

**AGREEMENT ON THE ESTABLISHMENT OF THE NORTH EUROPEAN
FUNCTIONAL AIRSPACE BLOCK BETWEEN THE REPUBLIC OF ESTONIA,
THE REPUBLIC OF FINLAND, THE REPUBLIC OF LATVIA AND
THE KINGDOM OF NORWAY**

The Republic of Estonia, the Republic of Finland, the Republic of Latvia and the Kingdom of Norway, hereinafter referred to as the "Contracting State" or the "Contracting States",

Having regard to the Regulations on the Single European Sky of the European Parliament and the Council, the relevant implementing rules, the statement by the EU Member States on military issues relating to the Single European Sky of 31 March 2004;

Referring to the Agreement on the European Economic Area of 3 January 1994;

Recognizing the obligations that each Contracting State is bound by as parties to the Convention on International Civil Aviation of 1944 (Chicago Convention);

Taking into account the need for close cooperation between the Contracting States to establish the North European Functional Airspace Block (NEFAB) and to ensure its functionality;

Having regard to the Feasibility Study Report of NEFAB of August 2011;

Taking into account the joint ministerial declaration of intent for the creation of NEFAB of 30 August 2011;

Recognizing the importance of continuing close cooperation with Iceland and the Danish-Swedish functional airspace block, as well as other neighboring functional airspace blocks with the possibility of a future consolidation as a vision;

Taking into account the Agreement on demilitarisation and neutralisation of the Åland Islands of 1921;

Considering that a cooperative approach to air traffic management is a major step towards fulfilling the needs of civil and military air traffic;

Noting that the provisions of this Agreement shall not compromise existing agreements of the Contracting States concerning delegated functions on airspace management to the international defence organisations and regional projects;

Considering that the creation of NEFAB requires enhanced and increasing cross-border provision of air navigation services;

Recognizing that close cooperation among air navigation service providers is vital to fulfil the needs of civil and military air traffic;

Considering the importance of the principle of "Just Culture" as reflected in international and European legislation;

Aiming at achieving maximum capacity, effectiveness and efficiency of the air traffic management network while maintaining a high level of safety;

Convinced by the added value of the creation of NEFAB for overall environmental sustainability;

Recognizing that the conclusion of this Agreement between Contracting States regarding the establishment of NEFAB shall not prejudice the principle that every Contracting State has complete and exclusive sovereignty over the airspace of its territory or the capacity of every Contracting State to exercise its prerogatives with regard to public order, public security and defence matters in its national airspace;

have agreed as follows:

Chapter 1: General Principles

Article 1: Definitions

1.1 For the purpose of this Agreement, except where the context otherwise requires or it is otherwise stated, the terms used in this Agreement shall have the same meaning attributed to them as in the EU regulations on the Single European Sky and the Chicago Convention.

1.2 For the purpose of this Agreement, the following definitions shall apply:

"Agreement" means the present Agreement and any amendments thereto, unless provided otherwise;

"North European Functional Airspace Block (NEFAB)" means the functional airspace block established by the Contracting States under this Agreement;

"NEFAB Airspace" means the airspace encompassing the applicable airspace of each Contracting State;

"Certifying NSA" means the national supervisory authority (NSA) nominated or established by the Contracting State that has certified a particular air navigation service provider (ANSP);

"Territorial NSA" means, with respect to a particular portion of airspace, the national supervisory authority (NSA) nominated or established by the Contracting State having responsibility over that portion of airspace.

Article 2: Scope and Objective

2.1 This Agreement establishes the North European Functional Airspace Block (NEFAB).

2.2 The objective of NEFAB is to achieve optimal performance in the areas relating to safety, environmental sustainability, capacity, cost-efficiency, flight efficiency and military mission effectiveness, by the design of airspace and the organisation of air traffic management in the airspace concerned regardless of existing boundaries.

2.3 This Agreement defines the rights and obligations of the Contracting States and serves as one of the key instruments to fulfil the Single European Sky objectives.

2.4 This Agreement applies to the airspace concerned, which is composed of the following flight information regions (FIR) and upper information regions (UIR) of North European airspace:

- a. Estonia;
- b. Finland;
- c. Latvia;
- d. Norway;
- e. Bodø Oceanic.

