

The International Comparative Legal Guide to:

Aviation Law 2019

7th Edition

A practical cross-border insight into aviation law

Published by Global Legal Group, with contributions from:

AEROHELP Law Office

Arias, Fabrega & Fabrega

ASBZ Advogados

Azmi & Associates

Banwo & Ighodalo

Cervantes Sainz, S.C.

Christodoulou & Mavrikis Inc.

Clyde & Co

Dentons Canada LLP

Dingli & Dingli Law Firm

Freidenberg, Freidenberg & Lifsic

Furtună și Asociații

Gongora Reina & Associates

Gross Orad Schlimoff & Co. (GOS)

Ince & Co LLP

IUNO

K&L Gates LLP

Kabraji & Talibuddin

Katten Muchin Rosenman UK LLP

Kreindler & Kreindler LLP

Kubes Passeyrer Attorneys at Law

Lakshmikumaran & Sridharan

LeClairRyan PLLC

Monard Law

Mori Hamada & Matsumoto

Studio Pierallini

The Maples Group

Urwantschky Dangel Borst PartmbB

VISCHER AG

Weerawong, Chinnavat & Partners Ltd.











global legal group

Contributing Editors

Alan D. Meneghetti, Katten Muchin Rosenman UK LLP and Philip Perrotta, K&L Gates LLP

Sales Director Florjan Osmani

Account Director

Oliver Smith

Sales Support Manager Toni Hayward

Sub Editor

Jane Simmons

Senior Editors

Rachel Williams Caroline Collingwood

CEO

Dror Levy

Group Consulting Editor Alan Falach

Publisher Rory Smith

Published by

Global Legal Group Ltd. 59 Tanner Street London SE1 3PL, UK Tel: +44 20 7367 0720 Fax: +44 20 7407 5255 Email: info@glgroup.co.uk URL: www.glgroup.co.uk

GLG Cover Design

F&F Studio Design

GLG Cover Image Source iStockphoto

Printed by

Stephens & George Print Group January 2019

Copyright © 2019 Global Legal Group Ltd. All rights reserved No photocopying

ISBN 978-1-912509-51-5 ISSN 2050-9839

Strategic Partners





General Chapters:

| 1 | The Use of Personal Data in the Commercial Aviation Industry – Alan D. Meneghetti & Yasmin Roland, Katten Muchin Rosenman UK LLP | 1 |
|---|--|----|
| 2 | Investing in Mid-Life Aviation Assets – Philip Perrotta, K&L Gates LLP | 6 |
| 3 | EU Law: Passenger Rights & Protections - Anna Anatolitou, Ince & Co LLP | 11 |
| 4 | Compensation for Non-Pecuniary Losses in Wrongful Death Cases: Addressing the Global Inconsistency – Marc S. Moller & Justin T. Green, Kreindler & Kreindler LLP | 16 |
| 5 | Regulations on Drone Flights in Japan – Hiromi Hayashi & Koji Toshima, Mori Hamada & Matsumoto | 21 |
| 6 | WALA: 10 Years of Growth in the Airport Sector – Alan D. Meneghetti & Michael Siebold, Worldwide Airports Lawyers Association (WALA) | 25 |
| 7 | Liability for Damage in International Civil Aviation from a GNSS Perspective – Pablo Mendes de Leon, Leiden University | 28 |

Country Question and Answer Chapters:

| 8 | Argentina | Freidenberg, Freidenberg & Lifsic: Elizabeth Mireya Freidenberg | 33 |
|----|------------------------|--|-----|
| 9 | Austria | Kubes Passeyrer Attorneys at Law: Dr. David Kubes & Mag. Tina Vollmann | 42 |
| 10 | Belgium | Monard Law: Birgitta Van Itterbeek & Tine Bogaerts | 49 |
| 11 | Brazil | ASBZ Advogados: Guilherme Amaral & Beatriz Giacomini | 58 |
| 12 | British Virgin Islands | The Maples Group: Michael Gagie & Rebecca Lee | 64 |
| 13 | Canada | Dentons Canada LLP: Robert Quon & Stacy Shields | 71 |
| 14 | Cayman Islands | The Maples Group: Sherice Arman & Shari McField | 79 |
| 15 | Colombia | Gongora Reina & Associates: Jorge Góngora | 86 |
| 16 | Denmark | IUNO: Aage Krogh | 93 |
| 17 | France | Clyde & Co: Maylis Casati-Ollier & Benjamin Potier | 99 |
| 18 | Germany | Urwantschky Dangel Borst PartmbB: Rainer Amann & Claudia Hess | 108 |
| 19 | India | Lakshmikumaran & Sridharan: Neeraj Dubey & Rohit Subramanian | 117 |
| 20 | Ireland | The Maples Group: Donna Ager & Mary Dunne | 126 |
| 21 | Israel | Gross Orad Schlimoff & Co. (GOS): Omer Shalev | 137 |
| 22 | Italy | Studio Pierallini: Laura Pierallini & Francesco Grassetti | 146 |
| 23 | Japan | Mori Hamada & Matsumoto: Hiromi Hayashi | 155 |
| 24 | Malaysia | Azmi & Associates: Norhisham Abd Bahrin & Nazran Arvind Bin Nahdan Rengganathan | 164 |
| 25 | Malta | Dingli & Dingli Law Firm: Dr. Tonio Grech | 173 |
| 26 | Mexico | Cervantes Sainz, S.C.: Luis A. Cervantes Muñiz & Alejandro Zendejas Vázquez | 180 |
| 27 | Nigeria | Banwo & Ighodalo: Kashimana Tsumba & Tenilola Olowu | 187 |
| 28 | Pakistan | Kabraji & Talibuddin: Syed Ali Bin Maaz & Mubeena Sohail Ellahi | 194 |
| 29 | Panama | Arias, Fabrega & Fabrega: Roy C. Durling & Sofía J. Cohen | 203 |
| 30 | Romania | Furtună și Asociații: Mihai Furtună & Ioana Anghel | 209 |
| 31 | Russia | AEROHELP Law Office: Oleg Aksamentov & Ilona Tsimbal | 218 |
| | | | |

Continued Overleaf

Further copies of this book and others in the series can be ordered from the publisher. Please call +44 20 7367 0720

This publication is for general information purposes only. It does not purport to provide comprehensive full legal or other advice. Global Legal Group Ltd. and the contributors accept no responsibility for losses that may arise from reliance upon information contained in this publication. This publication is intended to give an indication of legal issues upon which you may need advice. Full legal advice should be taken from a qualified professional when dealing with specific situations.

The International Comparative Legal Guide to: Aviation Law 2019



Country Question and Answer Chapters:

| 32 | South Africa | Christodoulou & Mavrikis Inc.: Chris Christodoulou & Antonia Harrison | 227 |
|----|----------------|---|-----|
| 33 | Sweden | IUNO: Aage Krogh | 235 |
| 34 | Switzerland | VISCHER AG: Urs Haegi & Dr. Thomas Weibel | 241 |
| 35 | Thailand | Weerawong, Chinnavat & Partners Ltd.: Nattaporn Pengkul | 250 |
| 36 | United Kingdom | Katten Muchin Rosenman UK LLP / K&L Gates LLP: Alan D. Meneghetti & Philip Perrotta | 256 |
| 37 | USA | LeClairRyan PLLC: Diane Westwood Wilson & Rebecca Tingey | 270 |

Nigeria



Kashimana Tsumba



Banwo & Ighodalo

Tenilola Olowu

1 General

1.1 Please list and briefly describe the principal legislation and regulatory bodies which apply to and/ or regulate aviation in your jurisdiction.

The Civil Aviation Act (the "CAA") 2006 is the principal legislation governing aviation in Nigeria while the chief regulatory body is the Nigerian Civil Aviation Authority ("NCAA"). Other regulatory bodies which regulate aviation include:

- the Federal Airport Authority of Nigeria ("FAAN"), which amongst other duties as may be stipulated by the Federal Government, is statutorily charged to manage all commercial airports in Nigeria;
- the Federal Ministry of Aviation ("FMA"), which is now part
 of the Transportation Ministry of Nigeria and is responsible
 for the formulation of aviation policies in Nigeria; and
- the Nigerian Airspace Management Agency ("NAMA") which provides air traffic services, aeronautical telecommunication, navigation services for take-off and landing of aircraft, amongst others.

1.2 What are the steps which air carriers need to take in order to obtain an operating licence?

An application must be made in writing to the Director General of the NCAA, no later than six months before the proposed date of utilisation and must be signed by the applicant. The form and content of the application is provided for in the Guidelines and Requirements for the grant of Airline Operating Permit of the NCAA.

1.3 What are the principal pieces of legislation in your jurisdiction which govern air safety, and who administers air safety?

Aviation safety is governed by the CAA and the Nigerian Civil Aviation Regulations 2015 ("NCAR"). The International Civil Aviation Organisation (the "ICAO"), also known as the Chicago Convention, also ensures safe operations by Member States. Notably, the NCAA was established in conformity with the ICAO international standards to further this objective. These Standards were incorporated into the NCAR to ensure compliance as general safety conditions for crew, operators, airworthiness, etc. in Part 20 of the NCAR.

