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EurECCA Position Paper

Who really controls Europe's airlines?

Key messages

1. **Maintain the rule.** The requirement in Article 4(f) of Regulation (EC) No 1008/2008 that Union air carriers be majority-owned and effectively controlled by Member States and/or their nationals must be kept unchanged in the revision.
2. **No unilateral opening.** Any future flexibility for third-country investors should be granted only through agreements concluded at Union level, on a strictly reciprocal basis and with enforceable fair competition and social clauses.
3. **Codify what effective control means.** The core criteria of the Commission's 2017 Interpretative Guidelines should become binding law, so that control is assessed on substance, in the same way, in every Member State.
4. **Full transparency before completion.** Transactions that may affect ownership or control should be notified, with all relevant agreements, to the licensing authority and the Commission before they take effect.
5. **Continuous and coordinated supervision.** Compliance should be reviewed periodically and after every significant change, with a stronger coordinating role for the Commission, particularly for groups holding licences in several Member States.
6. **A voice for workers.** Employee representatives should be informed and consulted in good time when ownership or control changes, and ownership and control should be assessed together with the principal place of business and the operational base.

Why European ownership and effective control matter for cabin crew

When an airline announces a change in ownership or the arrival of a major investor, the news is usually presented as a financial transaction, accompanied by promises of growth, investment and new opportunities. For cabin crew, however, the real significance of such developments often becomes apparent much later, when strategic decisions begin to affect their everyday working lives.

A change in corporate strategy can lead to the relocation of aircraft, the opening or closure of operational bases, restructuring or changes in employment arrangements. These decisions are rarely made by the people who work on board the aircraft, yet their consequences can be felt by

thousands of cabin crew across Europe. This raises a fundamental question that deserves much greater attention: who really controls the airlines operating within the European Union?

At first sight, the answer may seem obvious. An airline holding a European operating licence should be European. However, in an increasingly globalised aviation industry, the reality can be considerably more complex. Airlines may operate through several holding companies, attract investment from international financial groups or enter into shareholder agreements that distribute decision-making powers in ways that are not immediately visible.

This is precisely why European legislation distinguishes between ownership and effective control.

Under Article 4(f) of Regulation (EC) No 1008/2008, Member States and/or nationals of Member States must own more than 50% of a Union air carrier and effectively control it, whether directly or indirectly, except as provided for in an agreement with a third country to which the Union is a party. Article 2(9) defines effective control as the possibility of exercising a decisive influence over the undertaking, whether through rights, contracts or any other means. These are two separate and cumulative conditions, because owning the majority of a company's shares does not necessarily mean having the final say over its most important decisions.

A minority investor may, for example, obtain contractual rights allowing it to influence strategic choices, block certain decisions or exercise considerable leverage through financing arrangements. The European Commission itself recognised these challenges in its 2017 Interpretative Guidelines on ownership and control (OJ C 191, 16.6.2017), which emphasise the need to examine the reality of corporate decision-making rather than relying exclusively on formal ownership structures. Those Guidelines, however, are not legally binding, and their application remains in the hands of 27 national licensing authorities.

In other words, European ownership must be accompanied by genuine European control.

For EurECCA, this principle is particularly important at a time when the aviation industry is attracting increasingly sophisticated forms of international investment. Such investment is not inherently problematic. European airlines need access to capital to renew their fleets, develop their networks and remain competitive. Nevertheless, investment should not come at the expense of the rules that define what constitutes a European airline.

The question is therefore not whether non-European investors should be allowed to participate in European aviation, but whether their participation could, through complex financial or contractual arrangements, result in effective control being exercised outside the European Union despite apparent compliance with the ownership requirements.

This question has acquired new urgency. Recent transactions and legal proceedings involving major European carriers have shown that structures combining minority equity stakes with nationality clauses, voting restrictions, trusts, or brand-licensing and financing arrangements are increasingly testing the limits of the current rules. EurECCA therefore welcomes the Commission's intention to clarify which corporate structures are compatible with the requirement of effective control, with a view to safeguarding the Union's strategic autonomy in a sector that is essential for connectivity, cohesion and crisis resilience.

This distinction matters because control is ultimately about power: the power to determine an airline's strategy, decide where resources are allocated, approve restructuring and influence the future direction of the business. Although European ownership rules do not themselves determine employment conditions, the strategic decisions taken by those controlling an airline can have far-reaching consequences for its workforce.

For cabin crew, these consequences are anything but theoretical. Decisions concerning fleet allocation and network development can determine whether an operational base expands or disappears. Corporate restructuring can affect employment stability, while financial priorities may influence staffing policies, training investment and operational resources. Investors whose business model is built around a defined exit horizon may also have different incentives from

long-term industrial shareholders as regards aircraft ownership, sale-and-leaseback, the size of the base network and investment in people. At the same time, increasingly complex ownership structures can make it more difficult for employees and their representatives to identify where responsibility for these decisions actually lies, and who their real counterpart is for information, consultation and social dialogue.

This is why EurECCA believes that the debate on ownership and effective control should not be confined to investors, corporate lawyers and aviation regulators. It also concerns the thousands of workers whose professional futures depend on decisions taken at the highest levels of airline management.

The forthcoming revision of Regulation (EC) No 1008/2008 therefore represents an important political moment for European aviation. As the European Union considers how to modernise its regulatory framework, it must decide whether the existing ownership and control safeguards should be preserved or whether greater flexibility should be introduced to facilitate international investment.

EurECCA firmly opposes any weakening or liberalisation of the existing European ownership and effective control requirements.

