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THE SECOND ASSEMBLY of ICAO which met in Geneva, Switzerland from June 1 to June 21, 1948 reached substantial unanimity of agreement on all the major issues which confronted it. Under the aegis of the ACC the agencies of the U.S. Government primarily concerned with various phases of international civil aviation, the Office of the U.S. Representative to ICAO, ATA, AIA, and other governmental and private groups agreed upon draft instructions to the U.S. Delegation which were found to be in every way an adequate basis for the work assigned to the Delegation.

While the sessions of the Assembly were often protracted and the debate occasionally quite spirited, a willingness to recede from rigid national positions and a general air of cordiality prevailed which were in themselves as significant as any of the decisions taken by the Assembly. The U.S. Delegation, without compromising any vital objectives, was able to contribute materially to this spirit of genuine negotiation.

CONVENTION ON INTERNATIONAL RECOGNITION OF RIGHTS IN AIRCRAFT

At the outset of the Assembly the Chairman of the U.S. Delegation stressed the particular importance of arriving at final agreement on a Convention on International Recognition of Rights in Aircraft. This remained a principal objective of the Delegation in the ensuing weeks.

Brussels Draft

The work upon the draft Convention was predicated upon the draft text prepared by the Legal Committee of ICAO at its meeting in Brussels in September, 1947, and subsequently circulated by ICAO to all member States for study and comment.1 After extensive discussion, often involving vigorous differences in view among the participating nations, a revised text was agreed upon along the general lines embodied in the Brussels draft, but with some modifications in substance and considerable revision in language to improve its clarity. Final agreement on a text involved major adjustments and concessions as among the several systems of law prevailing among the member States, a process which was further complicated by language differences.

Principal Effects of Convention

The underlying concept of the Convention is provision for recognition by each of the contracting States with respect to the aircraft of other contracting States of rights and interests in such aircraft created under the law of the State of the aircraft's nationality. Thus, as to United States aircraft, security interests created and recorded in the United States will be recognized and given effect in accordance with the law of the United States when the aircraft is within the jurisdiction of any other contracting State, subject to certain qualifications relating to salvage claims and claims of involuntary creditors.

While the final agreed text does not embody fully the views of the United States, it is believed that it represents the maximum protection internationally of rights in aircraft upon which general agreement among the nations could be reached for some time. Such general agreement is essential since without widespread adherence no Convention will be effective. The U.S.

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1 See, 14 J. Air L. & C. 500 (1947).
Delegation was successful in obtaining agreement to recognize its complicated security interests such as fleet mortgages and equipment trusts, which are largely unfamiliar to other nations, many of which do not even have national legislation providing for mortgages on aircraft. The Delegation also obtained provisions covering the recognition of security interests in spare parts located in foreign countries which should materially aid in financing the cost thereof.

The Convention as finally agreed upon will materially aid in the financing of aircraft registered in the United States to be used in international air navigation and will assist to a more limited degree in the financing of aircraft for export. It is believed that it represents a valuable step forward and that its formulation and adoption by the Assembly was a noteworthy accomplishment.

Signatures

The Assembly approved the text as open for signature on June 18, 1948 and as of July 1, 1948 the Convention was signed on behalf of their Governments by the representatives of 19 States:

Argentina  Belgium  Brazil  China  Colombia
Chile    Dominican Republic    Greece    Mexico    Switzerland
France  Iceland  Italy  Netherlands  Peru
Portugal  United Kingdom  United States  Venezuela

Economic Matters

In the economic field the Second Assembly made significant progress toward fuller implementation of Article 5 of the Chicago Convention and hence toward greater freedom of movement for aircraft not engaged in scheduled air transportation. It has been recognized for some time that an essential prerequisite to effective action in this direction is general agreement on a definition of what constitutes "scheduled" air transportation, which under Article 6 of the Chicago Convention can operate internationally only with the "special permission of the other government concerned." The Assembly succeeded in developing a tentative definition of scheduled air services to be used as a basis for the comments of Contracting States. The Council will adopt after consideration of the comments received, a definition, subject to periodic review, for the guidance of Contracting States.

At the same time, the Assembly recommended that Contracting States immediately extend freedom of admission into their territories to certain categories of aircraft registered in other States, without the necessity of applying for prior permission and with a minimum of advance notice. In brief, the categories included are aircraft engaged in: (a) private flights for pleasure; (b) flights on the business of the individual or enterprise owning the aircraft; and (c) all other non-scheduled flights not involving the doing of business in the territory entered.