Article 3: Sovereignty

The provisions of this Agreement shall be without prejudice to the sovereignty of the Contracting States over their airspace or their rights and obligations under the Chicago Convention and other instruments of international law.

Article 4: Public Security and Defence

4.1 The provisions of this Agreement shall be without prejudice to the competencies of the Contracting States relating to public order, public security and defence matters.

4.2 Arrangements for the effective civil-military cooperation within NEFAB shall be established by the competent civil and military authorities of the Contracting States and be laid down in writing, in accordance with their respective competencies according to national law.

Article 5: Areas of Cooperation

To achieve the objective of NEFAB, the Contracting States commit to cooperate and take the appropriate measures in accordance with their national procedures in particular in the following domains:

- a. Governance of NEFAB;
- b. Civil-military cooperation;
- c. Airspace;
- d. Harmonisation of rules and procedures;
- e. Provision of air navigation services;
- f. Meteorological services;
- g. Charging;
- h. Supervision;
- i. Performance.

Article 6: Competent Authorities

Competent authorities are:

- a. In Estonia: Ministry of Economic Affairs and Communications and in military matters Ministry of Defence;
- b. In Finland: Ministry of Transport and Communications and in military matters Ministry of Defence;
- c. In Latvia: Ministry of Transport and in military matters Ministry of Defence;
- d. In Norway: Ministry of Transport and Communications and in military matters Ministry of Defence.

Article 7: Authorisation to the National Supervisory Authorities

The NSAs of the Contracting States are authorised to establish arrangements for the safe and effective implementation of NEFAB. These arrangements shall be laid down in cooperation agreements between the NSAs of the Contracting States as well as in the cooperation agreements concluded with the NSAs of other functional airspace blocks in Europe. These cooperation agreements shall contain only specific regulatory, operational and technical aspects limited to scope and objective of this Agreement and to the general competence of these authorities defined in the respective national legislation of each Contracting State.

The cooperation agreements concluded between the NSAs shall, inter alia, cover the following areas of cooperation:

- a. exchange of technical and operational information, excluding personal data;
- b. exchange of information of service providers, excluding personal data;
- c. exchange of all safety-related information relevant to the functions of NEFAB;
- d. supervision of technical systems, operations, service providers and other operators relevant to the functions of NEFAB;
- e. approval of technical systems;
- f. development and harmonisation of the procedures relevant to the functions of NEFAB and the exchange of safety-related information;
- g. preparation of NEFAB performance plans.

Chapter 2: Governance of NEFAB

Article 8: NEFAB Council

8.1 The NEFAB Council is established for the governance of NEFAB.

8.2 The NEFAB Council shall be composed of representatives of the competent authorities of the Contracting States. Each competent authority may appoint several delegates in order to allow the interests of both civil and military aviation to be represented.

8.3 The NEFAB Council shall be annually chaired by one of the Contracting States. Each Contracting State shall have one vote. The decisions of the NEFAB Council are made by consensus. The Contracting States shall implement decisions taken by the NEFAB Council in accordance with their national procedures, subject to parliamentary approval when necessary.

8.4 The NEFAB Council shall establish its own rules of procedure and approve the rules of procedures for the committees.

Article 9: Functions of the NEFAB Council

9.1 In order to meet the commitments of the Contracting States under this Agreement, the NEFAB Council shall ensure the implementation of this Agreement and the fulfilment of the objectives of NEFAB in general.

9.2 The NEFAB Council shall in particular:

- a. define strategic objectives for the development of NEFAB, assess the results achieved and take appropriate measures if required;
- b. define the development of civil-military cooperation;
- c. agree on the common policy and design for the airspace concerned;
- d. define the modalities of the cooperation on the application of the concept of flexible use of airspace;
- e. support the harmonisation of the substantive rules and procedures;
- f. facilitate the joint designation process of the air traffic service providers;
- g. facilitate the work of the Air Navigation Services Consultative Board;
- h. adopt the charging policy applicable in the airspace concerned;
- i. agree on a common safety policy and support the development and the implementation of a common safety management system by the air navigation service providers;
- j. adopt NEFAB performance plans and the related performance targets and decide on incentives and additional or corrective measures;
- k. aim at coordinating the positions of the Contracting States with regard to the work of the International Civil Aviation Organisation (ICAO), EUROCONTROL, the European Commission, the European Aviation Safety Agency and joint undertakings in the field of air navigation services;
- l. ensure the coordination with adjacent functional airspace blocks, including efficient interfaces;

- m. set up committees other than those established by this Agreement and working groups to assist it in specific matters and approve the proposals of the committees and working groups.

