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ASSEMBLY — 40TH SESSION

ECONOMIC COMMISSION

Agenda Item 32: Economic Regulation of International Air Transport — Policy

**CHINA'S ACTIVE EFFORTS IN ADVANCING REGIONAL AIR
TRANSPORT LIBERALIZATION**

(Presented by China)

EXECUTIVE SUMMARY

This paper presents the development and positive results of liberalization of regional air transport between China and ASEAN since the signing of Air Transport Agreement between the Government of The People's Republic of China and the Governments of the Member States of the Association of Southeast Asian Nations in 2010 and its Protocol I and II. The agreement reflects China's position and determination in support of and response to the long-term vision of liberalization of both regional and international air transport.

<i>Strategic Objectives:</i>	This information paper relates to Strategic Objective — <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	None.
<i>References:</i>	A39-WP/4 – <i>Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (AT CONF/6)</i> (Long-term Vision and Core Principles on Consumer Protection) A39-WP/8 – <i>Consolidated Statement of Continuing ICAO Policies in the Air Transport Field</i> Resolution A38-14 – <i>Consolidated Statement of Continuing ICAO Policies in the Air Transport Field</i>

¹ English and Chinese versions provided by China.

1. INTRODUCTION

1.1 In 2015, the ICAO Council adopted a Long-term Vision for International Air Transport Liberalization as the ultimate reference and guidance for Member States to pursue liberalization: "*We, the Member States of the International Civil Aviation Organization, resolve to actively pursue the continuous liberalization of international air transport to the benefit of all stakeholders and the economy at large. We will be guided by the need to ensure respect for the highest levels of safety and security and the principle of fair and equal opportunity for all States and their stakeholders.*" The 39th Assembly adopted this long-term vision and revised the *Consolidated Statement of Continuing ICAO Policies in the Air Transport Field* (A39-WP/8).

1.2 China civil aviation has responded actively to this initiative. In recent years, China civil aviation and 10 ASEAN States have signed rather flexible air traffic right arrangements, and have greatly adjusted regulatory policies of international air traffic rights from aspects of simplifying approval, disclosure of government affairs, post-event oversight and cordial service.

2. DISCUSSION

2.1 Development of air transport agreement between China and ASEAN

2.1.1 On 19 November 2010, China and 10 ASEAN States officially signed the Air Transport Agreement between The Government of The People's Republic of China and The Governments of The Member States of The Association of Southeast Asian Nations and its Protocol I, which liberated the third and fourth air traffic rights.

2.1.2 On 20 December 2013, China and 10 ASEAN States officially signed Protocol II to the Air Transport Agreement between China and ASEAN, reaching agreement on partly open the fifth air traffic right between China, ASEAN and third countries.

2.1.3 As of 9 January 2019, the Agreement and its Protocols I and II have entered into force for all eleven countries. The two sides are still maintaining close communication on further opening up.

2.2 Specific measures taken by China civil aviation to deepen the reform of "Delegating Power, Strengthening Regulation, and Improving Service" for international air transport

2.2.1 China actively promotes the reform of "delegating power, strengthening regulation, and improving service" for international air transport, adheres to "market-orientation and government-guidance" to continuously loosen market access, streamline administration and delegate power, cut approvals, and to give full play to the decisive role of the market in resource allocation; optimizes government regulation, exercises stronger oversight both during and after the handling of matters, maintains market competition order, and creates a stable, fair, transparent and predictable operating environment.

2.2.2 In order to simplify the administrative procedures for approvals to facilitate airlines operation in China, since November 2018, Civil Aviation Administration of China started to issue

