

Response of HONG KONG SAR, CHINA

**to questions concerning its current policy, position and practice
on air carrier ownership and control**

(Date of response: 5/09/07)

No.	Question	Yes	No	Case by Case	Note/Comment
1.	When designating your airline to operate the agreed services under an air services agreement, do you require it to be substantially (or majority) owned and effectively controlled by nationals of your country?		X		
2.	In dealing with the designation of foreign airlines, which of the following criteria do you accept:				
	a) substantially (or majority) owned and effectively controlled by the designating party or its nationals (the traditional approach)	X			
	b) substantially (or majority) owned and effectively controlled by one or more States that are parties to an agreement or within a predefined regional grouping (e.g. a “community of interest” carrier)		X		
	c) incorporated and having its principal place of business or permanent residence in the territory of the designating party		X		
	d) having its principal place of business in the territory of and effective control by the designating party (without the ownership requirement)		X		
	e) having its principal place of business in the territory of and effective regulatory control by the designating party		X		
	f) any other criteria (please describe)		X		

No.	Question	Yes	No	Case by Case	Note/Comment
3.	In dealing with airline designations in the future, are you willing to accept criteria other than the traditional national ownership and control:				
	a) for both yourself and the foreign partner?				See attached note
	b) for the foreign partner but maintain traditional criteria for yourself?		X		
	c) What economic regulatory conditions will you impose for such acceptance? (please describe)			X	
4.	Are you willing to consider the following positive action in facilitating liberalization of air carrier ownership and control:				
	a) issuing an individual statement of policy for accepting designations of foreign air carriers?		X		
	b) developing a common policy with partner States? (please indicate, if possible, with which partner(s))		X		
	c) any other action? (please describe)		X		
Any other comments on your answers:					

Note

Article 133 of the Basic Law of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China provides that, under specific authorizations from the Central People's Government, the Government of the HKSAR may:

- (1) renew or amend air services agreements and arrangements previously in force;
- (2) negotiate and conclude new air services agreements providing routes for airlines incorporated in the HKSAR and having their principal place of business in Hong Kong and providing rights for over-flights and technical stops; and
- (3) negotiate and conclude provisional arrangements with foreign states or regions with which no air services agreements have been concluded.

In accordance with the above provision, to be designated by the HKSAR Government under an air services agreement, an airline has, inter alia, to be incorporated and have its principal place of business in the HKSAR. However, there is no restriction on foreign investment in the airline.