

### IS-Reykjavík: operation of scheduled air services

**Invitation to tender published by Iceland pursuant to Article 4(1)(d) of the Act referred to in point 64a in Annex XIII of the EEA agreement (Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes) for operation of scheduled air services on the following routes:**

1. Gjögur-Reykjavík v.v. — 2. Bíldudalur-Reykjavík v.v. — 3. Sauðárkrókur-Reykjavík v.v. — 4. Grímsey-Akureyri v.v. — 5. Vopnafjörður-Þórshöfn-Akureyri v.v. — 6. Höfn-Reykjavík v.v.

(2006/C 128/13)

1. **Introduction:** Pursuant to Article 4(1)(a) of Council Regulation (EEC) No 2408/92 of 23.7.1992 on access for Community air carriers to intra-Community air routes ([http://europa.eu.int/eur-lex/en/lif/dat/en\\_392R2408.html](http://europa.eu.int/eur-lex/en/lif/dat/en_392R2408.html)), Iceland has decided to continue imposing public service obligations in respect of scheduled air services as of 1.1.2007 on the following routes, as published on 1.6.2006 in the *Official Journal of the European Union* C 128 and the EEA supplement No 27, 1.6.2006:

1. Gjögur-Reykjavík v.v.
2. Bíldudalur-Reykjavík v.v.
3. Sauðárkrókur-Reykjavík v.v.
4. Grímsey-Akureyri v.v.
5. Vopnafjörður-Þórshöfn-Akureyri v.v.
6. Höfn-Reykjavík v.v.

If no air carrier has informed the Ministry of Communications in Iceland that it has commenced, or is about to commence, scheduled air services 4 weeks before the intended coming into force of the contract on the said routes, effective as of 1.1.2007, in conformity with the public service obligation imposed on the routes mentioned above, without requesting financial compensation or market protection, Iceland has decided, under the procedure provided for by Article 4(1)(d) of the same Regulation, to limit access to only 1 air carrier on each route and following an invitation to tender, to grant the right to operate the routes for 3 years with effect from 1.1.2007.

2. **Objective of the invitation to tender:** The objective of the tender is to provide, with effect from 1.1.2007, scheduled air services on the following routes:

1. Gjögur-Reykjavík v.v.
2. Bíldudalur-Reykjavík v.v.
3. Sauðárkrókur-Reykjavík v.v.
4. Grímsey-Akureyri v.v.

5. Vopnafjörður-Þórshöfn-Akureyri v.v.

6. Höfn-Reykjavík v.v.

in accordance with the imposed public service obligations, as published in the *Official Journal of the European Union* C 128, 1.6.2006.

3. **Eligibility to tender:** All air carriers holding a valid operating licence pursuant to Council Regulation (EEC) No 2407/92 of 23.7.1992 on the licensing of air carriers are eligible to tender (<http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:31992R2407:EN:HTML>).

4. **Tender procedure:** This invitation to tender is subject to the provisions of subparagraphs (d) - (i) of Article 4(1) of Council Regulation (EEC) No 2408/92.

The State Trading Centre, acting on behalf of the Public Road Administration, reserves the right to reject all tenders. Overdue tenders and tenders not in conformity with this invitation to tender will be rejected.

The State Trading Centre, acting on behalf of the Public Roads Administration, reserves the right to apply subsequent negotiations if all tenders submitted are incorrect, or, if after the final date for receipt of tenders, there proves to be only 1 tenderer or no tender. Such negotiations shall be in accordance with the public service obligations imposed and without making substantial changes in the original tender conditions.

The tenders can tender for all routes, or just routes nr 1 and 2, or only route nr 3, or routes nr 4 and 5, or only route nr 6.

The tenders shall be made in Icelandic or English.

The tender is binding on the tenderer until the award is made. However, the tender will remain valid until no later than 12 weeks from the opening of tenders.

5. **Award:** The award will be made to the tender requiring the lowest amount of compensation for the period 1.1.2007 to 31.12.2009.

6. **Tender file:** The full file for the invitation to tender, containing the imposition of public service obligations, the specific rules to the invitation to tender (Icelandic Act No 65/1993 on the implementation of invitation to tender in connection with public service obligations to implement Council Regulation (EEC) No 2408/92, Article 4), may be obtained from:

Ríkiskaup (the State Trading Centre), Borgartúni 7, IS-105 Reykjavík, Iceland. Tel: (354) 530 1400, fax: (354) 530 1414. E-mail: utbod@rikiskaup.is.