The Assembly also gave its approval to the continuation of the economic studies now being conducted by the Organization in the fields of interna-

2 Definition framed by the Economic Commission (Final Report, Doc. A2-EC/58, Appendix G):

"For the purposes of the Convention, a 'scheduled international air service' is an international air service consisting of a recognizably systematic series of flights (a) which are operated between two or more points or two or more traffic areas that, considering relevant characteristics of the service such as the distance covered and the type of aircraft used, do not materially vary; (b) which are operated for valuable consideration; and (c) which are open to use by members of the public [acceptable to the carrier] who from time to time seek to take advantage of them."

Note:—The expression in brackets has caused particular difficulty in the preparation of the description.
tional air mail, costs of air navigation facilities and services, joint ownership and operation of international air lines, and problems arising from duplicate insurance requirements affecting international air carriers.

JOINT SUPPORT

During the past two years ICAO Regional Meetings have outlined successive segments of the pattern of air navigation facilities which will be required to make possible safe, regular, and efficient international air transportation to all parts of the world. Recognizing that much of the basic preparatory work has been done or will be completed in the near future by the Regional Meetings, the Second Assembly has requested the Council to undertake a review of the world situation and to determine in particular to what extent Contracting States will be able to meet the indispensable requirements for international civil aviation facilities in their respective territories as contemplated in Article 28 of the Chicago Convention. This review should develop in broad outline the gap between the facilities found to be essential and those which can in fact be provided by the Contracting States. The knowledge thus gained will give the Organization a key to the magnitude of the problem facing it in its attempt to secure the establishment of air routes throughout the world, and it will assist Contracting States in determining the degree of priority to be assigned to each particular project which is presented for Joint Support assistance.

TECHNICAL FIELD

A careful review by the Assembly of the progress made by the Organization in the technical field brought to the fore two opposing theories regarding the proper division of function between the representative divisions and committees of ICAO on one hand and the international secretariat on the other. The U.S. Delegation was successful in securing wide agreement on the principle that the basic technical work of the Organization should be performed in meetings of representatives of the Contracting States with the advice and assistance of the professional experts of the Secretariat. The Assembly decision to continue the practice of holding technical Divisional meetings at the headquarters in Montreal rather than at scattered locations gives assurance of continued close liaison and teamwork between the representatives of the Contracting States and the staff of the Organization.

Other significant advances made by the Assembly in the technical sphere include acceptance of the view that enforcement action for violations of regulations by airmen and aircraft of another country should be the primary responsibility of the State in which the violation occurs rather than the country of certification of the airman or aircraft. Measures were also taken to facilitate recognition of certificates and licenses issued by Contracting States, pending the coming into force of appropriate standards, such recognition to be extended only for the purpose of flight into or across the territory of another Contracting State. The Assembly also accepted a proposal which will greatly relieve governments, airmen, and aircraft operators of heavy burdens imposed by Article 39 of the Convention with respect to the endorsement of certificates and licenses for international operation.

AIR NAVIGATION COMMISSION-COMMITTEE PROBLEM

One of the most difficult internal organizational problems which confronted the Assembly was the necessity of implementing Articles 54(e) and Article 56 of the Chicago Convention, which require the establishment of an Air Navigation Commission, without sacrificing the valuable experience and organizational relationships which have developed under the pre-existing Air Navigation Committee system. A serious split on this issue was averted by a compromise arrangement proposed by the United States which gained unanimous support. Under this plan the Organization will now comply tech-
nically with the mandate of its charter with procedural safeguards to be worked out in detail by the Council which will retain the cardinal points of United States policy, including particularly unqualified responsibility and authority in the Council over the work of the Air Navigation Committee.

ADMINISTRATIVE MATTERS

Following a recommendation of the Council, the Assembly adopted a fiscal year to correspond with the calendar year in accordance with the practice of the United Nations and the other specialized agencies. This necessitated adopting a budget for an 18 month period. The Assembly adopted a budget for the period July 1 to December 31, 1948 of $1,339,882, and for the period January 1 to December 31, 1949 of $2,649,685. This is essentially the same budget as last year, and follows the recommendations of the Council with the sole exception of a reduction in the Working Capital Fund of $25,000. In connection with the budget discussions, Argentina with the support of the United States was successful in securing the adoption of a resolution requesting the Council to consider the possibility of further extending the public information services of ICAO within the limits of the present budget. It is hoped that Council action in this regard will result in wider public understanding of the work of the Organization and of the basic objectives to which it has been dedicated since the Chicago Conference of 1944.

The United States unit share in the budget of the Organization remains unchanged; in terms of dollars, the United States obligation is slightly less than last year as a result of increased membership in ICAO. The relatively small proportion of the expenses of ICAO borne by the United States compared with United States contributions to other similar international organizations reflects not only a realistic acceptance by other States of their own obligations, but is also, in large measure, a recognition of the valuable non-financial contributions which the United States continues to make in terms of technical information and assistance to the Organization.

