any State in excess of the amount of the assessment set forth in paragraph 3(d), the consent of such State to the increased assessment should be secured.

5. (a) Each State should normally pay its assessment in its own currency to the Council. However, any State in its discretion may pay directly to Iceland that proportion of its assessment due to Iceland, provided that the portion of Canada's assessment paid to the Council should be sufficient to meet the extraordinary expenses of the Organization referred to in paragraph 3. Any payment made by a State to Iceland should be made in its own currency unless Iceland agrees otherwise.

(b) Payments should be made at the prevailing official rate of exchange between Iceland and the State concerned.

6. (a) The payments made to Iceland on the basis of estimates of expenditure should be subsequently adjusted on the basis of actual approved expenditure.

(b) The Council should maintain accounts of all receipts and disbursements under this Arrangement and account to the States therefor. The Council should carry out an annual audit of expenditures by Iceland in connection with the Agreement, and should submit reports on such audit to the States and Iceland. The said accounts of the Council should be closed at the end of each calendar year and any surplus remaining should be appropriately applied in reduction of the assessments for the succeeding calendar year.

7. The Council should reimburse to the Organization, from the amounts received, extraordinary expenditures incidental to this Arrangement.

8. (a) In the event that aircraft of any state not referred to in paragraph 3 appear to benefit from the Services to an extent which, in the opinion of the Council, justifies such course, the Council should enter into negotiations with such state for the purpose of providing for its participation in this Arrangement.