



Development of Air Transport Operations

I. Basic Situation of Air Transport Operations

As for air transport, in 2014, there were 6 newly founded air transport companies, 4 under preparation, and 6 applying for establishment. By the end of 2014, there were 51 public air transport companies, including 45 passenger transport companies and 6 all-cargo transport companies.

In 2014, 817 new routes were launched by airlines, including 686 new domestic routes (including 15 Hong Kong, Macao and Taiwan routes) and 131 international routes.

As for general aviation, by the end of 2014, there were 239 general aviation enterprises in total, up by 26.5% from 2013; 1 910 aircraft and helicopters in operation with a year-on-year growth of 15.5%; the whole industry

had 675 thousand flight hours in total, increasing by 14.2% from a year earlier.

II. Developments of Air Transport

The approval process for new routes and flights was simplified. According to the roadmap for management by different classes and levels, the range of approved domestic routes and CAAC-managed routes was shrunk. Routes and flights which needed to be approved dropped from 25.2% in 2010 to 9.3%, and CAAC-managed routes and flights declined from 81% to 24%.

The restrictions on sharing two or three-word codes between airlines and their absolutely controlled airline companies were removed. Approval and review for code-sharing licenses of domestic routes and flights were eliminated. Currently around 60% domestic flights have realized code sharing, which further relieved the control on market.

Airline operations licensing was altered to be more flexible. Relevant studies on cancelling examination and approval for establishing subsidiary companies and on expanding global operation scope were conducted, which further stimulated the market's vitality.

Supervision and management of traffic rights use was strengthened. Information about traffic rights use was published. Traffic rights already allocated but unused or underutilized were withdrawn in time and re-allocated. In 2014, 71 approvals for domestic route operations, 6 for cross-strait route operations and 3 for international route operations were withdrawn, and traffic rights of 4 cross-strait routes and over 30 international routes were adjusted and re-allocated, which increased the use efficiency of traffic rights and resource value.

CAAC signed a cooperation memorandum with the General Administration of Customs, which optimized the clearance environment at airports, and improved the efficiency and service of customs clearance.

CAAC promoted the development of air transport related to Hong Kong, Macao and Taiwan, and organized institutionalized cross-strait exchanges and communication on air transport. The number of weekly cross-strait scheduled passenger flights increased to 840, and the number of mainland passenger transport service points grew to 55; the number of weekly cross-strait scheduled cargo flights rose to 84, and the number of mainland points of scheduled freight service grew to 10. The number of mainland to Hong Kong points of service increased to 66.

CAAC also advanced the development of international air transport. In 2014, domestic airlines launched 131 new international routes. There were 12 foreign cities with newly-added and restored scheduled flights, including Washington, Barcelona, Naypyidaw, Asahikawa, Hakodate, Saga, Sabah, Ekaterinburg, Vladivostok, Koh Samui, Mauritius (Port Louis), and Boston. A total of 37 foreign airlines opened 80 new scheduled passenger routes to and from China.

Management of air transport of dangerous goods was strengthened. CAAC carried out special rectifications on concealing dangerous goods, facilitated the implementation of newly revised regulations on dangerous goods transport, and issued three advisory circulars, one management document and one manual as supporting materials. CAAC, together with nine ministries and commissions such as the Central Commission Office of Public Security Comprehensive Management, issued the document Several Opinions on Strengthening Mail and Express Delivery Safety Management in order to enhance safety management of dangerous goods transport by air mail and express. It also enhanced the management of lithium battery transport. Relevant departments and the Bureau of Aviation Security under CAAC jointly released the Announcement of Regulations on Civil Aviation Passengers Taking Cellphone Chargers Onboard, which guided passengers' safe carriage of chargers onboard.

III. Successful Accomplishment of Supporting Tasks for Major and Emergency Air Transport and National Defense Mobilization

CAAC participated in air transport support tasks for the Youth Olympic Games in Nanjing, and issued the Announcement on Doing a Good Job in Air Transport Support for the Youth Olympic Games in Nanjing. From August 6 to September 1, Nanjing Lukou International Airport provided support for all of the special and charter flights for YOG, including 14 flight arrivals and 10 flight departures in total; during the period, there were 35 important guests onboard YOG flights, 662 flight arrivals, 648 flight departures, 3 977 arrival passengers, and 4 714 departure passengers.

The support tasks for APEC in 2014 were successfully accomplished. Relevant CAAC entities coordinated and successfully provided support for 447 APEC-related flights, including 75 flights for important guests and 46 special flights.

Support tasks for aiding Africa in its fight against



Ebola were successfully accomplished. From August 10 to November 14, CAAC arranged and coordinated the transport of mobile surveillance teams in two batches and medical teams in three batches by China Eastern Airlines, China Cargo Airlines and Air China Cargo, including 282 people in total, and nearly 1 000 tons of P3 laboratories, relief supplies and construction materials to Guinea, Liberia and Sierra Leone in west Africa. CAAC supported Russia's No. 224 Fleet five times in its mission to aid the affected areas, 12 flights in total, including 2 flights of passenger aircraft and 10 flights of large cargo aircraft.