1.4 Is air safety regulated separately for commercial, cargo and private carriers?

No, there is no separate regulation for commercial, cargo and private carriers. Part 8 of the NCAR prescribes the requirements for operations and expressly provides that it applies to all types of aircraft.

1.5 Are air charters regulated separately for commercial, cargo and private carriers?

No, this is not regulated separately. Air charters are regulated pursuant to the relevant and applicable provisions in the NCAR.

1.6 As regards international air carriers operating in your jurisdiction, are there any particular limitations to be aware of, in particular when compared with 'domestic' or local operators? By way of example only, restrictions and taxes which apply to international but not domestic carriers.

Air operators operating domestic routes do not require a route licence to operate commercial air travel provided that they notify the NCAA of the route(s) to be operated, the frequency of operations and notice of flight schedules to the NCAA, FAAN and NAMA. However, foreign airlines engaging in scheduled operations must obtain a Foreign Carrier Operating Permit ("FCOP") issued by the NCAA before engaging in operations after safety assessment audits are carried out by the NCAA.

In June 2018, in a bid to reduce the tax burden and improve the ease of doing business for taxpayers, the Federal Executive Council approved two Executive Orders and five Amendment Bills, one of which is the Value Added Tax Act (Modification) Order which exempts transport services available for use by the public from the payment of Value Added Tax, thus removing the mandatory 5% VAT on transportation. However, the Federal Inland Revenue Service, which is the regulatory body responsible for assessing and collecting Federal Government tax in Nigeria, is yet to implement this directive. Worthy of note is the fact that in Nigeria, international airlines have not been subject to the payment of VAT.

1.7 Are airports state or privately owned?

There are 26 airports owned by the Federal Government and operated by the FAAN, five of which are functional international

airports spread around the country. The only State-owned airport is the Akwa Ibom Airport located in Uyo, the capital city of Akwa Ibom State, while the Murtala Mohammed Airport Two ("MMA2") is the only airport operated under a public-private partnership agreement with Bi-Courtney Aviation as the concessionaire. There are also some privately-owned airports, one of which is the Osubi airport in Warri, Delta State, owned and operated by the Shell Petroleum Development Company.

1.8 Do the airports impose requirements on carriers flying to and from the airports in your jurisdiction?

All air operators must have an Air Transport Licence ("ATL") issued by the NCAA to carry out scheduled domestic operations in Nigeria. For domestic carriers operating on a non-scheduled basis, they must obtain an Airline Operating Permit ("AOP") issued by the Authority while carriers operating non-commercial flight operations must obtain a Permit for Non-Commercial Flights ("PNCF").

For Nigerian carriers operating international routes, an application is to be made to the NCAA for the issuance of an Air Carrier's Permit ("ACP"). In addition, the air operator must join the International Air Transport Association ("IATA") and the IATA Clearing House and must show evidence of financial capability for such operations. Further, non-scheduled operations do not require flight clearance from the NCAA prior to undertaking non-scheduled international operations, as long as the operators have Air Operator Certificates ("AOC"), but shall only be required to depart and enter the country through designated custom airports.

For foreign airlines engaging in scheduled operations in and out of Nigeria, they must obtain a FCOP issued by the NCAA. In addition, an air service agreement, usually a Bi-lateral Air Service Agreement ("BASA") is entered into after a safety assessment audit is carried out by the NCAA, prior to the issuance of the FCOP and commencement of operations.

1.9 What legislative and/or regulatory regime applies to air accidents? For example, are there any particular rules, regulations, systems and procedures in place which need to be adhered to?

The Civil Aviation (Investigation of Air Accidents and Incidents) Regulations 2016 applies to the investigation of accidents in Nigeria. The Act provides for the establishment of an Accident Investigation Bureau which shall report to the President in the event of an air accident. In addition, the Act stipulates that the State in which the accident occurs will institute an inquiry into the circumstances of the accident, in accordance with the procedure which may be recommended by the International Civil Aviation Organization. The procedure to be complied with can be summarised as follows:

- The State in which the accident occurs is to conduct an inquiry into the circumstances of the accident.
- The ICAO will recommend a procedure which is to be adopted subject to the local legislations of the affected Member State.
- The State of Registry, that is, the contracting State of the ICAO, on whose register the aircraft is entered is to be accorded observer status at the inquiry.
- The State conducting the investigation is to give feedback of the investigation reports to the State of Registry.

1.10 Have there been any recent cases of note or other notable developments in your jurisdiction involving air operators and/or airports?

