

CANADA

TREATY SERIES, 1947

Signed at Montreal, April 30, 1947

Addressed to the President of the Interim Council of the International Civil Aviation Organization by the Representatives of the Contracting States

Montreal, 30 April, 1947.

AGREEMENT

CONCERNING THE

OPERATION OF THE ICELANDIC STATION
OF THE NORTHEAST LORAN CHAIN

Signed at Montreal, April 30, 1947



OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY

1948

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AGREEMENT CONCERNING THE OPERATION OF THE ICELANDIC STATION OF THE NORTHEAST LORAN CHAIN.

SIGNED AT MONTREAL, APRIL 30, 1947

Note addressed to the President of the Interim Council of the International Civil Aviation Organization by the Representatives of the Contracting States

MONTREAL, 30 April, 1947.

Sir,

The undersigned, representing governments which are desirous of assuring the continued operation of the Icelandic station of the Northeast Loran chain, and which are prepared to make contributions to the cost of operating that station in accordance with the terms of Chapter XV of the International Convention on Civil Aviation, hereby advise you of the conditions under which their Governments will be able to make such contributions.

It is understood (1) that Iceland will maintain and operate the station in accordance with established standards of efficiency, employing competent personnel; (2) that Iceland may call upon ICAO for technical advice and assistance in the operation and maintenance of the station, and that such advice and assistance will be furnished by ICAO to the extent of its capacity; (3) that ICAO may inspect the station, its equipment and all matters related thereto and may make recommendations to Iceland regarding the operation, maintenance, and administration of the station; (4) that in the event that the station in the view of ICAO continues to be operated inefficiently, ICAO may provide with the consent of Iceland, for technical assistance in the supervision and operation of the station until such time as the station is brought into satisfactory operating condition; (5) that in the event of other measures failing to achieve satisfactory operation, the parties shall consult regarding the remedial measures to be taken, and (6) that the station, its buildings, materials, supplies, equipment, and other goods, will be without charge assigned to Iceland for operation during the period under the present arrangement and that the Governments of the United Kingdom and the United States will initiate the appropriate action to this effect.

In consideration of such operation, the contributing governments will pay to ICAO:

1. For transfer to Iceland, its direct outlay for personnel and material to operate the station, plus administrative overhead not exceeding 10% of operating cost, plus all expenses incurred during the period from 7 November 1946, including the amount payable to the Government of the United Kingdom (not to exceed £1500) for highway construction and necessary repairs to the station;
2. The actual out-of-pocket expenses of ICAO for services in connection with the operation of the station or development of the terms of the agreement to insure the continuance of the operation, but excluding any general administrative expenses or overhead.

The maximum total amounts for which the undersigned states will consider themselves liable, without any further assent of their authorized representatives to ICAO will be:

1. For payments to Iceland, \$30,000 for the period from 7 November 1946 to 31 March 1947, plus an average of \$6,000 per month thereafter.

2. To ICAO, \$2,500 for the period from 7 November 1946 to 31 March 1947, plus an average of \$400 per month thereafter.

In consideration of the operation of the station as described herein, the Governments of Canada, France, Iceland, the Netherlands and the United Kingdom will contribute to the costs borne by Iceland and by ICAO as periodically determined within the maximum amounts previously stated, in the proportions:

	Percentage of Total cost
Canada	9
France	8
Iceland	5
Netherlands	4
United Kingdom	10

It is understood that the Government of the United States is undertaking through a communication (attached hereto), to the President of the Interim Council of PICAQ to bear a maximum of 70 per cent of the total cost until 30 June 1947, up to a maximum of \$40,000; and that the United States Government hopes shortly as indicated by the terms of another communication (also attached hereto), to be able to give assurance of its readiness to bear a similar proportion of the total cost for the period following 30 June 1947.*

If on 1 November 1947 it appears probable that the present plan for financing the Loran station will remain in operation until 1 July 1948 or later before being superseded by a more permanent arrangement, we understand that the President of the Council will call a meeting of the contributing States and of any other States then appearing to be interested in the operation to discuss and agree upon a revision of the relative amounts of the contributions made by the several States, as may then appear appropriate and that it will be anticipated that any changes then agreed upon will come into effect from 1 January 1948.