A proposal to abolish the system of deductions from the salaries of Staff Members of ICAO in lieu of income taxes was strongly supported by many States favoring the principle of freedom from taxation for international civil servants. Owing to strenuous efforts by the United States Delegation, this action was, in effect, postponed pending a decision by the next session of the Assembly of the United Nations with respect to the problem of Staff deductions.

POLICY ON AMENDMENTS

The Assembly adopted a policy that no amendments to the Chicago Convention will be considered until the next full Assembly in 1950 unless such amendments are urgently required. In line with this policy, the Assembly rejected an effort to secure the deletion of Article 41, relating to the recognition of existing standards of airworthiness. The U.S. Delegation joined with other countries in an acceptable compromise calling for a full study of this problem by the Council, emphasizing strongly that any final action taken on Article 41 must take into account the safety and economic welfare of the public and the security of the heavy investments of aircraft manufacturers and air transport operators in equipment now in operation or in production.

NEW MEMBERS

The applications of Austria and Finland for admission to membership in ICAO were approved by the Assembly without a dissenting vote. In moving adoption of the resolution favoring the admission of the Republic of Finland, the Chairman of the U.S. Delegation emphasized that the growing effectiveness of ICAO depends in part upon the inclusion of all States of the
world which in spirit and action have demonstrated their interest in the orderly development of international air transport as an instrument of peaceful commerce, and he paid tribute to the sincerity with which Finland has accepted and discharged its international obligations. In the absence of objection by the General Assembly of the United Nations at its next session, Austria and Finland will be accorded full membership status in the Organization.

**CONCLUSION**

It will be apparent from the above review that the Government of the United States and its component public and private agencies demonstrated its willingness to recognize sincere differences and the legitimate interests of other Contracting States, and to work cooperatively for the interests of all without coercion and with a maximum of good will and understanding. This attitude, practically without exception, prevailed throughout the Delegations of other countries and was instrumental in ensuring a successful assembly.

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**INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA)**

**FINANCIAL MATTERS**

A “marriage” between the IATA Clearing House at London and the Airlines Clearing House maintained at Chicago by North American carriers was consummated during May. Because IATA Clearing House accounts can be settled in either dollars or pounds sterling, North American domestic companies will be able now to accept bookings from soft currency areas as well as from those countries which pay in dollars. Clearance between two airlines belonging to different Clearing Houses will be made between the London and Chicago establishments themselves, with final settlement between the airline and its own clearing house. The arrangement will also cut down accounting complications and eliminate brokerage payments and the risk of currency fluctuation.

International air traffic transactions handled by the IATA Clearing House during the first four months of 1948 total $24,938,000, more than four times the total for the same period of 1947. In the meanwhile, membership of the Clearing House has increased from 19 to 27. April clearances established a new high mark for the year at $7,140,000. This total turnover was finally settled, after offsetting of credit and debit balances, by cash payments of only $770,000 or 11%.

The IATA Financial Committee met at Estoril, Portugal, during May to discuss its continuing activities. Further progress was reported in studies of standardization of airline accountancy systems, and preliminary work was made on certain aspects of passenger insurance.

**LEGAL MATTERS**

The fourth meeting of the Legal Committee held at Montreal in April considered two main questions:

(a) The program of the ICAO Legal Committee, which includes the Warsaw Convention, the Rome Convention, the Brussels Protocol,
Legal Status of the Aircraft Commander and Definitions, and the Rights in Rem (Mortgage) Convention.

(b) The Draft General Conditions of Carriage as prepared by an ad hoc committee.

The Warsaw Convention Special Committee has been at work for six months, and IATA's Observer to the Geneva meeting of the ICAO Legal Committee has prepared briefs on IATA's position covering all the above matters.

IATA's policy on the Warsaw Convention is that any revision at the present time would be premature, inadvisable and wholly confusing. This point of view was adopted at Cairo in 1946, and was re-affirmed in 1948 for the following reasons:

(a) The general postwar political and economic situation is not yet clarified;
(b) Important parts of the world are still occupied by military forces;
(c) Currencies of many important nations are not yet stabilized;
(d) Free movement of world commerce under normal peacetime conditions is not yet fully restored;
(e) The continually changing draft recommendations to proposed amendments confirm the lack of general agreement.

In the opinion of the Special Committee, instead of pressing for a revision of the Warsaw Convention, or substituting a new Convention in its place, every effort should be made by ICAO and by Members of IATA to widen the international acceptance of the Warsaw Convention. The Committee believes that this Convention has worked reasonably well under the varying world conditions which have prevailed during the years since it came into force.