Article 10: Committees

In order to meet the objective of NEFAB and to assist the NEFAB Council, the National Supervisory Authorities Committee, the Civil-Military Committee and the Financial and Performance Committee will be established.

Article 11: Air Navigation Services Consultative Board

11.1 The Air Navigation Services Consultative Board is established by the NEFAB Council to ensure the consultation of the air navigation service providers on matters relating to the provision of services within NEFAB.

11.2 The Air Navigation Services Consultative Board is composed of representatives from:

- a. the NEFAB Council;
- b. the National Supervisory Authorities Committee;
- c. the air navigation service providers;
- d. the meteorological services.

11.3 Other participants may also attend as observers by invitation of the NEFAB Council.

11.4 The Air Navigation Services Consultative Board shall establish its own rules of procedure.

Article 12: Relations between Service Providers for Cross-Border Services

The written agreements or other legal arrangements between air traffic service providers and meteorological service providers concerning cross-border services in the airspace concerned shall be approved by the competent authorities concerned after consultation of the NEFAB Council. Once approved, they shall be communicated to the NEFAB Council.

Article 13: Joint Designation

13.1 Each Contracting State is entitled to designate, repeal or amend such designation of one or more air traffic service providers to provide air traffic services in its applicable airspace, wholly or partially. Such designation, repeal or amendment shall be notified to the Depositary in writing.

13.2 Any air traffic service provider designated according to paragraph 1 of this Article shall be deemed jointly designated by all Contracting States as from the date of notification of the designation to the Depository.

13.3 Each Contracting State shall ensure that any air navigation service provider operating in its airspace shall comply with all provisions of this Agreement.

Chapter 3: Airspace

Article 14: Airspace of NEFAB

14.1 The Contracting States shall ensure the design and management of a seamless airspace, as well as the coordinated air traffic flow and capacity management, taking due account of collaborative processes at international level.

14.2 The Contracting States shall ensure in particular:

- a. the development of a common airspace policy, in close cooperation between civil and military authorities;
- b. the design of the structure for the optimum use of airspace;
- c. the evaluation of modifications of the airspace affecting the performance at NEFAB level;
- d. coordination with the network functions of the Single European Sky;
- e. consultation of the airspace users;
- f. the coordinated establishment of cross-border areas.

Article 15: Flexible Use of Airspace

15.1 The Contracting States shall cooperate at legal, operational and technical level for efficient and consistent application of the concept of flexible use of airspace taking into account both civil and military needs.

15.2 This Agreement does not affect the rights of each Contracting State to reserve, restrict or otherwise organise defined volumes of its own airspace, for exclusive or specific use by military users and/or aircraft operated as operational air traffic.

Article 16: Civil-Military Cooperation

16.1 With due regard to the flexible use of airspace principles and in accordance with national existing arrangements and applicable international agreements, the Contracting States concerned shall conclude, where and when appropriate, written arrangements to enable military training activities in the airspace concerned regardless of existing boundaries.

16.2 The Contracting States concerned shall allow the provision of cross-border air traffic services to state aircraft operating as general air traffic as well as state aircraft operating as operational air traffic by a civil air traffic service provider of the other Contracting State concerned pursuant to appropriate written arrangements communicated to the NEFAB Council.

16.3 The Contracting States concerned shall allow the provision of tactical control services to operational air traffic by the air defence organisations and tactical air command and control service organisations of the other Contracting State concerned pursuant to appropriate written arrangements communicated to the NEFAB Council.

16.4 For the provision of cross-border services in the airspace concerned, the Contracting States shall encourage close cooperation between the civil air navigation service providers and the respective air defence and tactical air command and control service organisations.

16.5 The Contracting States shall strive to harmonise the relevant civil and military arrangements to facilitate civil-military cooperation.