We believe that the obligation for EU Member States and/or their nationals to own more than 50% of a Union air carrier and to exercise effective control must remain a fundamental condition of access to the European aviation market, subject to the exceptions already established by EU law. Any future opening towards third-country investors should be granted only through agreements concluded at Union level, on a strictly reciprocal basis and subject to enforceable fair competition and social clauses, and never through a unilateral relaxation of the Regulation.

However, preserving the current rules is not sufficient if their application fails to reflect the growing complexity of corporate structures. The European Union must also strengthen the mechanisms used to verify who actually exercises decisive influence over an airline. Article 8 of the Regulation already requires licensing authorities to verify that Union air carriers continue to meet the licensing conditions, but in practice its application varies considerably between Member States and is rarely visible to the public or to workers.

This requires greater transparency concerning ultimate ownership, shareholder agreements, veto rights and financial arrangements, together with rigorous assessments by national licensing authorities. Such scrutiny should not end when an acquisition is approved or an operating licence is issued. Effective control can evolve over time, which means that compliance must be monitored continuously, particularly following significant changes in ownership, financing or corporate governance.

Consistent enforcement across Member States is equally important. European rules cannot provide a credible safeguard if their interpretation varies significantly from one national authority to another. The European Commission must therefore play an active role in promoting a common understanding of effective control and ensuring that the regulatory framework remains capable of addressing increasingly sophisticated investment arrangements.

EurECCA's proposals for the revision

To make the existing safeguards genuinely effective, EurECCA calls on the European Commission to include the following elements in its proposal for the revision of Regulation (EC) No 1008/2008:

1. **Codify the criteria of effective control.** Incorporate into the Regulation the core indicators set out in the 2017 Interpretative Guidelines, including consent or veto rights over the business plan, budget, fleet and network decisions and the appointment of senior management; dependence on financing, aircraft leasing or brand licensing provided by, or linked to, non-EU investors; and the use of trusts, nationality clauses or voting restrictions.

The Commission should be empowered to adopt implementing acts setting out a common assessment methodology.

2. **Require ex ante notification and full disclosure.** Union air carriers should notify their licensing authority and the Commission, before completion, of any transaction that may affect ownership or control, together with all relevant documents: shareholder and investment agreements, side letters, financing and leasing arrangements, and the identity of the ultimate beneficial owners. The transaction should not take effect before the licensing authority has completed its assessment.
3. **Assess ownership in substance.** Clarify that majority ownership must be genuine both in terms of economic interest and of voting rights, so that restricting the voting rights of non-EU shareholders cannot by itself compensate for the absence of a real EU majority.
4. **Make supervision continuous.** Introduce a periodic compliance review, at least annually and after any significant change in ownership, financing or governance, with a documented assessment by the licensing authority.
5. **Strengthen the Commission's coordinating role.** Establish a Union-level register of ownership and control assessments, a peer-review mechanism among licensing authorities, and joint assessments where a group holds operating licences in more than one Member State. The Commission should be able to require a reassessment and to ensure that it is followed up.
6. **Ensure credible enforcement.** Set clear deadlines for remedying non-compliance and effective, proportionate and dissuasive measures, up to suspension or revocation of the operating licence, applied consistently across the Union.
7. **Give workers a voice.** Publish non-confidential summaries of the authorities' assessments and ensure that employee representatives are informed and consulted in good time on changes in ownership and control, in line with Union law on information and consultation of workers.
8. **Ensure coherence between instruments.** Align the assessment of ownership and control with the principal place of business requirement under Article 4(a), with foreign direct investment screening under Regulation (EU) 2019/452 and with the Foreign Subsidies Regulation (EU) 2022/2560, so that the same transaction is not examined in silos.

For EurECCA, this debate also reflects a broader challenge facing European aviation: the growing distance between formal legal structures and the economic reality of airline operations.

This concern is already central to our campaign for a legally binding definition of Operational Base. Just as the location of an airline's genuine operational activities should not be obscured by administrative arrangements, the identity of those exercising decisive control should not be concealed behind complex corporate structures. In the revision, both questions should be anchored in the same substance-over-form logic, together with a stricter application of the requirement that a Union air carrier's principal place of business be located in the licensing Member State.

Although these issues are legally distinct, they are connected by the same principle: European aviation rules must reflect reality, not merely appearances.

The future of European aviation should not be shaped exclusively by the search for financial flexibility or short-term investment opportunities. It must also be built around regulatory certainty, fair competition, transparency and a sustainable European aviation sector.

For cabin crew, this means recognising that decisions taken far from the aircraft can ultimately determine where they work, under what conditions they are employed and how secure their professional future will be.

EurECCA is not opposed to international investment, nor does it question the legitimate need for airlines to access financial markets. What we reject is the idea that attracting investment should require Europe to relinquish the safeguards governing ownership and control of its own air carriers.

The revision of Regulation (EC) No 1008/2008 must therefore preserve the existing European ownership and effective control requirements while strengthening the transparency, supervision and enforcement necessary to make them genuinely effective.

An airline should not be considered European simply because its corporate documents say so. It must also remain genuinely European in the way it is controlled and in the decisions that shape its future.

And for the thousands of cabin crew working across the European Union, that distinction matters.

EurECCA represents, protects and develops the rights and needs of all cabin crew all over Europe.

FLYING TOGETHER – PROTECTING EACH OTHER

About EurECCA: established in Brussels in 2014, the European Cabin Crew Association, EurECCA, represents, protects and develops the rights and needs of cabin crew across Europe. EurECCA is composed of cabin crew unions from EU Member States and neighbouring countries and works on working conditions, wages, social protection and health and safety at work.

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