Possible revisions of the Rome Convention and the Brussels Protocol were also considered, and it has been recommended that they should not be dealt with separately, but only in conjunction with the revision of the Warsaw Convention. The view was expressed that a General Aviation Liability Code would be the best solution for the various problems involved in the different Conventions relating to the liability of the carrier.

The Committee considered the draft Convention on International Recognition of Rights in Aircraft and the comments received thereon from the various governments, and recommended that Article 3 of the draft Convention should be re-drafted, as it appeared to create rights, whereas it was intended only to fix priorities. The recommendation was accepted by Second ICAO Assembly.

Regarding other items on the program of the ICAO Legal Committee, the IATA Legal Committee has expressed the view that there was still no urgent need for a convention on the Legal Status of the Aircraft Commander.

The Legal Committee has taken the view that close liaison should continue to be maintained between the ICAO Legal Committee and the IATA Legal Committee, in order that the consolidating and crystallizing views of the international carriers may be given full consideration. The Committee is authorized to make direct recommendations to the ICAO Legal Committee after discussion in each case with the Director General.

The Chairman of the Legal Committee was authorized to appoint ad hoc working committees and rapporteurs (if the occasion for their use arose), in lieu of the present sub-committees of the Legal Committee which were dissolved. The following ad hoc working committees may be established:
(a) Committee on Definitions (Glossary of Traffic Terms);
(b) Committee to study and recommend rules of liability which might
be incorporated in a general code of aviation liability;
(c) Committee to consider legal questions which might arise out of any
subsequent revision of the uniform passenger ticket and baggage
check and the conditions of carriage; also to consider the desirabil-
ity of creating a negotiable air waybill/consignment note.

As a result of the discussions on the Rules of Liability in respect to the
Conditions of Carriage for Goods, a rapporteur was designated by the
Chairman to study and report on the question of the feasibility of settling,
by arbitration, disputes arising out of the use of the air waybill/consign-
ment note.

A particular problem in connection with the legal drafting of Traffic
Conference resolutions has been the date of their effectiveness. Conference
resolutions are not valid without the approval of interested governments.
At the Rio Conferences, it was arranged that the vast majority of resolu-
tions should become effective as of a definite date and approximately 379 of
them have so come into force. Under this arrangement, resolutions may be
considered effective even though one or more carriers have notified the Con-
ference Secretary, in accordance with the Provisions for Conference regula-
tion, that they cannot be bound by particular resolutions because of lack of
governmental approval. Had it been provided that each resolution should
be effective only after all governments concerned had approved, only one out
of almost 400 would have been completely in force seven months after their
adoption by the Conference. Various approaches to this problem have been
used since Rio and there is now under consideration a project for making
Conference resolutions effective that would afford governments 45 days in
which to act or to indicate a desire for a definitely limited time extension.

TECHNICAL MATTERS

The second Annual IATA Technical Conference, held at Ste. Agathe,
P. Q., Canada, June 8-22, resulted in a wide variety of measures aimed at
increasing the reliability and cutting the cost of international air transport.
The meetings were attended by 150 technical heads of 23 airlines, from 17
countries. Summarized briefly, the four working groups of the Conference
achieved, among other things:

Recommendations for the pooling of certain ground equipment and sup-
plies.
Impetus for more widespread installation of airport approach lighting.
Better measures for the speedy handling of planes at international air-
ports.
Greater coordination of communications and navigation facilities.
More widespread use of pressure pattern flying on long routes.
Worldwide agreement among airlines on conformity of approach and
let-down procedures.

The Conference also provided an opportunity for engineers from all con-
tinents to exchange data and experience in flying problems. International
symposiums on maintenance of specific transport aircraft and other matters,
conducted at the Conference for the first time this year, proved to be partic-
ularly valuable and will be repeated at the 1949 Technical Conference in Eu-
rope.

TRAFFIC MATTERS

Recognizing that the business of the IATA Traffic Conference is now set-
tling down to an even routine, the Executive Committee at its semi-annual
meetings in Montreal during April changed the provisions for Conference regulation in order to make their two meetings a year optional, rather than mandatory. If the amendment is approved by interested governments, a considerable saving of time and expense is expected to result. Meanwhile, a meeting of IATA Traffic Conference No. 2, called in June to deal with rate problems arising out of currency fluctuations, drafted recommendations for a schedule of Winter fares in which these problems are largely overcome. Region No. 2 also met with representatives of the other two conferences to review rates on inter-Conference routes.

A feature of the new European rate schedule is the establishment of low 15-day excursion fares between some points. The inter-Conference rate structure also provides for 50 per cent reductions in fares over certain long routes for children being schooled away from home.

Preparation of the first universal rules tariff for international airlines was commissioned by the Executive Committee and is scheduled to be completed by the Head Office by the end of the year. This document, plus a joint tariff of North Atlantic fares also authorized by the Committee, may be the first in a series designed to cover the worldwide operations of IATA member companies. The project will be self-supporting.

