
China's Experience:

A Positive, Gradual, Orderly, and Safeguarded Liberalization of Air Transport

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Outline

- I. Introduction
- II. Why cannot China's international air transport market be a contestable one?
- III. Why must the international air transport liberalization in China be guided by the government?
- IV. China's experience of gradually liberalizing its international air transport market
- V. Conclusion

I. Introduction

- Rapid Development of Air Transport in China;
 - total traffic volume: 24 billion ton-kms
 - ranking 3rd in the world
- International Air Transport Liberalization in China under National Regulation

II. Why cannot China's international air transport market be a contestable one?

- Western Countries Led by the U.S.
 - deregulation policies adopted under contestable market theory
- China
 - whether air transport market in China is a contestable one?

II. Why cannot China's international air transport market be a contestable one?

- Market Situation in China
 - the market dominance of incumbent airlines
- Institution Perspective of China's Airline Industry
 - state-owned enterprises
 - irrational competition
 - social responsibility

II. Why cannot China's international air transport market be a contestable one?

- China's International Air Transport Market is not Contestable Market
- China cannot laissez-faire its International Air Transport Market
- Positive, Gradual, Orderly and Safeguarded Liberalization of International Air Transport in China

III. Why must the market liberalization be guided by the government?

- Liberalization of International Air Transport Under the Government Guidance
- Institutional Transition Guided by CAAC
 - pilot opening in 1980s'
 - gradual liberalization with major aviation countries and neighbors

IV. China's experience of gradually liberalizing its international air transport market

- Combine Market Competition and Ownership Diversification together
- Open the International Air Transport Market in a Phased, Orderly and Safeguarded Manner
- Develop International Air Transport so as to Promote Domestic Air Transport

V. Conclusion

- Liberalization of International Air Transport in China is Successful and Orderly
- Issues to Be Faced with in the Future

Thank You