

Air Transport Services – 2007 Liberalization Measures

- 1. In the application for the establishment of air transport sales agencies in the Mainland, can Hong Kong Service Supplier (HKSS) submit their applications directly to the China Air Transport Association (CATA)?**

According to Article 19 of the “Qualification Procedures for China Civil Aviation Transport Sales Agency” issued by CATA, the applications for qualification for both Type I and Type II ^{Note} air transport sales agencies have to be submitted first to the local representative offices of CATA for substantive initial vetting. Having passed the initial vetting, applications can be filed with CATA for final vetting.

But by virtue of Supplement IV to CEPA, HKSS can submit their applications for the establishment of air transport sales agencies directly to CATA. They are not required to go through the substantive initial vetting by the local representative offices of CATA. This is applicable to the applications for the establishment of air transport sales agencies in the forms of wholly-owned enterprises, equity joint ventures or co-operative joint ventures.

Note: 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.

- 2. In order to be qualified for the establishment of air transport sales agencies in the Mainland, Article 20(4) of the “Qualification Procedures for China Civil Aviation Transport Sales Agency” requires the provision of proof on economic guarantee as one of the supporting documents to be supplied by the applicants. What kinds of economic guarantee are accepted by CATA?**

By virtue of Supplement IV to CEPA, HKSS, in their applications for the establishment of air transport sales agencies in the forms of wholly-owned enterprises, equity joint ventures or co-operative

joint ventures in the Mainland, are allowed to serve the economic guarantee provided by China-capital banks in the Mainland or guarantee companies recommended by CATA. HKSS can approach CATA for information about companies eligible for providing economic guarantee.

In addition, HKSS can also serve the economic guarantee provided by China-capital enterprises in the Mainland, providing that the registered capital of the China-capital enterprise is not lower than that of the Hong Kong enterprise being guaranteed.