MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTRY FOR FOREIGN AFFAIRS AND EXTERNAL TRADE OF THE REPUBLIC OF ICELAND

AND

THE NATIONAL TOURISM ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA

ON VISA AND RELATED ISSUES CONCERNING TOURIST GROUPS FROM THE PEOPLE'S REPUBLIC OF CHINA

(ADS)

MEMORANDUM OF UNDERSTANDING

between

the Ministry for Foreign Affairs and External Trade of the Republic of Iceland

and

the National Tourism Administration of the People's Republic of China

on Visa and Related Issues concerning Tourist Groups from the People's Republic of China

(ADS)

THE MINISTRY FOR FOREIGN AFFAIRS AND EXTERNAL TRADE OF THE REPUBLIC OF ICELAND

and

THE NATIONAL TOURISM ADMINISTRATION OF THE PEOPLE'S REPUBLIC OF CHINA,

Hereinafter referred to as "the Parties"

Desiring to facilitate organised group travel from the People's Republic of China to Iceland;

Conscious that such travel will require matters of visa and related issues to be addressed;

Considering that such travel will contribute to strengthening the tourism sectors in both China and Iceland;

Determined to ensure that this Memorandum of Understanding will be applied in

strict conformity with the applicable Chinese regulations and the internal market disciplines of the European Economic Area and Icelandic law;

Considering Iceland's close relationship with the European Union and Norway, in regard to the Schengen Agreement from 1999, which calls for co-operation and harmonised rules regarding entry into and exit from the Schengen Area;

HAVE AGREED AS FOLLOWS:

Section I: Subject and Definitions

Article 1

Definitions

For the purpose of this Memorandum of Understanding:

(a) "Chinese Citizen" shall mean any person who holds the passport of the People's Republic of China.

(b) "Chinese designated travel agency" shall mean any travel agency selected and designated by the National Tourism Administration of the People's Republic of China (CNTA).

(c) "Designated embassies and consular offices" shall mean the Embassy of Iceland and consular offices of Iceland in China or the embassies or consular offices of a Member State of the European Union or a State Party to the Agreement on the European Economic Area which Iceland has entrusted bilaterally to grant Schengen Visa on behalf of Iceland in China.

(d) "Courier" shall mean the person entitled to submit visa applications for a tourist group to the designated embassies or consular offices in China according to the procedure established in Article 4, paragraph 2, of this Memorandum of Understanding.

(e) "Schengen Visa" is the uniform visa laid down in Article 10 of the Schengen Convention.

Article 2

Purpose and Scope of Application

This Memorandum of Understanding shall apply to the travel by tourist groups of Chinese citizens at their own expense from China to Iceland. For this purpose, Iceland shall enjoy the status of an approved destination (ADS).

Such travel will be organised in accordance with the provisions and requirements set out in this Memorandum of Understanding.

Article 3

Tourist Groups

Participants in Chinese tourist groups shall enter and leave Iceland as a group. They shall travel within Iceland as a group according to the established travel programme. The number of participants in a tourist group should be no less than five.

Section II: Visa Procedure and Readmission

Article 4

Visa Procedure

4.1. Chinese Designated Travel Agencies

(a) The CNTA shall designate travel agencies in China (hereinafter referred to as "Chinese designated travel agencies") which it has authorised to operate outbound travel of Chinese citizens to Iceland. The designated embassies or consular offices in China shall accredit these designated travel agencies to act as authorised representatives of the visa applicants. The CNTA will notify to the designated

embassies or consular offices the list of the Chinese designated travel agencies, including their addresses, telephone numbers, fax numbers, e-mail addresses and contact persons.

(b) In case of any violation of Chinese and/or Icelandic law and regulations by a Chinese designated travel agency in operating the outbound travel of the Chinese citizens, appropriate measures against such agency in accordance with the legislation in force will be taken. This includes, where appropriate, the withdrawal of the travel agency's designation by CNTA, or of its accreditation with the designated embassies or consular offices in China.

4.2. Couriers

(a) Each Chinese designated travel agency may appoint up to two persons to act on its behalf and account as couriers in the necessary visa application process for Chinese tourist groups wishing to visit Iceland. The couriers are entitled to submit visa applications for such groups to the designated embassies or consular offices in China.

(b) The Couriers shall be authorised to enter the designated embassies or consular offices with a badge issued by CNTA and a photo identity badge and certificate issued by the designated embassies or consular offices, to which the CNTA shall give relevant details of the persons acting as couriers of each travel agency. The certificate will contain at least the name and address of the travel agency and the name of the person acting as courier.

(c) In case a designated travel agency is no longer accredited with the designated embassies or consular offices in China, the travel agency concerned is obliged to return the badges and certificates to the relevant designated embassy or consular office for their subsequent invalidation. Furthermore, an accredited travel agency has the obligation to return the badges and certificates to the relevant designated embassy or consular office if the persons who were acting as its couriers are no longer employed in that capacity with that agency.

4.3. Visa Applications

(a) When lodging visa applications for a group of clients of an accredited Chinese travel agency with the designated embassies or consular offices in China, the travel agency shall also submit the following documents: A communication signed by the representative of the said travel agency with information on the planned trip, payment of travel costs, adequate insurance, the names of the tour participants, together with each participant's passport and duly completed application forms signed by each traveller. Where necessary, further documents and/or information may be requested by the designated embassies or consular offices.

(b) The visa applications will be processed according to applicable legislation. In this process, the designated embassies or consular offices may foresee personal or telephone interviews with applicants. Visas shall in principle be granted by the designated embassies and consular offices if Iceland is the point of first entry into the Schengen Area.