IV. Tightening Bilateral Civil Aviation Ties

In 2014, CAAC held bilateral aviation talks with 23 countries and regions, i.e. U.K., Finland, Italy, Luxembourg, Malta, the Netherlands, Czech, Serbia, Romania, Republic of Korea, Oman, Saudi Arabia, Trinidad and Tobago, Nepal, Cambodia, Tunis, Kenya, French Polynesia, New Zealand, Guyana, Egypt, Botswana and EU. Inter-governmental agreements on air service were officially signed with Serbia and Nigeria, and an inter-governmental air service agreement was re-signed with Cambodia, which laid a legal foundation for establishing and developing civil aviation ties with the above-mentioned countries. At present, China has

already signed air service agreements with 116 countries.

With respect to cooperation in civil aviation technology, while continuing to maintain all-round communications with civil aviation authorities in U.S.A., EU, Canada and France, etc., it emphasized civil aviation exchanges and cooperation with African, Southeast Asian and South Pacific areas, and actively explored ways of introducing China civil aviation industry's advantages in technology and management to foreign countries.

V. Advancing Bilateral and Multilateral Foreign Affair-Related Activities

In 2014, CAAC leadership attended and participated in nearly 70 bilateral and multilateral foreign affairs activities in total. For example, on January 2, CAAC Administrator Li Jiaxiang officially signed the Air Service Agreement between the Government of the People's Republic of China and the Government of the Kingdom of Cambodia in Beijing with Mao Hasvannal, State Secretary of Cambodia Secretariat of State for Civil Aviation. From February 9 to 16, CAAC Deputy Administrator Li Jian, leading a delegation, visited Singapore and Tanzania. During the visit, Li Jian attended Singapore Airshow Aviation Leadership Summit, met with Singapore's Josephine Teo, Senior Minister of State, Ministry of Finance and Ministry of Transport, and jointly presided over the signing of Memorandum of Understanding between CAAC and CAAS on Aviation Safety with Pang Kin Keong, Permanent Secretary of Singapore's Ministry of Transport. During his leg in Tanzania, Li Jian had an audience with Tanzanian Prime Minister Pinda, held talks with Tanzania's Minister of Transport H. G. Mwakyembe on strengthening bilateral cooperation in civil aviation and facilitating the establishment of a joint-venture airline by the Aviation Industry Corporation of China, and signed the Memorandum of Understanding Between CAAC and Tanzania Aviation Authority on Continued Airworthiness of China-Manufactured Aircraft Operated in Tanzania with TCAA Director General Fadhili Manongi. On February 25, CAAC Administrator Li Jiaxiang and Trinidad and Tobago's Minister of Foreign Affairs Winston Dookeran signed the Memorandum of Understanding between

CAAC and Trinidad and Tobago's Ministry of Transport in Beijing. From March 31 to April 7, CAAC Deputy Administrator Zhou Laizhen led a delegation of Chinese government officials to ICAO's diplomatic conference on revising the Convention on Offences and Certain Other Acts Committed on Board Aircraft (Tokyo Convention 1963), and signed the final documents and the protocol. During the conference, the delegation also paid a visit to ICAO Council President, Dr. Olumuyiwa Benard Aliu and ICAO Secretary-General Raymond Benjamin, met with representatives of several council member countries, and had discussions on deepening China's engagement in ICAO activities. From April 23 to 24, Han Jun, Director General, Department of International Affairs, CAAC, and Suh Hoon Taik, Director-General of Aviation Policy Bureau, Ministry of Land, Infrastructure and Transport, ROK led their respective delegations and held a new round of China-ROK civil aviation talks in Jeju-do. Through sincere consultations, the two parties reached a consensus on further developing their relationship in civil aviation and expanding bilateral arrangements in air transport, and signed a memorandum of understanding on expanding the two countries' air transport arrangements on behalf of their respective authorities. On May 7, CAAC Deputy Administrator Li Jian and Nigerian Civil Aviation Authority Administrator Samuel Ortom, on behalf of the two governments respectively, officially signed the Air Service Agreement between the Government of the People's Republic of China and the Government of the Federal Republic of Nigeria in Abuja, Nigeria. From May 27 to June 5, CAAC Deputy Administrator Dong Zhiyi led a delegation to ROK, Australia and New Zealand at invitations. In his ROK leg, Dong attended ACI Global and Asia & Pacific Regional Annual Conference. During their visit in Australia, the delegation had talks with Australia's Department of Infrastructure and Regional Development and Australian Transport Safety Bureau respectively, made in-depth exchanges upon strengthening bilateral communication and cooperation in aviation security, and signed the Memorandum of Understanding between CAAC Office of Aviation Safety and Australian Transport Safety Bureau on Cooperation in Aviation Accident Investigation and