In March 2018, the African Continental Free Trade Agreement ("AfCFTA") treaty was endorsed by 44 African countries, although Nigeria is yet to adopt the same. The AfCFTA seeks to create a single market by tackling "non-tariff barriers" and liberalising commercial services. Airline operators have stated that where Nigeria adopts the AfCFTA, foreign airlines would be able to schedule local flights in Nigeria without the requirement or need of employing local staff. On May 18, 2017, the then-Acting President of Nigeria signed the Presidential Executive Order No. 1 ("EO1") on "the promotion of transparency and efficiency in the business environment designed to facilitate the ease of doing business in the country". The EO1 expressly banned touting by officials and unofficial persons at the airports and provided for the merging of departure and arrival interfaces into a single customer interface by government agencies such as the Nigerian Customs Service and the Nigerian Immigration Service. More recently, on July 18, 2018, the Nigerian Aviation Minister revealed the name of the proposed national carrier as "Nigeria Air" which he stated is to be private sector-led and driven.

2 Aircraft Trading, Finance and Leasing

2.1 Does registration of ownership in the aircraft register constitute proof of ownership?

Part 4 of the NCAR provides that no person may operate an aircraft that is eligible for registration in Nigeria unless it has been registered by its owner or operator and has been issued a certificate of aircraft registration. However, the underlined "operator", along with the requirement that an aircraft is eligible for registration if it is owned by a foreign person who has leased the aircraft to a Nigerian citizen, implies that other persons aside from the actual owners of the aircraft can register such an aircraft in Nigeria. Registration of ownership is *prima facie* proof of title but not conclusive proof of ownership of the aircraft as operators who have leased the aircraft from a foreign person can also register the aircraft in the aircraft register.

2.2 Is there a register of aircraft mortgages and charges? Broadly speaking, what are the rules around the operation of this register?

Presently, there is no register of aircraft mortgages or charges even though the NCAR requires the NCAA to establish and maintain "legal interests in aircraft registry". The information in this register may be made available to individuals upon an application.

In practice, interests such as mortgages, charges, liens and other encumbrances are noted in the registration particulars of the aircraft and noted in the file maintained for each aircraft by the NCAA.

2.3 Are there any particular regulatory requirements which a lessor or a financier needs to be aware of as regards aircraft operation?

The lessor or financier needs to be aware that the owner of the aircraft is liable for any damage, injury or loss arising from the operations and activities of the aircraft operator where the same is under its control. The Civil Aviation Act also provides that damages in respect of injury shall be recoverable without proof of negligence or intention or any other cause of action subject to the right of indemnity by the lessee or operator.

Paragraph 8.3.1.10 of the NCAR also provides that a lessor shall transfer to the lessee, at the time of the lease, all maintenance records relating to the aircraft in a manner acceptable to the NCAA.

2.4 As a matter of local law, is there any concept of title annexation, whereby ownership or security interests in a single engine are at risk of automatic transfer or other prejudice when installed 'on-wing' on an aircraft owned by another party? If so, what are the conditions to such title annexation and can owners and financiers of engines take pre-emptive steps to mitigate the risks?

There is no local law that provides for title annexation in Nigeria.

2.5 What (if any) are the tax implications in your jurisdiction for aircraft trading as regards a) value-added tax (VAT) and/or goods and services tax (GST), and b) documentary taxes such as stamp duty; and (to the extent applicable) do exemptions exist as regards non-domestic purchasers and sellers of aircraft and/or particular aircraft types or operations?

Interest earned by a lessor on a finance lease with regards to aircraft trading is not liable to a charge of VAT as it is a return on investment.

Also, the Federal Inland Revenue Service ("FIRS") in Information No. 9701 provides that the import of aircraft, aircraft spare-parts and machinery as goods and services taxable at 0%. The import of aircrafts and spare-parts are thus zero-rated goods for the purpose of value-added tax. Previously, VAT was assessed on domestic ticket sales in Nigeria, however, by an Executive Order on the Removal of VAT from all forms of shared transportation issued by the Federal Government of Nigeria in June 2018, VAT has been removed from the Commercial/Domestic air transport sector.

Stamp duty is payable on leases and other documentation depending on the term of the lease. For a lease for a term of one to seven years, the applicable stamp duty is 0.78%. However, the Commissioner in certain circumstances can assess stamp duty at 1.5%. Generally, most agreements in the aviation industry would be subject to stamp duties. Also, aviation lease/loan agreement would be subject to stamp duties at the applicable rate depending on the term of the lease. Withholding Tax: income on a property situated in Nigeria is liable to tax, regardless of the place of payment. It also applies to lease payments and loan payments. It is usually assessed at the rate of 10% but can be reduced to 7.5% where a double taxation agreement has been entered into in Nigeria. Therefore, any income on an aircraft situated in Nigeria, will be liable to a withholding tax of 10% or 7.5% as the case may be.