(c) The visa to be issued by the designated embassies or consular offices will be a Schengen visa, limited to a maximum of thirty days, issued in conformity with applicable legislation. It shall be an individual Schengen visa carrying the reference "ADS".

(d) If the designated embassies or consular offices approve visa applications from travel agencies, other organisations or individuals that are not designated travel agencies by the CNTA, the CNTA shall not be responsible for any problems arising during the subsequent trip in Iceland.

Article 5

Illegal Overstay and Readmission

1. Chinese designated travel agencies and the participating Icelandic travel agencies are required to report, without delay, to their respective authorities, the CNTA and the Directorate of Immigration of Iceland, any ADS tourist missing from a group as well as any ADS tourist not having returned to China.

2. In case of any illegal overstay of any ADS tourist, the relevant travel agencies of the Parties shall work immediately with the competent authorities of the Parties to help sending back and receiving the tourist, who shall be readmitted by the Government of the People's Republic of China. Documentary evidence shall be provided to prove his or her identity as a Chinese citizen for the purpose of readmission. The airfare shall be borne by the tourist. If the tourist cannot afford it, the costs associated with his or her repatriation have to be borne by the competent authority of Iceland concerned, which will then ask the relevant Chinese designated travel agency to pay back the airfare by receipt. In this case, the related Chinese travel agency shall repay the airfare cost to the competent authority of Iceland within 30 days after the readmission of the tourist and recover the costs from the tourist.

Article 6

Information Exchange

In order to ensure the sound operation of this Memorandum of Understanding, the Parties shall exchange information and data in good time, and work closely together. The representatives of the Parties shall meet when necessary at the request of one of the Parties.

Section III: Final Provisions

Article 7

Entry into Force, Duration, Termination and Amendments

1. This Memorandum of Understanding shall be subject to acceptance by the Parties in accordance with their respective internal procedures.

2. This Memorandum of Understanding shall enter into force on the first day of the first month after the date on which the Parties have notified each other that the procedures referred to in paragraph 1 have been completed. The Joint Declaration annexed to this Memorandum of Understanding forms an integral part thereof.

3. This Memorandum of Understanding shall remain in force indefinitely, unless terminated in accordance with paragraph 4 of this Article.

4. Each Party may terminate this Memorandum of Understanding by giving written notice to the other Party. This Memorandum of Understanding shall cease to apply three months after the date of such notification.

5. This Memorandum of Understanding may be amended by written agreement of the Parties. Amendments shall enter into force after the Parties have notified each other of the completion of their internal procedures necessary for this purpose.

6. This Memorandum of Understanding shall be legally binding on the two Parties.

Done at ______ on the ______ day of ______ in the year 2004, in duplicate in the Icelandic, Chinese and English languages, each of these texts being equally authentic. If discrepancies should arise, the English text shall prevail.

For the Ministry for Foreign Affairs and External Trade of the Republic of Iceland

For the National Tourism Administration of the People's Republic of China

ANNEX

Joint Declaration on Implementation Arrangements

1. Travel Agencies

The Ministry for Foreign Affairs and External Trade of Iceland shall furnish to CNTA a list of the travel agencies in Iceland including their addresses, telephone numbers, fax numbers, e-mail addresses and contact persons. These lists should be updated regularly and transmitted to CNTA.

The Parties furthermore understand that both Parties' travel agencies shall be entitled to select their own business partners from the other Party and conclude contracts with them. The said travel agencies are responsible for all business arrangements covering the tour in question such as the tour programmes, costs, services, and payments in the tour contract with their respective business partners.

2. Designated embassies and consular offices

Iceland will designate its own Embassy and consular offices in China or the embassies or consular offices of a Member State of the European Union or of a State Party to the Agreement on the European Economic Area in China which are authorised to receive applications for and grant Schengen Visa on behalf of Iceland. Iceland will notify the Chinese authorities through diplomatic channels of this designation and any amendments thereto.

3. Protection of Chinese tourist rights

The legitimate rights and interests of Chinese citizens travelling to Iceland in tourist groups shall be protected by the pertinent laws and regulations of Iceland and China. In case of violation, those laws and regulations shall be applied to the relevant agencies.

Iceland will encourage its tourism service providers to set up hotlines for consultation and emergency assistance to Chinese tourists.

4. Tour Leaders and Tour Guides

The Parties agree that Chinese designated travel agencies shall appoint a tour leader for each group.

The tour leader shall ensure that Chinese tourist groups travelling to Iceland in accordance with this Memorandum of Understanding enter and leave Iceland as a group. The tour leader will be required to carry copies of all tickets and passports throughout the trip.

The Parties take note that, in addition to the obligatory tour leader provided by the Chinese travel agencies, Icelandic travel agencies may provide tour guides for each Chinese tourist group for the duration of their stay in Iceland. These tour guides may accompany the group from the time it enters to the time it leaves Iceland, on the conditions provided by the law applicable in Iceland, and shall endeavour to solve any problems that may arise in consultation with the Chinese tour leader.

5. Information Requirements

The Ministry for Foreign Affairs and External Trade of Iceland encourages Icelandic tourism service providers to make relevant information available to the Chinese designated travel agencies, in particular regarding travel possibilities to and within Iceland, important travel services for Chinese travellers and their prices and information which serves to protect the travellers' legitimate rights.

6. Documentary Evidence

The Parties agree that documentary evidence referred to in Article 5, paragraph 2, of this Memorandum of Understanding, shall include passports, visa applications, Icelandic immigration control records, travel agency documents, or photocopies thereof.