Chapter 4: Harmonisation

Article 17: Harmonisation of Applicable Rules and Procedures Relevant to NEFAB

17.1 The NEFAB Council shall identify the applicable rules and procedures in NEFAB.

17.2 The Contracting States shall endeavour to harmonise their rules and procedures after recommendation of the NEFAB Council.

17.3 The National Supervisory Authorities Committee shall consult on a regular basis with a view to identifying and eliminating differences between their respective regulations.

17.4 The NEFAB Council shall ensure that the air navigation service providers of the airspace concerned develop a common safety policy aiming at creating a harmonized safety management system.

Chapter 5: Provision of Air Navigation Services

Article 18: Air Navigation Services

The Contracting States shall ensure the provision of the following air navigation services in particular with regard to the governance and oversight of the:

- a. Air traffic services;
- b. Communication, navigation and surveillance services;

- c. Aeronautical information services;
- d. Meteorological services.

Article 19: Air Traffic Services

The Contracting States shall inform one another on the rights and obligations of the air traffic service providers designated in accordance with Article 13 at national level and of any change in their certification or their legal status.

Article 20: Communication, Navigation and Surveillance Services

The Contracting States shall work towards common technical systems and the cost-efficient deployment of infrastructure for the provision of communication, navigation and surveillance services by civil air navigation service providers.

Article 21: Aeronautical Information Services

The Contracting States shall cooperate in the field of aeronautical information and coordinate the provision of aeronautical information services.

Article 22: Meteorological Services

22.1 The Contracting States shall ensure cooperation among providers of meteorological services.

22.2 Each Contracting State may designate the providers of the meteorological services on an exclusive basis and inform the NEFAB Council thereof.

Article 23: Contingency

The Contracting States shall encourage the air navigation service providers to develop a common contingency plan for all the services provided within NEFAB. When developing this plan, the air navigation service providers shall consult the NEFAB Council in accordance with the provisions of Article 12.

Chapter 6: Charging

Article 24: Charging

The Contracting States shall develop and apply common principles governing charging policy within the airspace concerned, taking into account the possibility of national exemptions.

Chapter 7: Supervision

Article 25: Supervision of the Air Navigation Service Providers

25.1 The Contracting States shall ensure that the NSAs closely cooperate on the supervision of the air navigation service providers and that their practices are harmonised.

25.2 The NSAs shall conclude agreements in accordance with their respective competencies according to national law for the cooperation referred to in paragraph 1 of this Article, including arrangements for the handling of cases involving non-compliances. Such agreements may include an arrangement regarding the division of responsibilities regarding supervisory tasks. The agreements shall be communicated by the NSAs concerned to the NEFAB Council.

25.3 In the NEFAB airspace which does not fall under the responsibility of the Contracting State which nominated the Certifying NSA, the Certifying NSA shall, without prejudice to the agreements referred to in paragraph 2, carry out all supervision and safety oversight in respect of the service provision by the air navigation service provider concerned.

25.4 The Territorial NSA shall have the right to request audits and direct participation in all supervision tasks carried out by the Certifying NSA to the extent the tasks are exercised in relation to the provision of the services in the NEFAB airspace under the Territorial NSA's responsibility. The Certifying NSA shall take due account of the proposals or comments made by the Territorial NSA. The air navigation service provider subject to supervision by the Certifying NSA shall enable the Territorial NSA to exercise its rights hereunder.

25.5 The Territorial NSA shall inform the Certifying NSA of all rules and procedures applicable for the provision of services in the airspace falling under its responsibility.

25.6 In the NEFAB airspace which does not fall under the responsibility of the Contracting State which nominated the Certifying NSA, the Contracting States mutually recognise any finding, conclusion or decision made by the Certifying NSA with regard to provision of service by the air navigation service provider concerned. In case the Certifying NSA makes a finding, conclusion or decision without taking due account of the relevant rules and procedures disclosed to it by the Territorial NSA under paragraph 5, the Contracting State which nominated the Territorial NSA, shall have the right not to recognise such finding, conclusion or decision and, if so deemed necessary, suspend application of this article and resume supervision and safety oversight responsibility accordingly.

