

Air Transport (6)

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, 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.

In addition, by virtue of Supplement II to CEPA, HKSS can also operate air transport sales agencies in the forms of equity joint ventures or co-operative joint ventures in the Mainland.

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

According to the *Measures on Qualification Recognition of Civil Air Transport Sales Agency Services in China* and its *Supplementary Provisions*, the scope of business for the “air transport sales agency services” operated by HKSS 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 passenger and freight sales agency services, i.e. operation of civil air passenger and 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?

Please refer to the “Information Database on CEPA Service Sectors” of website of Trade and Industry Department:

http://www.tid.gov.hk/english/cepa/tradeservices/air_relevant.html

and the “Easy Guide to Investment in the Medical Service Sector”:

http://www.tid.gov.hk/english/cepa/tradeservices/files/airtransport_factsheets.pdf).

5. **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 *Measures on Qualification Recognition of Civil Air Transport Sales Agency Services in China* issued by CATA, the applications for qualification for both Type I and Type II (see Q. 3 above) 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.

6. **In order to be qualified for the establishment of air transport sales agencies in the Mainland, Article 20(4) of the “Measures on Qualification Recognition of 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 the China Air Transport Association (CATA)?**

By virtue of Supplement IV and V 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 Mainland-incorporated banks (including domestic and foreign banks) 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.

By Virtue of Supplement VI to CEPA, HKSS can serve the economic guarantee provided by Hong Kong banks, supplemented by the economic guarantee provided by Mainland-incorporated banks or guarantee companies recommended by CATA within two months after the applications have been approved by the Mainland.