In the event that the supply of spare parts or other material becomes necessary in the operation of the station, the contributing States will have the option of paying the cost of the open-market purchase of such material or of supplying the material directly. In the event that the latter course is adopted, States supplying material shall be credited for an amount of the contribution due from them equal to one-half the cost of manufacture of the material if in new condition, or one-half of the depreciated value if already used.

The contributions due from the several contributing States other than Iceland will be paid to ICAO and the appropriate amounts out of the total thus received will be promptly transferred by ICAO to the Government of Iceland.

Any amount due from the Government of Iceland will be directly offset against a like amount of the total sum due to Iceland, eliminating any transfer of those funds.

Our governments propose to make their first payments, in an amount estimated by ICAO to cover the total operating costs through 30 June 1947, but not in any event to exceed the amounts hereinabove provided for that period, on or before 15 May 1947. They propose thereafter to make payments for each quarterly period (the first quarter beginning 1 July 1947) in the amounts estimated by ICAO to be due, but not in any case such as to bring the cumulative average of all payments made during the interim period to exceed the figures

* The percentages stated total 106 per cent. This is intended to provide a small margin; but insofar as the amounts actually received for any quarter exceed the actual amounts due for that quarter when finally determined, the excess will be refundable to the contributing States in proportion to the amounts of their contributions.

hereinabove specified. Our governments propose to make these payments before the end of the second month of each quarter, or within thirty days after their representatives at ICAO shall have received from ICAO the appropriate notice of the amount due, whichever of these dates may be the later. Any differences between the actual amounts due for any period, as determined when the costs incurred during the period have been fully reported, and the initial estimates of such amounts by ICAO shall be adjusted in the first periodic payment to be made after the amount of such differences has been determined.

The Governments of Canada and of the United States propose to make their payments in dollars, either U.S. or Canadian at their election. The other governments whose representatives are signatories hereto propose to make their payments in U.S. or Canadian dollars or in pounds sterling, at their election.

The present arrangement is to be considered as of interim character, pending completion of a more formal agreement.

Our governments propose to make payments as indicated herein until they shall give notice of their intention of terminating such payments. At least six months' notice will be given of any decision to withdraw; and a State filing such notice shall have no obligation to contribute to the cost of operation of the station or to the costs of ICAO beyond the specified withdrawal date. If, for any reason, the payment for any quarterly period by any of our governments cannot be regarded as assured, notice of that fact will be given to ICAO by the government concerned at least ninety days before the beginning of the quarter with respect to which the difficulty may arise.

In the event that operation of the station is terminated for any reason, payments will cease to accrue to the Government of Iceland upon the date of such termination; the proportion of any payments made previously to that date which represented the anticipated cost for a period beyond the actual date of termination shall be returned to the States which contributed them.

In the event that one or more contributing States should be unable to maintain their payments, or to make any particular payment, it is our understanding that ICAO will call a meeting of the representatives of the remaining States to consider the situation thus created and to seek to find means of meeting the deficiency thus occasioned in the provision for the operating costs of the station.

In the event that the payments made for any particular quarterly period are not sufficient to cover the full amounts payable hereunder, it is understood that payments to the Government of Iceland will have priority over those to ICAO.

In the event that additional States should engage in trans-Atlantic air operations or for any other reason desire to participate in the financing of the Icelandic Loran station, it is our understanding that the President of the Council of ICAO will either (1) call a meeting of the representatives of the contributing States and of the potential new contributor to consider the equitable distribution of costs under the new situation thus created; or (2) in case it is impracticable to call such a meeting at the time, will agree with the new contributor upon the proportion of the total cost that it is to pay and will then propose to the other contributing States any reductions that should be made in their own payments in view of the additional revenue thus received.

The undersigned hereby advise you of the readiness of their governments to make such payments in accordance with the terms set forth herein.

It is requested that you advise us severally of the readiness of ICAO to act in the capacities required by the terms of this letter,* and of the acceptance of its terms by the Government of Iceland.

Accept, Sir, the assurance of our high consideration.

A. C. MCKIM,
for the Government of Canada.

HENRI BOUCHE,
for the Government of France.

