ARTICLE 1

For the purposes of this Agreement:

(a) "Contracting Party" means a contracting party to this Agreement;

(b) "Member State" means a Member State of the European Union; and

(c) "party" means a contracting party to the relevant agreement between a Member State and Japan for air services listed in Annex I.

ARTICLE 2

1. The provisions in paragraph 2 of this Article shall apply in place of the corresponding provisions listed in Annex II-A.

2. (a) Each party reserves the right to withhold or revoke the privileges, the rights or the authorisation specified in the corresponding provisions listed in Annex II-B in respect of an airline designated by the other party, or to impose such conditions as it may deem necessary on the exercise by the airline of the privileges or the rights, or on the authorisation, in any case where one of the following conditions is satisfied:

(i) in the case of an airline designated by the party which is a Member State:

(A) the airline is not established in the territory of that party or does not have a valid operating licence issued by a Member State in accordance with the law of the European Union;

(B) effective regulatory control of the airline is not exercised or not maintained by the Member State responsible for issuing its air operator's certificate, or the relevant aeronautical authority is not clearly identified in the designation;

(C) majority ownership and effective control of the airline are not vested in Member States or States listed in Annex III, or in nationals of such States;

(D) the airline does not have its principal place of business in the territory of the Member State from which it has received its operating licence;