Capital Gains Tax is imposed on the gains arising from the sale or disposal of chargeable assets at a rate of 10%. In the event of a sale of any aircraft or aviation asset, the gain arising from the sale will be subject to a Capital Gains Tax imposed at the rate of 10%.

2.6 Is your jurisdiction a signatory to the main international Conventions (Montreal, Geneva and Cape Town)?

Yes, Nigeria is a signatory to:

- (a) The Convention for Unification of Certain Rules Relating to International Carriage of Air – Montreal, 1999.
- (b) The Convention on International Recognition of Rights in Aircraft – Geneva, 1948.
- (c) The Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment – Cape Town, 2001.

2.7 How are the Conventions applied in your jurisdiction?

Nigeria has ratified and domesticated the conventions mentioned in question 2.6 above in the Civil Aviation Act 2006 and thus, they are applicable and enforceable in Nigeria. The government has further given approval for the establishment of the national entry point to the International Registry within the Nigerian Civil Aviation Authority. The Cape Town Convention, 2001 by Section 73(2) and has been domesticated and incorporated under the Fifth Schedule to the CAA 2006.

2.8 Does your jurisdiction make use of any taxation benefits which enhance aircraft trading and leasing (either in-bound or out-bound leasing), for example access to an extensive network of Double Tax Treaties or similar, or favourable tax treatment on the disposal of aircraft?

Please refer to our response to question 2.5.

3 Litigation and Dispute Resolution

3.1 What rights of detention are available in relation to aircraft and unpaid debts?

Section 27(3) of the CAA gives the NCAA the power to take all steps reasonably necessary to ground any aircraft to ensure compliance. Rule 1.3.3.4 of the NCARs provides that an aircraft which is involved in a violation for which a civil penalty has been imposed or may be imposed on its owner or operator may be subject to detention by the authority in accordance with its enforcement procedures. The CAA recognises the right of a State entity, intergovernmental organisation or any other private provider of public services to arrest or detain an object under the law of that State for payment of amounts owed to such entity, organisation or provider.

3.2 Is there a regime of self-help available to a lessor or a financier of an aircraft if it needs to reacquire possession of the aircraft or enforce any of its rights under the lease/finance agreement?

The CAA provides that any remedy available to a lessor or financier that does not require an application to the court may be exercised without court action and leave of court.

Generally, a court order is not required before a lessor or financier can exercise the right of repossession or sale of an aircraft in the event of a default subject to the specific provisions of the contract. 3.3 Which courts are appropriate for aviation disputes? Does this depend on the value of the dispute? For example, is there a distinction in your jurisdiction regarding the courts in which civil and criminal cases are brought?

The Federal High Court is vested with exclusive jurisdiction to try both criminal and civil aviation disputes pursuant to Section 63 of the Civil Aviation Act and 251(k) of the 1999 Constitution of the Federal Republic of Nigeria (as amended). However, if the aviation dispute is concerning employee or labour matters, such action may be instituted in the National Industrial Court of Nigeria.

3.4 What service requirements apply for the service of court proceedings, and do these differ for domestic airlines/parties and non-domestic airlines/parties?

The Federal High Court Rules ("FHCR") and the Sheriff and Civil Processes Act ("SCPA") provide guidelines for service of court processes as well as the requirements for valid service.

For domestic airlines/parties, the FHCR provides in Order 6 Rules 2 & 8 that service is effected when the process is served personally on party, on the principal officers of the company or leaving it at the office of the company. Where personal service cannot be effected, Order 2 Rule 5 allows substituted service through delivery to any person at the last place of business of the airline or party; delivery to an agent of the airline/party involved (where there is a strong probability that it would get to the airline/party); advertisement in the official gazette; pasting in the court house; or delivery to the legal practitioner of the airline/party.

Where service is to be effected on non-domestic airlines/parties, the processes can be served in the same manner as that of domestic airline/parties highlighted above. There are, however, additional requirements. Order 6 Rule 14 of the FHCR provides that leave of the court must be sought and obtained to serve a writ on a defendant outside jurisdiction. Leave is sought by way of an application to the Federal High Court supported by an affidavit stating: (i) that the plaintiff has a good cause of action; (ii) in what country the defendant can be found; and (iii) the grounds upon which the application is made. Moreover, Section 97 of the SCPA provides that any writ of summons which is to be served outside the State in which it is issued shall have, endorsed on the face of it, notice that the writ is to be served outside jurisdiction.

3.5 What types of remedy are available from the courts or arbitral tribunals in your jurisdiction, both on i) an interim basis, and ii) a final basis?

