

***Air Transport Services (4) - General FAQs and FAQs in relation to CEPA and its Supplements (up to 2006 Liberalization Measures)***

**1. How many Hong Kong companies are qualified to provide the ground services?**

A majority of the franchised service providers at the Hong Kong International Airport are expected to meet the criteria.

**2. Are Hong Kong service suppliers (HKSS) allowed to set up wholly-owned enterprises in the Mainland to provide air transport sales agency services?**

By virtue of Supplement III to CEPA signed in 2006, Hong Kong air transport sales agencies are allowed to set up wholly-owned air transport sales agencies in the Mainland to provide air transport sales agency services. The registered capital requirement is the same as that for the Mainland enterprises. The relevant measure has taken effect from 1 January 2007.

In addition, HKSS can also operate air transport sales agencies in the forms of equity joint ventures or co-operative joint ventures in the Mainland, which were allowed under Supplement II to CEPA signed in 2005 and came into effect on 1 January 2006.

**3. What is the scope of business for “air transport sales agency services”?**

According to Articles 4 and 10 of the “Regulations on Civil Air Transport Agency Services”, the scope of business for the “air transport sales agency services” covers :

- (1) The operation of Type I air passenger and freight sales agency services, i.e. operation of civil air passenger and freight sales agency services in international routes, including Hong Kong, Macau and Taiwan regions; and
- (2) The operation of Type II air freight sales agency services, i.e. operation of civil air freight sales agency services in the domestic routes in the Mainland, excluding Hong Kong, Macau and Taiwan regions.

**4. What rules and regulations are relevant when HKSS apply for the operation of air transport sales agencies in the Mainland?**

The relevant rules and regulations currently include :

- Regulations on Civil Aviation Transport Sales Agency (Decree of the General Administration of Civil Aviation of China, 1993 No. 37)
  
- Provisions on Foreign Investment in Civil Aviation (Decree of the General Administration of Civil Aviation of China, the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China and the State Development and Planning Commission of the People's Republic of China, 2002 No. 110)
  
- Supplementary Provisions to the Provisions on Foreign Investment in Civil Aviation (II) (Decree of the General Administration of Civil Aviation of China, the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China and the State Development and Planning Commission of the People's Republic of China, 2007 No. 174)
  
- Announcement on Transfer of the Qualification Work for Air Transport Sales Agency (General Administration of Civil Aviation of China, 2006 No. 141)
  
- Qualification Procedures for China Civil Aviation Transport Sales Agency (China Air Transport Association, March 2006)