

## 【欧州】【航空】

# European Commission considers extra time for airlines to solve ownership structure related problems in case of no-deal Brexit

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### 【概要 : Summary】

The UK's decision to leave the European Union has an impact on the entire European economy and beyond. Since the UK parliament rejected the terms of an agreement negotiated with the European Union in its vote on 15 January 2019, a no-deal scenario for the UK leaving the EU becomes more likely. Regarding airlines, a Brexit without agreement could cause severe problems not only to UK registered airlines but also to EU airlines with mixed ownership. Therefore, the European Commission is preparing contingency measures that would grant basic connectivity in order to avoid a break down of aviation transport connection between the EU and UK in case of a no-deal Brexit. In an additional step, the Commission considers to give extra time to UK airlines but also to EU airlines to solve their ownership issues in case of a no-deal Brexit.



source: [https://ec.europa.eu/info/brexit\\_en](https://ec.europa.eu/info/brexit_en)

### 【記事 : Article】

The terms on which the UK's exit from the EU will take place is still uncertain and time is running out quickly, with the date of 29 March 2019 as the current deadline of the UK leaving the EU. One of the biggest

concerns regarding a no-deal Brexit is the effect it will have on travel and the transport sector related companies. Therefore, the Commission plans to set a date after Brexit deadline of 29 March 2019 in order to give European airlines more time to implement "corrective measures or actions" to meet EU rules in the no-deal Brexit scenario.

Already on 19 December 2018, the European Commission proposed to grant special rights to air transport if the UK leaves the EU under a no-deal scenario. The Commission proposed a continuation of "point-to-point" flight connections, i.e. connections from the territory of the UK to the territory of the EU27. This unilateral contingency measure would enter into force if the UK exits the EU without an agreement. However, only in the case of reciprocity, the European Commission would grant the temporary special permission for "point-to-point" flights between the UK and the EU until 30 March 2020. The Commission also pointed out that the special permissions could not cover more connections beyond point-to-point connections between the UK and the EU, because "contingency measures cannot replicate the benefits of membership of the Union". The EU would only grant basic connectivity in order to avoid a break down of aviation transport connection between the EU and UK. Accordingly, these contingency measures do not solve the problems concerning mixed ownership of European airlines. In order to qualify as a EU airline, which is entitled to fly on intra-EU routes, a carrier's majority of shares need to be owned by EU investors.

However, EU airlines under mixed ownership like British Airways, Iberia, Vueling and Aer Lingus, which are owned by their holding company IAG, which is registered in Spain but with headquarters in the UK, are encountering problems. These airlines fail to meet the EU's 50.1% ownership requirement in order to be recognised as EU airlines, once the UK becomes a third country. Also the temporary contingency measure to allow point-to-point connection flights between the EU and the UK would not allow the IAG's subsidiary airlines Iberia or Vueling to fly on intra-EU routes, like between Madrid and Barcelona, due to the ownership restrictions when the UK becomes a third country. Even the Irish airline Ryanair has an ownership problem although it is registered in the EU Member State Ireland and is a EU airline. Ryanair is owned by around 53% by EU nationals, but this includes also UK investors. Around 29% of Ryanair's shareholders are British nationality, who would not qualify as EU nationals after a no-deal Brexit. Therefore, also Ryanair needs to solve its ownership problem and intends to buyback the shares to comply with EU ownership laws. Like other European airlines, Ryanair has clauses in its articles of association that entitles the company to force non-EU shareholders to sell their shares back to the company in order to ensure that EU investors retain a majority of shares. Given the short time left for preparation, the Commission stated it was "desirable" for air carriers to have their plans verified by the competent licensing authorities "as early as possible" ahead of the UK's withdrawal date, in order to ensure continued compliance. National authorities could offer "guidance" on the next steps in order to ensure the airlines retaining their operating licence.

Furthermore, the European Commission underlined it would be ready to consider extra time for UK airlines in case of no-deal Brexit. The Commission considers to set a date after the current Brexit on 29 March 2019 in order to give more time to airlines to implement "corrective measures or actions" to meet EU rules in the no-deal Brexit scenario.

Since the EU intends to give more time to airlines to

sort out their ownership issues, this could allow them to continue operating intra-European flights, by achieving majority EU ownership in a given transition period.

#### References:

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