

# EU vets foreign holdings in European airlines



The European Commission is examining several foreign holdings in European airlines, including Delta Air Lines' stake in the UK's Virgin, and Etihad's stake in Germany's Air Berlin, to see if they comply with rules for running an airline in Europe.

A spokesman for the European Union (EU) commissioner for transport policy, Siim Kallas, said on Friday the Commission was also looking at Korean Air's stake in Czech Airlines and Chinese investment vehicle HNCA's 35% stake in freight carrier Cargolux.

In order to obtain an operating licence in the EU as a European airline, a carrier must be more than 50% owned and "effectively controlled" by an EU member state or EU citizens.

*"Accordingly, the Commission has asked the member state concerned to provide further information on how these investments comply with the rules on ownership and control of European airlines,"* the spokesman said in an e-mailed statement.

A spokesman for Delta, which owns a 49% stake in Virgin, said that the partnership was examined and cleared by the UK's Civil Aviation Authority last year.

*"Nothing has occurred since then that would lead us to believe that there are new issues,"* he said, adding that Delta's operations *"continue to fully comply with our regulatory obligations"*.

Air Berlin denied being controlled by Abu Dhabi-based Etihad

Airways, saying that the two only worked closely together as strategic partners.

*"Strategic decisions are made by Air Berlin alone. As a shareholder, Etihad has neither a blocking minority nor special rights,"* a spokesman said in a statement.

Etihad owns 29.2% of Air Berlin, which is Germany's second-largest airline but is struggling with debts and has twice postponed the publication of its 2013 results.

Etihad, which is building up a network of minority stakes in airlines around the world as it seeks to drive traffic to its Abu Dhabi hub, has provided loans to Air Berlin and bought a majority stake in its frequent flyer programme.

Etihad is also looking at the possibility of buying a stake in Italy's ailing airline, Alitalia.

Separately, the Commission has asked Italy to be vigilant with regard to the ongoing negotiations between shareholders of Alitalia and Etihad Airways, a Commission source told Reuters.

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