

**Statement by Mr. YANG Yuanyuan,  
Minister of the General Administration of Civil Aviation of China (CAAC)  
at the 2005 ICAO Symposium on Liberalization of Air Transport in  
Asia/Pacific**

(May 25, 2005)

Distinguished guests, ladies, gentlemen and friends,

We are gathered here today by the side of the magnificent Huangpu River, to usher in jointly the opening of the 2005 ICAO Symposium on Liberalization of Air Transport in Asia/Pacific. We feel extremely honored to be able to play host to this event. I wish to take this occasion, on behalf of the General Administration of Civil Aviation of China and in my own name, to extend to all ICAO officials and participants a warmest welcome. I would also like to take this opportunity to express our heartfelt thanks to our friends who have always cared for and supported the development of civil aviation in China.

As global economic integration continues, countries, with intertwined interests and shared destinies, have become increasingly more interdependent. Liberalization of air transport will contribute to the common development of civil aviation in various countries, and to their economic and trade relations as well as exchanges and cooperation in other fields. The overarching theme of today's symposium is "Liberalization of Air Transport in Asia/Pacific", under which participating experts will be discussing a multitude of topics such as the prospects and models for the liberalization of international air transport, as well as responses to it. I believe that this is a tremendously significant undertaking. We should size fully the opportunity to carry out extensive exchanges and in-depth discussions to work out a common strategy for sustained growth in civil aviation in Asia/Pacific.

Since the initiation of China's reforms and opening policy, tremendous growth in civil aviation has been achieved in this country. From 1978 to 2004, China's total civil air traffic, passenger throughput and cargo/mail turnover (excluding those of Hong Kong, Macao and Taiwan) registered an average annual growth rate of 18.2%, 16.5% and 15.6% respectively, over 2 times the world average. In 2004, total traffic, passenger throughput and cargo/mail turnover reached 23.1 billion ton/kilometers, 121 million passengers and 2.767 million tons respectively. Total traffic of China's scheduled civil flights (excluding that of Hong Kong, Macao and Taiwan) ranked the 3rd among all ICAO Contracting States in 2004, ascending from a 37<sup>th</sup> place in 1978. As of the end of 2004, there were 754 civil transport aircraft registered in China, 132 cities served domestically and 133 airports in operation. There were 1279 routes for scheduled flights, of which 244 were international routes, providing service to 75 cities in 33 countries. Every week, 1091 flights operated by 74 foreign airlines would land on the Chinese Mainland, while 994 flights from 8 Chinese air carriers were flying overseas.

Over the last couple of years, the Chinese national economy has continued to grow apace as China opens even wider to the outside world. As a result, China's national income per capita has risen considerably. Quality of people's life has continued to improve. Tourism has been expanding at a rapid pace. Big strides have been taken in restructuring China's civil aviation system and a new industrial regulatory regime has been initially put in place, breathing greater dynamism into aviation enterprises. All those developments have generated or energized demand for air transport in the market. In 2003, despite the substantial impact of the SARS pandemic, total air traffic still managed to increase by 5%. In 2004 alone, growth rates of total air traffic and passenger throughput matched those registered in the entire "ninth five-year plan" period (1996-2000) combined. At present, there are six airports in the country with a throughput of over 10 million passengers. The Beijing Capital International Airport even boasts a throughput in excess of 30 million passengers and close to 1000 landings and take-offs on a daily basis.

The next 15 years will be a period of fast growth for China and will likewise be a period of opportunities for accelerated growth in civil aviation in the country. The Government of China has already advanced the ambitious objective of turning the country into a society with decent living standards for all in the first 20 years of this century. China's rapidly growing national economy and its widening openness towards the outside world will inevitably lead to increased demand for civil aviation, offering board prospects for further development of civil aviation in China. We are now formulating the "11<sup>th</sup> five-year plan" and visionary prospects up to 2020, which will provide the blueprint for the future of civil aviation in China.

China has persistently pursued the polity of reforms and opening in civil aviation and is progressively opening wider to the outside world as leverage over the process of reforms and development. Since 1978, China has used an accumulative amount of over USD \$30 billion of foreign investment in civil aviation in the forms of foreign government loans, wholly foreign-owned and joint ventures, lease financing and listing in stock markets overseas. In 2002, the Chinese Government promulgated new *Provisions for Investment by Foreign Businesses in the Civil Aviation Industry*, relaxing substantially the proportional and other restrictions on investment by foreign businesses in China's civil aviation industry. Air China, China Eastern, China Southern and Hainan Airlines have all been successfully listed overseas as limited stock companies. Bilateral relations in the field of air transport have continued to expand. As of the end of 2004, China signed 96 (of which 5 were initialed) air services agreements with other countries. As an active participant in the trend towards liberalization in air transport, China has on a trial basis granted fifth freedom rights to foreign carriers to pick up passengers or cargo in Hainan, Nanjing and Xiamen. Cooperation between Chinese and foreign air carriers is encouraged. At present, 7 airlines on the Chinese Mainland have signed code sharing agreements with their foreign counterparts. In the domestic market, we have gradually relaxed control over tariffs for domestic flights and rules for the granting of authority to operate domestic routes and reschedule flights. Market access has been broadened to allow private capital to invest in and operate airlines

and compete in the air transport market.

In the future, China will open up further its civil aviation market in accordance with the “proactive, orderly and progressive” principle. Efforts will be made to develop actively bilateral relations in air transport, grant on an ongoing basis more freedom rights and gain a greater share in the international air transport market. Great attention will be given to the development of multilateral air transport relations and active participation in multilateral cooperation in all its forms and spheres. Economic and technical exchanges and cooperation with other countries will be enhanced to assimilate and draw upon their advanced technological and managerial expertise in civil aviation. The CAAC will further strengthen its exchanges and cooperation with international organizations such as ICAO and IATA as well as with governments of other countries. As the Chinese economy continues to grow, there will be abundant business opportunities and potentials in the field of civil aviation in China. I am confident that in a progressively liberalizing and more competitive environment, Chinese air carriers will become bigger and stronger on the strength of their home base, while airlines of other countries will benefit from ever growing aggregates on the strength of their advanced managerial concepts. The joint efforts by both Chinese and foreign air carriers will facilitate even faster growth in civil aviation in China and will make increasingly important contributions to the development of the Chinese economy.

Asia/Pacific is currently one of the most economically dynamic and promising regions in the world. It is also a region that offers the greatest vitality and potential to the development of civil aviation. China will continue to participate actively in the disposition of civil aviation affairs in the region. Let us join hands and work together to bring about greater prosperity to civil aviation in Asia/Pacific and throughout the world!

I wish the symposium be crowned with success!

Thank you!