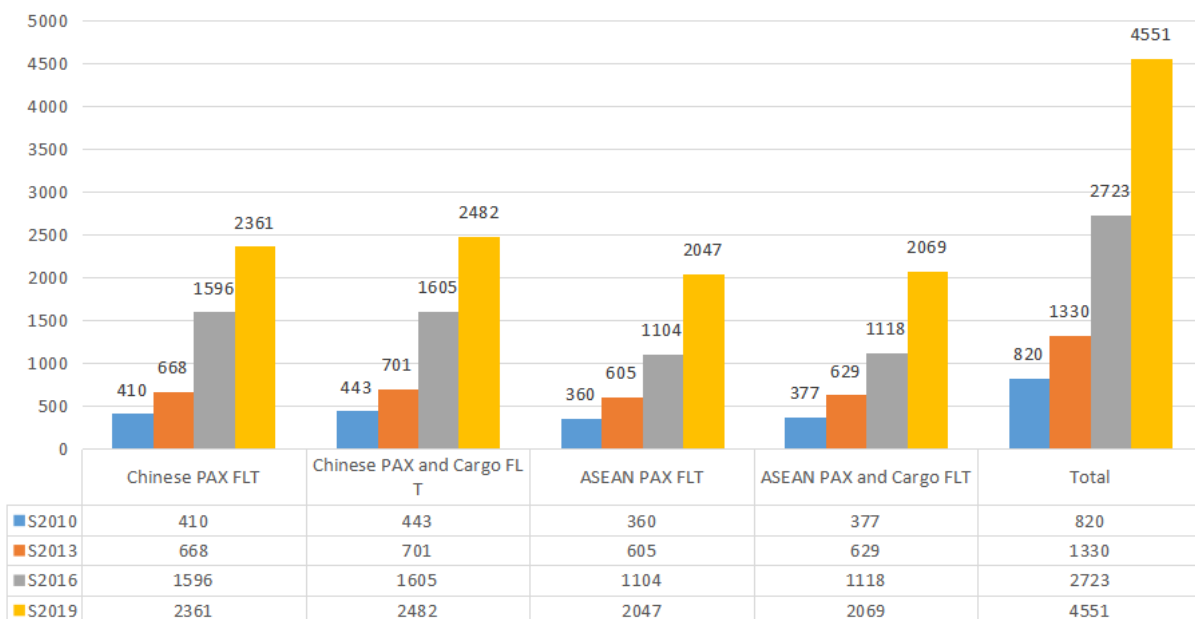
national permit to foreign air transport enterprises from countries including 10 ASEAN States that have opened the third and fourth air traffic rights. The national permit is changed from the scope of a single specific route to an originating country. With only one operating permit, airlines can apply for round-trip scheduled flights originating from any points in their own country to any points in China (excluding Hong Kong, Macao and Taiwan regions). It has greatly reduced the time needed for administrative approval and enhanced efficiency.

2.2.3 In order to further enhance the efficiency of permit approval and to strengthen operational supervision, CAAC launched the research and development of the Foreign Airlines Operating Permit Supervision System. The system will realize online application and processing of flight plans, frequency addition and charter flights and operating permits in a staged manner. The system was put into pilot operation in February 2019 and has already realized functions such as online application and approval of scheduled flight plans, additional flights and charter flights. For the next step, stronger oversight both during and after the handling of matters will be exercised through this system to monitor and assess foreign airlines’ operating permits and implementation of flight plans.

2.3 Air transport market development between China and ASEAN

2.3.1 In the summer season of 2019, there are 71 carriers in China and 10 ASEAN States operating flights between 58 cities in China and 41 cities in ASEAN, with a total of 4355 passenger flights and 134 cargo flights per week. Among them, 32 Chinese airlines are operating flights from 58 cities in China to 36 cities in 10 ASEAN States, with a total of 2361 passenger flights and 121 cargo flights per week; 39 airlines in 10 ASEAN countries are operating flights from 41 cities in ASEAN to 54 cities in China, with a total of 2047 passenger flights and 22 cargo flights per week. Specific data since 2010 are as follows:

Development of Air Transport Market between the Two Sides since 2010



2.3.2 It can be seen from the above chart that after China and ASEAN opened the third and fourth air traffic rights and liberalized regional air transport in 2010, the size and vitality of air transport market within the region increased significantly: the number of air transport enterprises operating flights in the region increased from 25 to 71, the total frequencies of air transport enterprises increased from 820 per week to 4551 per week, and the growth in 9 years reached 3731 per week, an increase of 455%. Market shares are basically equally divided to airlines in China and ASEAN, and the two sides have benefited from each other and enjoyed win-win results.

2.3.3 The signing of the Agreement and its Protocol I and II has played a positive role in promoting economic and trade exchanges as well as people to people exchanges between the two sides, and has boosted connectivity between China and ASEAN, and stimulated the development of China-ASEAN air transport market.

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