25.7 Paragraphs 1 to 6 of this Article shall apply *mutatis mutandis* to the safety oversight of Air Traffic Flow Management (ATFM) and Air Space Management (ASM). The NSA responsible for safety oversight shall be the NSA of the Contracting State in whose territory the organisation providing ATFM or ASM at the tactical level has its principal place of business.

25.8 This Article shall not apply to supervision and oversight in respect of the provision of any service by any air navigation service provider other than those certified by an NSA of a Contracting State.

25.9 The Contracting States concerned shall ensure that their NSAs set up a common mechanism for the exchange of information, consultation and coordination for provision of cross-border services.

25.10 Respective military aviation authorities shall have full access to all documents concerning supervision of provision of air navigation services to military users in accordance with the national legislation of the Contracting States.

Chapter 8: Performance

Article 26: Performance

26.1 The Contracting States shall develop and apply NEFAB performance plans consistent with European Union wide performance targets taking into account military needs. Performance plans shall be adopted by the NEFAB Council.

26.2 Performance plans shall include NEFAB performance targets and a set of clear and measurable key performance indicators for at least the following key performance areas:

- a. safety;
- b. environment;
- c. capacity;
- d. cost-efficiency;
- e. military mission effectiveness.

26.3 Performance plans shall also include NEFAB incentive schemes.

26.4 The National Supervisory Authorities Committee shall report to the NEFAB Council on:

- a. the implementation and the achievement of the performance targets;
- b. the coordination of the implementation of performance plans with the Contracting States.

Chapter 9: Liability

Article 27: Liability

27.1 The Contracting State in whose territory or area under its responsibility the loss or damage occurred may bring an action against another Contracting State for any compensation paid or costs incurred as a result of loss or damage caused by the negligence of the other Contracting State.

27.2 Air navigation service providers providing services within NEFAB shall be liable only for the loss or damage caused by its/their negligence or that of its/their staff or agents. No direct claim shall be brought against the air navigation service providers' staff or agents when fulfilling their duties.

27.3 The Contracting State in whose territory or area under its responsibility the loss or damage occurred may bring an action against the air navigation service providers to recover any compensation or costs paid or incurred as a result of loss or damage caused by the negligence of the air navigation service providers or that of its/their staff or agents.

27.4 Where through acts or omissions the Contracting States contribute to the loss or damage, the air navigation service providers may bring an action to recover compensation paid or cost incurred pursuant to paragraph 2 of this Article proportionate to the Contracting States' contribution to the loss or damage.

27.5 All actions concerning liability of the air navigation service providers under this Article shall be brought in the courts of the Contracting State in whose territory and area under its responsibility the loss or damage occurred and subject to the law of that Contracting State.

27.6 Each Contracting State shall notify the Depositary of the measures taken to apply this Article.

Chapter 10: Institutional Provisions

Article 28: Settlement of Disputes

28.1 All disputes arising between Contracting States relating to this Agreement, which cannot be settled within a period of six months through direct negotiations between the Contracting States concerned or by any other means, shall be referred to the NEFAB Council.

28.2 If a dispute cannot be settled by the NEFAB Council within three months of its referral to the NEFAB Council, the Contracting States concerned shall be entitled to refer the dispute to a third party mediator or to a binding arbitration for a final decision.

Article 29: Accession of a State to this Agreement

29.1 This Agreement is open to accession. Any state desiring to become a party to this Agreement shall submit its application for accession to the Depositary.

29.2 The conditions of accession and any resultant adjustments to this Agreement shall be the subject of an agreement between the Contracting States and the applicant state. The agreement of accession is subject to

ratification, acceptance or approval in accordance with the national legislation of the Contracting State.

29.3 The instrument of ratification, acceptance or approval shall be deposited with the Depositary.

29.4 The agreement of accession shall enter into force on the first day of the second month following the deposit of the last instrument of ratification, acceptance or approval with the Depositary.

Article 30: Withdrawal of a Contracting State from this Agreement

30.1 In case of the withdrawal from this Agreement by a Contracting State, the Contracting State concerned shall inform in writing through diplomatic channels the NEFAB Council and notify the Depositary of its decision.

30.2 The withdrawal shall become effective one year after the date on which the notification is received by the Depositary.

