

A. Transportation

1. Aeronautics

1.1 Introduction:

There are significant restrictions on foreign participation in the U.S. aviation and aeronautics industry. The Federal Aviation Act states that in regulating the aviation industry the Civil Aeronautics Board (CAB) is to "facilitate adaption of the air transportation system to the present and future needs of the domestic and foreign commerce of the United States . . . and the national defense." The CAB is also to act in such a manner as to strengthen "the competitive position of United States air carriers to at least assure equality with foreign air carriers, including the attainment of opportunities for United States air carriers to maintain and increase their profitability, in foreign air transportation."

1.2 Aircraft Registration Requirements:

Under the Federal Aviation Act, only aircraft properly registered in the United States may transport passengers or cargo between points within the United States. (Foreigners may engage in "foreign air transportation," or the transportation of persons or property from outside the United States and its territories into the United States, in accordance with U.S. laws, regulations or treaties.)

Under the Act, an aircraft is eligible for registration in the United States under two different scenarios. First, a United States citizen or an individual citizen of a foreign nation who has been admitted for permanent U.S. residence may register an aircraft. The Act defines a U.S. citizen as:

- (1) an individual who is a citizen of the U.S. or of one of its possessions; or
- (2) a partnership, as long as each of its members is a United States citizen; or
- (3) a corporation or association that is organized under the laws of the United States or of any State, provided that the president, two thirds of the board of directors and the other managing officers are individual citizens of the United States. Further, United States citizens must control at least seventy five percent of the voting interest in the corporation.