All civil remedies can be obtained from the court or arbitral tribunal in an aviation dispute. This is, however, dependent on the cause of action and reliefs sought.

On an interim basis, remedies available are interim injunction, interlocutory injunction, prohibitory injunction, and/or mandatory injunction.

On a final basis, remedies available include perpetual injunctions, damages, specific performance, declaration, etc.

3.6 Are there any rights of appeal to the courts from the decision of a court or arbitral tribunal and, if so, in what circumstances do these rights arise?

Generally, the right of appeal from a decision of a court is governed by the Constitution of the Federal Republic of Nigeria and the

Rules of Court. For an arbitral award, it is not appealable. The only recourse is to apply for the setting aside of the award in its entirety at the High Court. The Constitution in Sections 241(1) and 242 provide that the right to appeal a decision from the Federal High Court to the Court of Appeal can either be as of right or with leave of the court. Appeal is as of right where the decision is a final decision of the Federal High Court or where the ground of appeal involves questions of law alone or where the decision is on the interpretation of the constitution or where the decision is on the question of whether any fundamental right has been, is being or is likely to be contravened. In all other circumstances, appeal must be with leave of court. However, according to Section 241 (2) of the Constitution, a party cannot appeal against a decision of the High Court granting unconditional leave to defend an action, against a consent judgment or an order as to costs only. In the case of an arbitral award, an application for the setting aside of an award can be lodged in the Federal High Court where the arbitrator misconducted himself, where the award was improperly procured or that the award contains decisions on matters which are beyond the scope submitted to arbitration.

4 Commercial and Regulatory

4.1 How does your jurisdiction approach and regulate joint ventures between airline competitors?

The NCAA, being the chief regulatory agency, is charged with regulating all matters relating to aviation in Nigeria. By virtue of Part 18 of the NCAA Regulations (Air Transport Economic Regulations), the Authority is to be notified where there are mergers, takeovers, *joint ventures* or other acquisitions of control in the aviation industry, including interlocking directorships, whether of a horizontal, vertical, or conglomerate nature, where:

- at least one of the joint venture companies is established in Nigeria;
- (ii) the resultant market share in the aviation industry or any substantial part of it, relating to any product or service, is likely to create market power; and
- (iii) at least one of the joint venture companies derives income in or from Nigeria, arising from the sale and rendering of services in the civil aviation industry, or there exists use of the firm's assets in a manner that yields interest, royalties and dividends

Furthermore, such arrangements would be *prohibited* by the Authority where the proposed transaction substantially increases the ability to exercise market power either by giving the ability to a company or group of companies acting jointly to profitably maintain prices above competitive levels for a significant period of time or by any other anti-competitive means.

4.2 How do the competition authorities in your jurisdiction determine the 'relevant market' for the purposes of mergers and acquisitions?

Part 18 of the NCAA Regulations (Air Transport Economic Regulations) in its interpretation paragraph defines "Relevant Market" as the area of effective competition within which an airline or service provider operates and includes geographic area, route, substitutability, close competitors, and such other factors that may affect consumer choice.

4.3 Does your jurisdiction have a notification system whereby parties to an agreement can obtain regulatory clearance/anti-trust immunity from regulatory agencies?

Yes, it does. Part 18 of the NCAA Regulations at Paragraph 18.15.19, provide that the Authority has the power to make any concession based on application of parties. The Authority by virtue of Section 30(4) (i) of the NCAA, 2006 can investigate cases of unfair or deceptive trade practices and requires the offending party to desist from such antitrust or anti-competition practice.

4.4 How does your jurisdiction approach mergers, acquisition mergers and full-function joint ventures?

Please refer to our response in question 4.1.

4.5 Please provide details of the procedure, including time frames for clearance and any costs of notifications.

Part 18 of the NCAA Regulations at Paragraph 18.15.16.3 provide for a 60-day waiting period from the date of issuance of receipt of the notification, unless shortened by the Authority, or extended by the Authority for a period not exceeding 30 days.

4.6 Are there any sector-specific rules which govern the aviation sector in relation to financial support for air operators and airports, including (without limitation) state aid?

The NCAA Regulations make no provision for financial support to air operators and airports, but instead do a regular assessment of the financial health of the same. Paragraph 18.10.3 requires all Nigerian licensed airlines to submit to the Authority on a monthly basis, all financial data and records on their operations in the form and manner as may be prescribed by the Authority. The Authority thereafter evaluates the financial returns and makes available a copy of the report of the financial health assessment to the Management of the airline which may make a representation to the Authority. The Authority upon receipt of the airline's representation reviews and communicates its decision to the airline.