The price of the file is ISK 3 500.

7. **Financial compensation:** The tenders shall specify the compensation in Icelandic crowns (ISK) required for 1 round trip of each routes nr 1, 2, 3, 4, 5, and 6, in conformity with compensation required for operation of the service in question for 3 years from the scheduled starting date, 1.1.2007. The tenders shall be based on the price level on the opening day of the tenders. Also required is an operating budget for a 12-month period. This information shall be set out in a format included in the tender file, along with the information required in the tender file.

Price adjustment:

All amounts of compensation will be based on the price level on opening day of tenders.

The amount of compensation required for each roundtrip on opening day of tenders will be adjusted 1.1.2007 and the adjusted amount of compensation will be valid for the period 1.1.2007 – 31.12.2007. The amount of compensation for the periods 1.1.2008 – 31.12.2008 and 1.1.2009 – 31.12.2009 will be adjusted at the beginning of the period. The adjustment will be in accordance with the following index:

1 % change in fuel price, JET A-1, change in the amount of compensation of 0,2 %.

1 % change in consumer price index, change in the amount of compensation of 0,8 %.

The operator can ask for revision of ticket prices and freight rates according to changes in the above index, but no more frequently than every 6 months.

The operator shall retain all revenue generated by the service and is fully responsible for the expenses, however, re-negotiation in accordance with the standard contract may apply in case of substantial and unforeseeable changes in the assumptions underlying it.

8. **Fares and freight rates:** The tenders submitted shall specify the fares and freight rates and the conditions there to. The fares shall be in accordance with the public service obligations published in the *Official Journal of the European Union* C 128, 1.6.2006.

9. **Duration, amendment and termination of the contract:** The contract shall start on 1.1.2007 and end on 31.12.2009.

A review of implementation of the contract shall be carried out in concert with the carrier during the 6 weeks following the end of the contract period.

The contract may not be modified unless the changes are in accordance with the public service obligations. Any modification of the contract shall be recorded in an annex thereto.

The carrier may terminate the contract only after a 6-month period of notice.

10. **Breach of contract/cancellation:** In the event of substantial breach of the contract by 1 party, it may be cancelled with immediate effect by the other party.

The air carrier shall carry out all the obligations of the contract according to the public service obligations published in the *Official Journal of the European Union* C 128, 1.6.2006 and the tender file. In the event of non-performance of such obligations, The Icelandic Road Administration may discontinue payments corresponding to the non-performance.

The Icelandic Road Administration may cancel the contract with immediate effect, in the event of substantial breach of the contract or in the event of the insolvency or bankruptcy of the carrier.

The Icelandic Road Administration may cancel the contract with immediate effect if the operator has his licence revoked or it is not renewed.

Independent of any action for damages, any discontinuation of contracted services which can be attributed directly to the operator shall lead to a reduction in the amount of financial compensation in accordance with the number of flights cancelled if the number of cancelled flights exceeds 4 % of planned numbers of flights.

11. **Airline codes:** The flights cannot carry any airline codes other than the tenderer's own and cannot be part of any code-sharing agreement.

12. **Submission of tenders:** Tenders must be sent by registered post with acknowledgement of receipt, in which case the postmark will be accepted as proof of submission, or delivered by hand to the State Trading Centre, not later than 6.7.2006 (14:00), where they will be opened in the presence of those tenderers requesting to be present 6.7.2006 (14:00). Tenders submitted later than 6.7.2006 (14:00) will not be opened.

The tenders submitted must be contained in a sealed envelope addressed as follows:

Ríkiskaup (The State Trading Centre), Borgartúni 7, IS-105 Reykjavík. Tel. (354) 530 14 00, fax (354) 530 14 14.

The envelopes containing the tenders shall be identified as follows:

Ríkiskaup (The State Trading Centre), Tenders No 13783, Áætlunarflug 2007-2009.

(The envelopes shall bear the tenderer's name).

13. **Validity of the invitation to tender:** This invitation to tender shall be valid only to the extent that no EEA carrier (EEA carrier means a Community air carrier or an air carrier with a valid operating license granted by an EFTA State, party to the EEA Agreement, in accordance with the Act referred to in point 66b in Annex XIII of the EEA Agreement (Council Regulation (EEC) No 2407/92 on licensing of air carriers)) informs the Ministry of Communications, 4 weeks or more before the intended entry of force of the contract, that it will commence scheduled flights according to the public service obligations on any of the air routes without requiring any financial support or market protection.
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