

Response of UNITED KINGDOM

**to questions concerning its current policy, position and practice
on air carrier ownership and control**

(Date of response: 19/01/04)

No.	Question	Yes	No	Case by Case	Note/Comment
1.	When designating your airline to operate the agreed services under an air services agreement, do you require it to be substantially (or majority) owned and effectively controlled by nationals of your country?				Under European Community law, Member States are required to grant equal terms of market access to any Community carrier established on their territory. The UK may not, therefore, require an airline to be majority-owned and controlled solely by its own nationals, though all Community carriers must be majority-owned and controlled by European Community interests.
2.	In dealing with the designation of foreign airlines, which of the following criteria do you accept:				
	a) substantially (or majority) owned and effectively controlled by the designating party or its nationals (the traditional approach)				This is our preferred version of the ownership and control test.
	b) substantially (or majority) owned and effectively controlled by one or more States that are parties to an agreement or within a predefined regional grouping (e.g. a “community of interest” carrier)				We have accepted this wording in certain bilaterals with a “community of interest” carrier.
	c) incorporated and having its principal place of business or permanent residence in the territory of the designating party				
	d) having its principal place of business in the territory of and effective control by the designating party (without the ownership requirement)				

	e) having its principal place of business in the territory of and effective regulatory control by the designating party				This is our preferred version of the principal place of business test.
	f) any other criteria (please describe)				
No.	Question	Yes	No	Case by Case	Note/Comment
3.	In dealing with airline designations in the future, are you willing to accept criteria other than the traditional national ownership and control:				
	a) for both yourself and the foreign partner?				
	b) for the foreign partner but maintain traditional criteria for yourself?				
	c) What economic regulatory conditions will you impose for such acceptance? (please describe)				The UK's preferred model designation article is for principal place of business with effective safety regulatory control by the designating party.
4.	Are you willing to consider the following positive action in facilitating liberalization of air carrier ownership and control:				
	a) issuing an individual statement of policy for accepting designations of foreign air carriers?				

	b) developing a common policy with partner States? (please indicate, if possible, with which partner(s))				Following a European Court of Justice ruling on 5 November 2002, the UK's designation policy has changed to that set out in answer to Q1 above. At present, many bilateral agreements still incorporate a nationality-based restriction. The EU and its Member States will work collectively and individually with their partners to remove this restriction from bilateral agreements.
	c) any other action? (please describe)				
Any other comments on your answers:					