Introduction of the use by IATA member companies of the Universal Interline Reservations Code, with minor changes to suit the needs of international operators, was also approved by the Executive Committee. The changes will be made in close cooperation with the Air Transport Association of the United States, where the code is already in use.

RELATIONS WITH ICAO

IATA was represented at the Second ICAO Assembly at Geneva in June by the Director General, Sir William P. Hildred, and the Legal Adviser, John C. Cooper, as chief observers. Preceding the Assembly IATA representatives also attended meetings in Geneva of the ICAO Legal Committee and the ICAO Facilitation Division. IATA technical delegations took part in ICAO Regional Air Navigation Meetings covering the North Atlantic and Europe-Mediterranean areas during May at Paris.

MEDICAL PANEL

A new IATA Medical Panel was created by the April meeting of the Executive Committee to deal with all aspects of international airline operations. Composed of leading aeromedical authorities, the Panel held its inaugural meeting at Toronto, Canada, on June 17, during the concurrent annual meeting of the Aero Medical Association. They discussed a study of flight time limitations and medical requirements for aircrew personnel.

JOINT SUPPORT OF AIR NAVIGATION FACILITIES LOCATED IN ICELAND—RESULTS OF THE ICAO CONFERENCE

The Final Act of the Icelandic Conference, held in Geneva under ICAO auspices to conclude an arrangement for the joint support of air navigation facilities located in Iceland, was signed June 26, 1948. States which participated in the Conference included:

<table>
<thead>
<tr>
<th>Belgium</th>
<th>Iceland</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Netherlands</td>
<td>United States</td>
</tr>
<tr>
<td>Denmark</td>
<td>Norway</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Sweden</td>
<td></td>
</tr>
</tbody>
</table>
All of the interested states signed the Final Act except the Netherlands and Norway, both of which expect to sign in the near future.

The Final Act of the Conference makes specific recommendations to each of the interested states, to Iceland and to the ICAO Council concerning the principles and procedures to be followed in financing on an international basis the costs of air traffic control, communications, and meteorological services located in Iceland. These services have been found essential for safe, efficient and regular international air transportation over the important North Atlantic routes.

The Icelandic Conference recommended that payments to be made to Iceland through ICAO be divided into two parts:

1. A lump sum of 7.5 million kronur for the period ending December 31, 1948. Added to this sum was a cushion of 200 thousand kronur to defray ICAO extraordinary expenses and provide for any contingencies;

2. Payments not to exceed 3.5 million kronur annually beginning in calendar 1949. The maximum annual cost of the services was estimated at 4,225,000 kronur. Iceland agreed to contribute annually 17.5% of the costs, or about 750,000 kronur. The contributing states agreed to recommend maximum assessments not to exceed 10% of the total future annual cost estimate. Thus the ICAO Council will have annually a cushion of 10% of the total funds to be assessed contributing states for (a) reimbursement to ICAO for extraordinary expenses, (b) slight cost increases over the annual cost estimates, or (c) deficiencies in payment of assessments on the part of any contributing state.

The assessments apportioned among states whose flag carriers use the Icelandic air navigation facilities were based on the principle of aeronautical benefits each state expects to derive from the services. In other words, the assessments to each user state were apportioned according to past flight schedules over the North Atlantic from July 1, 1946 through May 31, 1948 for the retroactive lump sum payment; thereafter, the annual assessments will be based on statistics of scheduled flights for the preceding fiscal year, excluding those through the Azores and Bermuda, across the North Atlantic.

Based on this formula, the contributing states agreed, for the retroactive payment extending through December 31, 1948, to recommend assessment as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Amount Payable</th>
<th>Amount of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>to Iceland</td>
<td>Icelandic Kronur</td>
</tr>
<tr>
<td></td>
<td>Icelandic Kronur</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>1.2</td>
<td>90,000</td>
</tr>
<tr>
<td>Canada</td>
<td>9.3</td>
<td>697,500</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.85</td>
<td>139,300</td>
</tr>
<tr>
<td>France</td>
<td>4.6</td>
<td>345,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5.6</td>
<td>420,000</td>
</tr>
<tr>
<td>Norway</td>
<td>1.85</td>
<td>139,300</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.8</td>
<td>208,900</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11.1</td>
<td>832,500</td>
</tr>
<tr>
<td>United States</td>
<td>61.7</td>
<td>4,627,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>7,500,000</strong></td>
</tr>
</tbody>
</table>