30.3 The NEFAB Council shall take all measures required by such withdrawal.

30.4 The Contracting State withdrawing from this Agreement shall bear the costs resulting from such withdrawal. The financial consequences resulting from such withdrawal shall be determined in a special agreement concluded between the withdrawing Contracting State and the other Contracting States. The Contracting State's right of withdrawal shall remain unaffected.

Article 31: Amendment of this Agreement

31.1 If a Contracting State wishes to propose an amendment to this Agreement, it shall duly inform the NEFAB Council in writing.

31.2 Amendments of this Agreement shall be done in writing and adopted by the Contracting States at the NEFAB Council.

31.3 Amendments of this Agreement shall enter into force 30 days after the deposit of the last instrument of ratification, acceptance or approval with the Depositary.

Article 32: Termination

32.1 The Contracting States may unanimously decide to terminate this Agreement at any time.

32.2 Termination shall be effectuated by a written declaration to the Depositary by the Contracting States that this Agreement shall cease to have effect on a date specified by the Contracting States.

32.3 The Contracting States shall jointly determine and allocate the costs resulting from termination.

Article 33: Suspension

33.1 Each Contracting State has the right to immediately suspend the application of this Agreement or parts thereof for reasons related to public order, public security and defence matters. The Contracting State suspending the application of this Agreement or parts thereof shall inform the other Contracting States immediately of its decision and notify the Depositary accordingly.

33.2 The Contracting State suspending the application of this Agreement or parts thereof shall endeavour to terminate the suspension as soon as possible. It shall inform the other Contracting States immediately of its decision and notify the Depositary accordingly.

33.3 The suspension does not exempt the other Contracting States from complying with Article 30.

Article 34: International Civil Aviation Organisation Registration

This Agreement and any subsequent amendment thereto shall be registered with ICAO in accordance with the provisions of Article 83 of the Chicago Convention.

Article 35: Entry into Force

35.1 This Agreement is subject to ratification, acceptance or approval in accordance with the national legislation of the Contracting States. The instruments of ratification, acceptance or approval shall be deposited with the Depositary.

35.2 This Agreement shall enter into force 30 days after the deposit of the last instrument of ratification, acceptance or approval with the Depositary.

Article 36: Depositary and its Functions

36.1 The Kingdom of Norway is the Depositary of this Agreement.

36.2 The Depositary shall:

- 1) inform the Contracting States of:
 - a. each deposit of an instrument of ratification, acceptance and approval with the date thereof;
 - b. the date of entry into force of this Agreement and of any amendment;
 - c. any application by a state to accede to this Agreement;

- d. any withdrawal by a Contracting State of this Agreement, the date on which the notification of the withdrawal is received by the Depositary and the date on which this Agreement shall cease to have effect for the Contracting State concerned;
 - e. any notification of the designation of the air traffic service providers;
 - f. any notification of the suspension and the termination of the suspension;
 - g. any notification of the application of Article 27.
- 2) register this Agreement and any subsequent amendment with ICAO.
 - 3) inform the European Commission of the date of entry into force of this Agreement and any subsequent amendment.
 - 4) inform ICAO and the European Commission of:
 - a. any accession to this Agreement with the date thereof;
 - b. any withdrawal of this Agreement with the date thereof;
 - c. any suspension or partial suspension of this Agreement with the date thereof;
 - d. the termination of this Agreement with the date thereof.
 - 5) perform any other functions customary for depositaries.

IN WITNESS WHEREOF the undersigned, being duly authorised, have signed this Agreement.

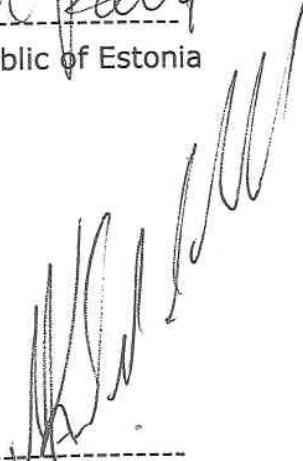
DONE at Tallinn on June 4, 2012 in one (1) original version in the English language. The Depositary shall transmit certified copies to all the Contracting States.



 For the Republic of Estonia



 For the Republic of Finland



 For the Republic of Latvia



 For the Kingdom of Norway