Nigeria also has a regulatory body known as the Asset Management Corporation of Nigeria ("AMCON"), a body established in July 2010 to be the Federal Government's special debt recovery vehicle. AMCON can also take over the management of airlines for the purpose of revitalising their finances, where it is determined by the Authority that the air operators and/or airlines are in poor financial health.

4.7 Are state subsidies available in respect of particular routes? What criteria apply to obtaining these subsidies?

Paragraph 18.3.1.2 of the NCAA Regulations provide that, subject to these regulations, domestic airlines may determine the route(s) to operate, the frequency or frequencies of operations and fares to be charged, and shall inform the Authority prior to the introduction of the same. Paragraph 18.7.4 requires all airports and air navigation service providers to provide financial or other data as may be required by the Authority to determine the basis for charges, fees and tariffs. It is on that basis that requests may be made for subsidies.

4.8 What are the main regulatory instruments governing the acquisition, retention and use of passenger data, and what rights do passengers have in respect of their data which is held by airlines and airports?

There is no clear designated regulation governing the acquisition of passenger data in Nigeria; however, the NCAA regulations are the main regulatory instruments in respect of passenger rights. Paragraph 17.4 provides for the general conditions of security that should be observed by aircraft operators, and particularly paragraph 17.4.10 provides that a security programme as anticipated under the regulations and presented to the Authority for approval should provide for the safety of the passengers, crew and *their property*.

4.9 In the event of a data loss by a carrier, what obligations are there on the airline which has lost the data and are there any applicable sanctions?

Please refer to our response to question 4.8.

4.10 What are the mechanisms available for the protection of intellectual property (e.g. trademarks) and other assets and data of a proprietary nature?

Please refer to our response to question 4.8.

4.11 Is there any legislation governing the denial of boarding rights and/or cancelled flights?

The Nigerian Civil Aviation Act and Part 19 of the NCAA Regulations.

4.12 What powers do the relevant authorities have in relation to the late arrival and departure of flights?

Paragraph 19.6 requires operating air carriers, in the event of any lateness, to inform the passengers of said expected lateness 30 minutes after the scheduled time of departure and after a period of three hours (for domestic flights) to offer reimbursement. Regulation 19.6.2 deals with international flights, which typically provides for the same form of compensation.

4.13 Are the airport authorities governed by particular legislation? If so, what obligations, broadly speaking, are imposed on the airport authorities?

Airport authorities are governed by the Federal Airports Authority of Nigeria Act ("FAAN Act"). The Act broadly imposes on the airport authorities the duty to develop, provide and maintain airports amongst other:

- to develop, provide and maintain at airports and within the Nigerian air space all necessary services and facilities for the safe, orderly, expeditious and economic operation of air transport;
- (b) to provide adequate conditions under which passengers and goods may be carried by air and under which aircraft may be used for other gainful purposes, and for prohibiting the carriage by air of goods of such classes as may be prescribed;
- to prohibit the installation of any structure which, by virtue of its high position, is considered to endanger the safety of air navigation;

- (d) to charge for services provided by the Authority at airports; and
- to provide accommodation and other facilities for the effective handling of passengers and freight.

4.14 To what extent does general consumer protection legislation apply to the relationship between the airport operator and the passenger?

The consumer protection legislation provides for assistance to be granted to the passengers by the operational air carriers and airport authorities, where there are instances such as delayed and/or cancelled domestic or international flights.

4.15 What global distribution suppliers (GDSs) operate in your jurisdiction?

The global distribution suppliers ("GDSs") consist of: Sabre Travel Network; Travelport; and Amadeus Nigeria.

4.16 Are there any ownership requirements pertaining to GDSs operating in your jurisdiction?

There are no specific requirements for ownership of GDSs in Nigeria, other than the registration as a Nigerian Company with the Corporate Affairs Commission ("CAC"), which is the statutory body charged with the functions of regulating and supervising the formation, incorporation, registration, as well as winding-up of all companies in Nigeria. However, registration with the CAC as a Nigerian company does not preclude GDSs from having foreign shareholders.

4.17 Is vertical integration permitted between air operators and airports (and, if so, under what conditions)?

Please refer to our response to question 4.1.

4.18 Are there any nationality requirements for entities applying for an Air Operator's Certificate in your jurisdiction or operators of aircraft generally into and out of your jurisdiction?