1 Official rate of exchange is 6.4885 kronur for $1.
For the calendar year 1949 and thereafter Iceland agreed to accept 17.5% of the estimated cost of the services. The recommended assessment for 1949 and maximum assessments thereafter are as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount Payable to Iceland for 1949</th>
<th>Maximum Assessment Icelandic Kronur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>1.8 71,599</td>
<td>83,655</td>
</tr>
<tr>
<td>Canada</td>
<td>7.1 282,419</td>
<td>329,973</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.7 67,622</td>
<td>79,672</td>
</tr>
<tr>
<td>France</td>
<td>4.1 163,087</td>
<td>190,547</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.9 194,909</td>
<td>227,728</td>
</tr>
<tr>
<td>Norway</td>
<td>1.7 67,622</td>
<td>79,672</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.6 103,431</td>
<td>119,506</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9.9 393,796</td>
<td>460,102</td>
</tr>
<tr>
<td>United States</td>
<td>48.7 1,937,161</td>
<td>2,263,333</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>82.5% 3,281,636</strong></td>
<td><strong>3,834,190</strong></td>
</tr>
</tbody>
</table>

Upon signature of the Final Act, the ICAO Council on the same date unanimously accepted the recommendations contained in the Final Act of the Icelandic Conference and took action to assess the contributing states in accordance with Article 73 of the Chicago Aviation Convention. Although the bilateral agreement between the Government of Iceland and the ICAO Council as envisaged by Chapter XV of the Chicago Convention was not finally consummated, owing to Council adjournment, a final draft is under study by individual Council members. The Council will undoubtedly consider the agreement at its first meeting of the Fall Council session.

EDWARD S. PRENTICE*

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**CONVENTION ON THE INTERNATIONAL RECOGNITION OF RIGHTS IN AIRCRAFT, SIGNED AT GENEVA, JUNE 19, 1948†**

WHEREAS the International Civil Aviation Conference, held at Chicago in November-December 1944, recommended the early adoption of a Convention dealing with transfer of title to aircraft,

WHEREAS it is highly desirable in the interest of the future expansion of international civil aviation that rights in aircraft be recognized internationally,

THE UNDERSIGNED, duly authorized, HAVE AGREED, on behalf of their respective Governments, AS FOLLOWS:

**Article I**

(1) The Contracting States undertake to recognize:

(a) rights of property in aircraft;
(b) rights to acquire aircraft by purchase coupled with possession of the aircraft;
(c) rights to possession of aircraft under leases of six months or more;
(d) mortgages, hypotheques and similar rights in aircraft which are contractually created as security for payment of an indebtedness;

provided that such rights

(i) have been constituted in accordance with the law of the Contracting State in which the aircraft was registered as to nationality at the time of their constitution, and

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* Assistant Chief, Aviation Division, Department of State, and member of U.S. Delegation to Conference. This report is submitted by Mr. Prentice in his personal capacity.
† A2-P/27, 17/6/48 Revised, Doc. 5667.
(ii) are regularly recorded in a public record of the Contracting State in which the aircraft is registered as to nationality.

The regularity of successive recordings in different Contracting States shall be determined in accordance with the law of the State where the aircraft was registered as to nationality at the time of each recording.

(2) Nothing in this Convention shall prevent the recognition of any rights in aircraft under the law of any Contracting State; but Contracting States shall not admit or recognize any right as taking priority over the rights mentioned in paragraph (1) of this Article.

Article II

(1) All recordings relating to a given aircraft must appear in the same record.

(2) Except as otherwise provided in this Convention, the effects of the recording of any right mentioned in Article I, paragraph (1), with regard to third parties shall be determined according to the law of the Contracting State where it is recorded.

(3) A Contracting State may prohibit the recording of any right which cannot validly be constituted according to its national law.

Article III

(1) The address of the authority responsible for maintaining the record must be shown on every aircraft's certificate of registration as to nationality.

(2) Any person shall be entitled to receive from the authority duly certified copies or extracts of the particulars recorded. Such copies or extracts shall constitute prima facie evidence of the contents of the record.

(3) If the law of a Contracting State provides that the filing of a document for recording shall have the same effect as the recording, it shall have the same effect for the purposes of this Convention. In that case, adequate provision shall be made to ensure that such document is open to the public.

(4) Reasonable charges may be made for services performed by the authority maintaining the record.

Article IV

(1) In the event that any claims in respect of:
   (a) compensation due for salvage of the aircraft, or
   (b) extraordinary expenses indispensable for the preservation of the aircraft

give rise, under the law of the Contracting State where the operations of salvage or preservation were terminated, to a right conferring a charge against the aircraft, such right shall be recognized by Contracting States and shall take priority over all other rights in the aircraft.

(2) The rights enumerated in paragraph (1) shall be satisfied in the inverse order of the dates of the incidents in connection with which they have arisen.

