

- (c) subject to Annex 2, in the case of an airline of Canada, effective control of the airline is vested in nationals of either Party, the airline is licensed as a Canadian airline, and the airline has its principal place of business in Canada; in the case of an airline of a Member State, effective control of the airline is vested in nationals of either Party, Iceland, Liechtenstein, Norway or Switzerland, the airline is licensed as a Community airline, and the airline has its principal place of business in a Member State; and
- (d) the airline otherwise operates in a manner consistent with the conditions set out in this Agreement.

3. A Party may withhold the authorisations or permissions referred to in paragraph 2 of this Article, and revoke, suspend, impose conditions or limit the operating authorisations or permissions or otherwise suspend or limit the operations of an airline or airlines of the other Party in the event of failure by that airline to comply with the provisions of paragraph 2 or where it has been determined by a Party that conditions in the territory of the other Party are not consistent with a fair and competitive environment and are resulting in a significant disadvantage or harm to its airline or airlines, pursuant to paragraph 5 of Article 14 (Competitive Environment).

4. The rights enumerated in paragraph 3 of this Article shall be exercised only after consultations in the Joint Committee unless immediate action is essential to prevent infringement of the laws and regulations referred to in paragraph 2 or unless safety or security requires action in accordance with the provisions of Article 6 (Civil Aviation Safety) and Article 7 (Civil Aviation Security).

ARTICLE 4

Investment

Each Party shall permit full ownership of its airlines by nationals of Canada or a Member State or States subject to the conditions in Annex 2 of this Agreement.