Paragraph 9.1.1.6 provides that the Authority may issue an AOC if, after investigation, the Authority finds that the applicant:

- is a citizen of Nigeria;
- has its principle place of business and its registered office, if any, located in Nigeria;
- (3) meets the applicable regulations and standards for the holder of an AOC;
- (4) meets the aircraft requirements specified in the IS for the type of operation proposed;
- is properly and adequately equipped for safe operations in commercial air transport and maintenance of the aircraft; and
- (6) holds the economic authority issued by the Authority under the provisions of the Civil Aviation Act 2006 or any amendment thereof.

5 In Future

5.1 In your opinion, which pending legislative or regulatory changes (if any), or potential developments affecting the aviation industry more generally in your jurisdiction, are likely to feature or be worthy of attention in the next two years or so?

Member States of the African Union (currently 49 of 55) have taken a bold step in signing the AfCFTA. The AfCFTA seeks to create a single continental market for goods and services in the Member States, with free movement of business persons and investments using a single currency.

While Nigeria is yet to sign as it is currently evaluating the potential impacts on the economy, it is expected that upon signing the AfCFTA, the transportation sector, which includes the aviation sector, would experience a significant shift in the aviation business demographic.



Kashimana Tsumba

Banwo & Ighodalo 98, Awolowo Road Ikoyi, Lagos Nigeria

Tel: +234 810 369 8795 Email: ktsumba@banwo-ighodalo.com URL: www.banwo-ighodalo.com

Kashimana is experienced in handling a wide spectrum of transport law matters including aviation advisory, aircraft finance, passenger liability and shipping matters. She is skilled in both a litigation and advisory capacity. She previously served as an intern at the International Maritime Organization ("IMO") and as a visiting researcher at the Institute of Maritime Law, Southampton, UK.

She is a member of the IBA Section on Transport Law, a Contributor to the Lloyds List Group, and the Nigerian Institute of Advanced Legal Studies Journal. Kashimana is passionate about transport law and continuing professional development in the industry.



Tenilola Olowu

Banwo & Ighodalo 98, Awolowo Road Ikoyi, Lagos Nigeria

Tel: +234 818 788 0834 Email: tolowu@banwo-ighodalo.com URL: www.banwo-ighodalo.com

Tenilola is an astute member of the Aviation, Shipping and International Trade Practice Group of the Firm. In her time in the team, she has advised on aviation financing transactions, ship financing transactions, and regulatory advice in respect of both areas, amongst others. She is an associate member of the Chartered Institute of Arbitrators, and the Founder of the Alternative Dispute Resolution Society of the University of Lagos, Nigeria.

She is also a member of the Nigerian Maritime Law Association and the Lagos Court of Arbitration. Tenilola is passionate about dispute resolution, transport law and the development of the same in Nigeria.



Banwo & Ighodalo was established on 1st February, 1991 with a resolve to create a world-class law firm.

We are known in our markets for excellent mastery of legal issues, the development of creative solutions and our lawyers are selected for their embodiment of these qualities. We deliberately recruit and train for innovation, knowledge and the ability to create exceptional solutions for our clients.

The Firm is consistently listed as a 1st-tier law firm and a firm of choice in Capital Markets, Mergers & Acquisition, Corporate Finance, Energy & Natural Resources and Intellectual Property. We also have thriving and acclaimed practices in Litigation, Arbitration and other Alternative Dispute Resolution and in Shipping, Aviation and International Trade.

Both the firm on one hand, and its partners and some associates on the other hand, are ranked in several leading Nigerian and international legal directories

Contact: Mr. Ken Etim (Managing Partner).

Current titles in the ICLG series include:

- Alternative Investment Funds
- Anti-Money Laundering
- Aviation Law
- Business Crime
- Cartels & Leniency
- Class & Group Actions
- Competition Litigation
- Construction & Engineering Law
- Copyright
- Corporate Governance
- Corporate Immigration
- Corporate Investigations
- Corporate Recovery & Insolvency
- Corporate Tax
- Cybersecurity
- Data Protection
- Employment & Labour Law
- Enforcement of Foreign Judgments
- Environment & Climate Change Law
- Family Law
- Financial Services Disputes
- Fintech
- Franchise
- Gambling

- Insurance & Reinsurance
- International Arbitration
- Investor-State Arbitration
- Lending & Secured Finance
- Litigation & Dispute Resolution
- Merger Control
- Mergers & Acquisitions
- Mining Law
- Oil & Gas Regulation
- Outsourcing
- Patents
- Pharmaceutical Advertising
- Private Client
- Private Equity
- Product Liability
- Project Finance
- Public Investment Funds
- Public Procurement
- Real Estate
- Securitisation
- Shipping Law
- Telecoms, Media & Internet
- Trade Marks
- Vertical Agreements and Dominant Firms



59 Tanner Street, London SE1 3PL, United Kingdom Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255 Email: info@glgroup.co.uk