

## Revised Discussion Draft

### Multilateral Convention on Foreign Investment in Airlines

The Parties to this Convention;

Recognizing that many air services agreements include “nationality clauses” that allow each party to those agreements to refuse, revoke, suspend, or limit operating authorizations or technical permissions for airlines of the other parties to such agreements unless substantial ownership and effective control of those airlines are vested in the other parties, their nationals, or both;

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Acknowledging that such nationality clauses may discourage foreign investment in airlines; ¶

Seeking to enhance the access of airlines to global capital markets in order to strengthen competition and reflect the realities of a global aviation industry;

Acknowledging that such nationality clauses are not required under international law and may discourage foreign investment in airlines; and

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Desiring to facilitate foreign investment in the airlines of those states that permit or encourage such investment;

Have agreed as follows:

#### Article 1 Definitions

For the purposes of this Convention the term:

1. “Airline of a Party” means an airline that has received its air operator certificate (AOC) from   and has its principal place of business in the territory of   that Party; and

2. “Partner List A” means a list submitted by a Party, in accordance with paragraph 1 (a) of Article 4.

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3. “Partner List B” means a list submitted by a Party, in accordance with paragraph 1 (b) of Article 4.

#### Article 2 Waiver of Nationality Clause

1. A Party shall not exercise any available rights under an air services agreement with another Party to refuse, revoke, suspend, or limit operating authorizations or technical permissions for an airline of such other Party on the grounds that substantial ownership or

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effective control of that airline is vested in any third Party or Parties, their nationals, or both, provided that each said Party has included all other said Parties on its Partner List A.

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2. A Party that includes itself on its Partner List A shall not exercise any available rights under an air services agreement with a second Party to refuse, revoke, suspend, or limit operating authorizations or technical permissions for an airline of that second Party on the grounds that substantial ownership or effective control of that airline is vested in the first Party, its nationals, or both, provided that each of the two Parties has included the other on its Partner List A.

### Article 3

#### Removal of Limitation on Foreign Ownership and Control

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A Party shall not limit on the basis of nationality the ownership or control of the airlines of that Party by nationals of another Party or Parties, provided the first Party has included the other Party or Parties on its Partner List B and each of the other Parties has included the first Party on its Partner List B.

### Article 4

#### Partner Lists

1. Each Party, at the time of ratification, acceptance, or approval of or accession to this Convention, shall submit to the Depository:

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a. a Partner List A of partners as to which it shall not exercise any available rights under its air services agreements with those partners to refuse, revoke, suspend, or limit operating authorizations or technical permissions of an airline of those partners on the grounds that substantial ownership or effective control of the airline is vested in another partner or partners on the list, nationals of that other partner or partners, or both; and

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b. at its discretion, a Partner List B of partners as to which it shall not limit on the basis of nationality the ownership or control of airlines of that Party by nationals of one or more of those partners.

2. A Party may add partners to or delete partners from a Partner List by submitting a new list to the Depository superseding its prior list. The new list shall identify any additions to and deletions from the Party's prior Partner List. Additions shall become effective 30 days after the date of receipt of the new list by the Depository and deletions shall become effective at the end of the International Air Transport Association (IATA) traffic season in effect one year after the date of receipt of the new list by the Depository.

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3. The requirement under paragraph 1(a) of this article that a Party submit a Partner List A may also be satisfied by a Party submitting to the Depository written notice that it will not exercise any available rights under its air services agreements with any Party to this Convention to refuse, revoke, suspend, or limit operating authorizations or technical permissions of an airline of that Party on the grounds that substantial ownership or effective control of the airline is vested in another Party or Parties, nationals of a Party or Parties, or both.

4. The discretionary filing under paragraph 1(b) of this article of a Partner List B may also be satisfied by a Party submitting to the Depository written notice that it will not limit on the basis of nationality ownership or control of airlines of that Party by nationals of any Party or Parties to this Convention.

**Article 5**  
**Ownership and Control of a Party's Own Airlines**

Nothing in this Convention requires a Party to permit foreign ownership or control of airlines of that Party.

**Article 6**  
**Depository**

1. The original of this Convention shall be deposited with [ ], which is hereby designated as the Depository of this Convention.

2. The Depository shall transmit certified true copies of this Convention and any amendments thereto to all Parties and signatories.

3. The Depository shall notify all Parties and signatories of:

- a. All signatures, ratifications, acceptances, and approvals of and accessions to this Convention in accordance with Article 7, and any amendments thereto;
- b. The dates on which this Convention enters into force for each Party in accordance with Article 7; and
- c. Any withdrawals from this Convention and the effective date thereof in accordance with Article 9.

4. The Depository shall maintain a centralized register accessible to all Parties, including on the Internet, of each Partner List submitted to it in accordance with Article 4.

5. Following entry into force of this Convention, it shall be registered with the Council of the International Civil Aviation Organization in accordance with Article 83 of the

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Convention on International Civil Aviation and with the United Nations in accordance with Article 102 of the UN Charter.

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**Article 7**  
**Signature, Consent to be Bound, and Entry into Force**

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1. This Convention shall be open to all States for signature at [ ] until it enters into force in accordance with paragraph 3 of this Article.

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2. This Convention is subject to ratification, acceptance, or approval by signatory States and shall be open to accession by non-signatory States.

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3. This Convention shall enter into force 30 days after the third instrument of ratification, acceptance, approval, or accession has been deposited with the Depository.

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4. After the third instrument of ratification, acceptance, approval, or accession has been deposited in accordance with paragraph 3 of this Article, this Convention shall enter into force for any other signatory or acceding State 30 days after the date of deposit of its instrument of ratification, acceptance, approval, or accession with the Depository.

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¶ 4. After this Convention has entered into force in accordance with paragraph 2 of this¶

Article, any State may accede to this Convention by deposit of an instrument of accession with the Depository. .

¶ 5. This Convention shall enter into force for an

**Article 8**  
**Regional Economic Integration Organizations**

[Text to be developed in consultation with key Regional Economic Integration Organizations]

**Article 9**  
**Withdrawal**

A Party may withdraw from this Convention by giving written notice of withdrawal to the Depository. The withdrawal shall be effective at the end of the IATA traffic season in effect one year after the date of receipt of the notice by the Depository, unless the Party withdraws its notice by written communication to the Depository prior to the effective date of the withdrawal.

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**Article 10**  
**No Reservation**

No reservation shall be made to this Convention.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have signed this Convention.

| DONE at [ ], this [ ] day of [ ], ~~2011~~.

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Party's laws and regulations concerning

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### **Consultations**

Any dispute arising under this Convention that is not within the scope of the dispute resolution clause of another international agreement shall be resolved through consultations among the affected Parties. Such disputes shall not be referred to any third party, court, or tribunal for resolution.

### **Article 7**