(3) Any of the said rights may, within three months from the date of the termination of the salvage or preservation operations, be noted on the record.

(4) The said rights shall not be recognized in other Contracting States after expiration of the three months mentioned in paragraph (3) unless, within this period,

(a) the right has been noted on the record in conformity with paragraph (3), and
(b) the amount has been agreed upon or judicial action on the right has been commenced. As far as judicial action is concerned, the law of the forum shall determine the contingencies upon which the three months period may be interrupted or suspended.

(5) This Article shall apply notwithstanding the provisions of Article I, paragraph (2).

Article V

The priority of a right mentioned in Article I, paragraph (1) (d), extends to all sums thereby secured. However, the amount of interest included shall not exceed that accrued during the three years prior to the execution proceedings together with that accrued during the execution proceedings.

Article VI

In case of attachment or sale of an aircraft in execution, or of any right therein, the Contracting States shall not be obliged to recognize, as against the attaching or executing creditor or against the purchaser, any right mentioned in Article I, paragraph (1), or the transfer of any such right, if constituted or effected with knowledge of the sale of execution proceedings by the person against whom the proceedings are directed.

Article VII

(1) The proceedings of a sale of an aircraft in execution shall be determined by the law of the Contracting State where the sale takes place.

(2) The following provisions shall however be observed:

(a) The date and place of the sale shall be fixed at least six weeks in advance.

(b) The executing creditor shall supply to the Court or other competent authority a certified extract of the recordings concerning the aircraft. He shall give public notice of the sale at the place where the aircraft is registered as to nationality, in accordance with the law there applicable, at least one month before the day fixed, and shall concurrently notify by registered letter, if possible by air mail, the recorded owner and the holders of recorded rights in the aircraft and of rights noted on the record under Article IV, paragraph (3), according to their addresses as shown on the record.

(3) The consequences of failure to observe the requirements of paragraph (2) shall be as provided by the law of the Contracting State where the sale takes place. However, any sale taking place in contravention of the requirements of that paragraph may be annulled upon demand made within six months from the date of the sale by any person suffering damage as the result of such contravention.

(4) No sale in execution can be effected unless all rights having priority over the claim of the executing creditor in accordance with this Convention which are established before the competent authority, are covered by the proceeds of sale or assumed by the purchaser.

(5) When injury or damage is caused to persons or property on the surface of the Contracting State where the execution sale takes place, by any aircraft subject to any right referred to in Article I held as security for an indebtedness, unless adequate and effective insurance by a State or an insurance undertaking in any State has been provided by or on behalf of the operator to cover such injury or damage, the national law of such Contracting State may provide in case of the seizure of such aircraft or
any other aircraft owned by the same person and encumbered with any similar right held by the same creditor:

(a) that the provisions of paragraph (4) above shall have no effect with regard to the person suffering such injury or damage or his representative if he is an executing creditor;

(b) that any right referred to in Article I held as security for an indebtedness encumbering the aircraft may not be set up against any person suffering such injury or damage or his representative in excess of an amount equal to 80% of the sale price.

In the absence of other limit established by the law of the Contracting State where the execution sale takes place, the insurance shall be considered adequate within the meaning of the present paragraph if the amount of the insurance corresponds to the value when new of the aircraft seized in execution.

(6) Costs legally chargeable under the law of the Contracting State where the sale takes place, which are incurred in the common interest of creditors in the course of execution proceedings leading to sale, shall be paid out of the proceeds of sale before any claims, including those given preference by Article IV.

Article VIII

Sale of an aircraft in execution in conformity with the provisions of Article VII shall effect the transfer of the property in such aircraft free from all rights which are not assumed by the purchaser.

Article IX

Except in the case of a sale in execution in conformity with the provisions of Article VII, no transfer of an aircraft from the nationality register or the record of a Contracting State to that of another Contracting State shall be made, unless all holders of recorded rights have been satisfied or consent to the transfer.

Article X

(1) If a recorded right in an aircraft of the nature specified in Article 1, and held as security for the payment of an indebtedness, extends, in conformity with the law of the Contracting State where the aircraft is registered, to spare parts stored in a specified place or places, such right shall be recognized by all Contracting States, as long as the spare parts remain in the place or places specified, provided that an appropriate public notice, specifying the description of the right, the name and address of the holder of this right and the record in which such right is recorded, is exhibited at the place where the spare parts are located, so as to give due notification to third parties that such spare parts are encumbered.

(2) A statement indicating the character and the approximate number of such spare parts shall be annexed to or included in the recorded document. Such parts may be replaced by similar parts without affecting the right of the creditor.

