

Bahrain Perm. File
May 24, 1999

RECORD OF DISCUSSIONS

Representatives of the United States of America and the State of Bahrain met in Washington May 24, 1999, to ready for signature an air transport agreement between the Government of the United States of America and the Government of the State of Bahrain. The State of Bahrain had conveyed through the U.S. Embassy in Manama its agreement to the U.S. model open skies text.

At the May 24 meeting, the representatives of the State of Bahrain advised that before the Agreement could enter into force in accordance with Article 17, the Cabinet of the State of Bahrain would have to issue waivers or exemptions to existing domestic law in order for U.S. carriers to conduct activities in Bahrain pursuant to Article 8, Section 3 concerning ground-handling, and Article 8, Section 4, concerning direct sales of air transportation. The Bahraini representatives assured that they would work expeditiously to ensure that these waivers are granted and that the Agreement be brought into force as soon as possible.

The representatives of both sides took particular note of Article 3, paragraph 1 of the Agreement, which allows each Party to designate as many airlines as it wishes to operate under the Agreement. Noting that Article 3, paragraph 2 of the Agreement provides that substantial ownership and effective control be vested in the Party or the nationals of the Party designating an airline to operate under the Agreement, the representatives of the State of Bahrain advised that Bahrain would like to designate Gulf Air. The U.S. representatives indicated that following the entry into force of the Agreement, U.S. aeronautical authorities intend to grant a waiver from the ownership and control requirements for Gulf Air, provided that:

First, on a service to/from the United States, should Gulf Air's last point of departure or first point of arrival in the territory of any of the four Gulf Air owner-countries be other than the State of Bahrain, the aviation regime in effect between the United States and that country would control the rights available to Gulf Air. However, should Gulf Air's last point of departure from or first point of arrival in the territory of the four owner-countries be at a point located in the State of Bahrain, the full scope of open-skies rights would apply.

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The United States intends to lift these limitations at such time as all countries of Gulf Air enter into open-skies agreements with the United States.

For the United States of America:

Claudia Serwan
May 24, 1999

For the State of Bahrain:

Donald James
May 24, 1999