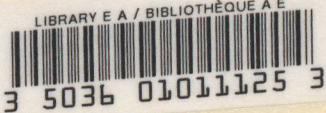
ERLING ELLINGSEN**
for the Government of Iceland.

A. P. DEKKER,
for the Government of the Netherlands.

SIR JAMES COTTON,
for the Government of the United Kingdom.

* On June 19, 1947, the Council of the International Civil Aviation Organization informed the Canadian Government of its readiness to act in the capacities required by the terms of the Agreement.

** The Representative of Iceland signed on 14 May 1947.



ANNEX

(see paragraph 6)

I

The Representative of the United States of America to the Interim Council of the Provisional International Civil Aviation Organization, to the President of the Interim Council.

SIR,

MONTREAL, April 3, 1947.

I have the honor to inform you that the United States Government is desirous of assuring the continued operation of the Icelandic Station of the Northeast Loran chain and is prepared to bear its share of the costs of operating that station for the period 7 November 1946 through 30 June 1947, in accordance with the terms of chapter XV of the International Convention on Civil Aviation, on the following conditions:

1. The Provisional International Civil Aviation Organization or its successor will make the necessary arrangements to assure that Iceland will maintain and operate the station in accordance with established standards of efficiency, employing competent personnel;

2. In consideration of the mutual undertakings of all of the governments concerned, the U.S. Government will make available on or before 15 May 1947 a sum not to exceed forty thousand dollars (\$40,000 U.S.) for its apportioned share of the cost of maintaining and operating the station, including supervisory and administrative expenses of PICAQ or its successor, for the stated period. This amount shall not exceed seventy per cent (70) of the total cost of such operation;

3. In the event that the sum stated above proves to be in excess of the amount necessary to continue the station in operation for the period 7 November 1946 through 30 June 1947, PICAQ or its successor will refund such portion of the funds not expended for this operation not later than 1 January 1948.

Very truly yours,

LAURENCE S. KUTER.

II

The Representative of the United States of America to the Interim Council of the Provisional International Civil Aviation Organization, to the President of the Interim Council.

MONTREAL, April 3, 1947.

DEAR DOCTOR WARNER:

Subject to budgetary decisions not yet finalized my Government hopes to have funds available to support the continued operation of the VIK Loran Station for the period 1 July 1947 to 1 July 1948 in an amount not to exceed 70 per cent of the total costs of the station.

Very truly yours,

LAURENCE S. KUTER.

ANNEX
(see paragraph 6)

representative of the United States of America to the Interim Council
International Civil Aviation Organization to the President of
Council Government of the

MONTREAL, April 3, 1947.

HENRI BONICER
for the Government of France

I am pleased to inform you that the United States Government is
assuming the continued operation of the Icelandic Station of the
Loran chain and is prepared to bear its share of the costs of operating
for the period 7 November 1946 through 30 June 1947, in
with the terms of chapter XV of the International Convention on
the following conditions:

Provisional International Civil Aviation Organization or its successor
the necessary arrangements to assure that Iceland will maintain and
to station in accordance with established standards of efficiency,
competent personnel;

consideration of the mutual undertakings of all of the governments
the U.S. Government will make available on or before 15 May 1947 a
to exceed forty thousand dollars (\$40,000 U.S.) for its apportioned
cost of maintaining and operating the station, including supervisory
representative expenses of PICAQ or its successor, for the stated period. This
will not exceed seventy per cent (70) of the total cost of such operation;
the event that the sum stated above proves to be in excess of the
necessary to continue the station in operation for the period 7 November
30 June 1947, PICAQ or its successor will refund such portion of
not expended for this operation not later than 1 January 1948.

Very truly yours,

LAURENCE S. KUTER

II

representative of the United States of America to the Interim Council
International Civil Aviation Organization, to the President of
Council.

MONTREAL, April 3, 1947.

OR WARNER:

to budgetary decisions not yet finalized my Government hopes
available to support the continued operation of the VIK Loran
the period 1 July 1947 to 1 July 1948 in an amount not to exceed
of the total costs of the station.

Very truly yours,

LAURENCE S. KUTER

International Civil Aviation Organization
to be in accordance with the Convention on
1944 and the Rules Annexed thereto.