(3) The provisions of Article VII, paragraphs (1) and (4), and of Article VIII shall apply to a sale of spare parts in execution. However, where the executing creditor is an unsecured creditor, paragraph 4 of Article VII in its application to such a sale shall be construed so as to permit the sale to take place if a bid is received in an amount not less than two-thirds of the value of the spare parts as determined by experts appointed by the authority responsible for the sale. Further, in the distribution of the proceeds of sale, the competent authority may, in order to pro-
vide for the claim of the executing creditor, limit the amount payable to holders of prior rights to two-thirds of such proceeds of sale after payment of the costs referred to in Article VII, paragraph (6).

(4) For the purpose of this Article the term "spare parts" means parts of aircraft, engines, propellers, radio apparatus, instruments, appliances, furnishings, parts of any of the foregoing, and generally any other articles of whatever description maintained for installation in aircraft in substitution for parts or articles removed.

Article XI

(1) The provisions of this Convention shall in each Contracting State apply to all aircraft registered as to nationality in another Contracting State.

(2) Each Contracting State shall also apply to aircraft there registered as to nationality:

(a) The provisions of Articles II, III, IX and

(b) The provisions of Article IV, unless the salvage or preservation operations have been terminated within its own territory.

Article XII

Nothing in this Convention shall prejudice the right of any Contracting State to enforce against an aircraft its national laws relating to immigration, customs or air navigation.

Article XIII

This Convention shall not apply to aircraft used in military, customs or police services.

Article XIV

For the purpose of this Convention, the competent judicial and administrative authorities of the Contracting States may, subject to any contrary provision in their national law, correspond directly with each other.

Article XV

The Contracting States shall take such measures as are necessary for the fulfillment of the provisions of this Convention and shall forthwith inform the Secretary General of the ICAO of these measures.

Article XVI

For the purposes of this Convention the term "aircraft" shall include the airframe, engines, propellers, radio apparatus, and all other articles intended for use in the aircraft whether installed therein or temporarily separated therefrom.

Article XVII

If a separate register of aircraft for purposes of nationality is maintained in any territory for whose foreign relations a Contracting State is responsible, references in this Convention to the law of the Contracting State shall be construed as references to the law of that territory.

Article XVIII

This Convention shall remain open for signature until it comes into force in accordance with the provisions of Article XX.

Article XIX

(1) This Convention shall be subject to ratification by the signatory States.
(2) The instruments of ratification shall be deposited in the archives of the ICAO, which shall give notice of the date of deposit to each of the signatory and adhering States.

Article XX

(1) As soon as two of the signatory States have deposited their instruments of ratification of this Convention, it shall come into force between them on the ninetieth day after the date of the deposit of the second instrument of ratification. It shall come into force, for each State which deposits its instrument of ratification after that date, on the ninetieth day after the deposit of its instrument of ratification.

(2) The ICAO shall give notice to each signatory State of the date on which this Convention comes into force.

(3) As soon as this Convention comes into force, it shall be registered with the United Nations by the Secretary General of the ICAO.

Article XXI

(1) This Convention shall, after it has come into force, be open for adherence by non-signatory States.

(2) Adherence shall be effected by the deposit of an instrument of adherence in the archives of the ICAO, which shall give notice of the date of the deposit to each signatory and adhering State.

(3) Adherence shall take effect as from the ninetieth day after the date of the deposit of the instrument of adherence in the archives of the International Civil Aviation Organization.

Article XXII

(1) Any Contracting State may denounce this Convention by notification of denunciation to the ICAO, which shall give notice of the date of receipt of such notification to each signatory and adhering State.

(2) Denunciation shall take effect six months after the date of receipt by the ICAO of the notification of denunciation.

Article XXIII

(1) Any State may at the time of deposit of its instrument of ratification or adherence, declare that its acceptance of this Convention does not apply to any one or more of the territories for the foreign relations of which such State is responsible.

(2) The ICAO shall give notice of any such declaration to each signatory and adhering State.

(3) With the exception of territories in respect of which a declaration has been made in accordance with paragraph (1) of this Article, this Convention shall apply to all territories for the foreign relations of which a Contracting State is responsible.

(4) Any State may adhere to this Convention separately on behalf of all or any of the territories regarding which it has made a declaration in accordance with Paragraph (1) of this Article and the provisions of paragraphs (2) and (8) of Article XXI shall apply to such adherence.

(5) Any Contracting State may denounce this Convention, in accordance with the provisions of Article XXII, separately for all or any of the territories for the foreign relations of which such State is responsible.

IN WITNESS WHEREOF the undersigned Plenipotentiaries, having been duly authorized, have signed this Convention.

DONE at Geneva, on the 19th day of the month of June of the year 1948 in the English, French and Spanish languages, each text being of equal authenticity.

This Convention shall be deposited in the archives of the ICAO where, in accordance with Article XVIII, it shall remain open for signature.