Training. During their stay in New Zealand, the delegation met with New Zealand's Ministry of Transport, and signed the Arrangements of CAAC and Ministry of Transport, New Zealand, on Increasing All-around Cooperation in Civil Aviation. On June 3, witnessed by Chinese Premier Li Keqiang and Kuwait Emir Sabah Al-Ahmed Al-Jaber Al-Sabah, Li Jiayang and Fawaz Al-Farah, Kuwait's Directorate General of Civil Aviation signed the Air Services Agreement between the Government of People's Republic of China and the Government of Kuwait. The agreement was a major update on the agreement between the two governments on civil air transport signed in 1980, laid a good legal basis for future development of bilateral relationship in civil aviation, and paved the way for restoring and developing civil aviation ties between the two countries. From June 17 to 18, China-U.S. Aviation Policy Dialogue 2014 was held in Chengdu. Wang Zhiqing, Deputy Administrator of CAAC, and Susan Kurland, Assistant Secretary for Aviation and Global Affairs, U.S. Department of Transportation, led their respective delegations and attended the event. In-depth exchanges were made at the dialogue session on air transport policies and management in China and U.S.A. and some hot issues in international civil aviation industry. The two parties comprehensively reviewed air transport market development in China and U.S.A., and made systematic discussions on their respective policy and management systems for international and domestic air transport. They also made broad exchanges on challenges in international and domestic flight operations of their respective airlines. From July 15 to 16, China-UK Aviation Meeting was held in Beijing. The two parties reached an agreement on expanding traffic rights arrangements between each other and signed a memorandum of understanding. The new agreement slightly increased capacity quota and reached a consensus on business cooperation such as code sharing, which laid a foundation for air transport companies in China and UK to provide more aviation services, and would promote bilateral cooperation in economy, trade and tourism, and facilitate personnel exchanges. On August 4, the Cooperative Agreement on Chinese Civil Aviation Executive Development Program



sponsored by CAAC and Rolls-Royce was signed in Beijing. CAAC Administrator Li Jiaxiang and Rolls-Royce CEO John Rishton signed the agreement on behalf of the two parties respectively. The signing ceremony was hosted by CAAC Deputy Administrator Zhou Laizhen. This was the third time that the two parties renewed the agreement with the cooperation term up to 2026. From August 16 to 20, CAAC Deputy Administrator Wang Zhiqing led a delegation to Romania and Serbia. In his leg in Romania, Wang Zhiqing had talks with Virgil Dragoș Titea, Minister of Romanian Ministry of Transport, and Director General Armand Petrescu Romanian Civil Aeronautical Authority and signed a memorandum of understanding on expanding traffic rights arrangements. The two parties also exchanged views about Romanian airlines launching a direct flight from Bucharest to Beijing and strengthening their cooperation in ICAO. In his leg in Serbia, Wang Zhiqing had talks with Mirjana Cizmarov, Director of Serbian Civil Aviation Directorate and Zoran Ilic, Deputy Minister of Serbian Construction, Transport and Infrastructure and signed a memorandum of understanding on expanding traffic rights arrangements and updating the bilateral agreement on air transport. The two parties exchanged views on developing business cooperation among airline companies of the two countries and enhancing their cooperation in ICAO. From August 20 to 30, CAAC Administrator Li Jiaxiang led a delegation to the United States, Argentina and French Polynesia.

During his leg in U.S., Li Jiaxiang had talks respectively with FAA Administrator Michael Huerta and DOT Deputy Secretary Mendez, and exchanged views on developing civil aviation ties between the two countries, and signed the summary of the talks with Huerta about establishing a cooperative partnership between the two authorities. They comprehensively reviewed their cooperation in aviation security, clarified their direction and priorities of future development, and decided to upgrade current relationship to a stronger partnership. They confirmed that the two civil aviation authorities would deepen their exchanges and cooperation in air traffic management, aviation safety information sharing, airworthiness certification, strategic measures, aviation energy-saving and emission reduction and international cooperation, and promote the safety, efficiency and environmental sustainability of Chinese and American aviation industry or even the global aviation industry. The two sides also agreed that CAAC and FAA would carry out regular high-level communication through the Standing Committee of the U.S.-China Aviation Cooperation Program (ACP). In his leg in Argentina, Li Jiaxiang held talks with Granados, Administrator of Argentina National Civil Aviation Administration, had an in-depth exchange of views on further enhancing bilateral cooperation in civil aviation safety technology, and signed the Memorandum of Understanding between CAAC and Argentina National Civil Aviation Administration on Airworthiness to Promote

Civil Aviation Safety. During his leg in French Polynesia, Li Jiaxiang met with Gaston Flosse, President of French Polynesia, and signed a memorandum of understanding between the two aviation authorities on traffic rights arrangements. From November 17 to 21, CAAC delegation attended the ICAO Air Services Negotiation Conference in Bali, Indonesia, held talks or meetings with civil aviation delegations of 13 countries and regions, i.e. Guyana, Botswana, Egypt, New Zealand, Finland, Malta, Oman, Australia, Saudi Arabia, Luxemburg, EU, the Netherlands and Indonesia, and signed memorandums of understanding on establishing or expanding traffic rights arrangements with 8 countries, i.e. Guyana, Botswana, Egypt, New Zealand, Finland, Malta, Oman and Luxemburg. On December 17, CAAC Deputy Administrator Li Jian and Serbian Deputy Prime Minister and Minister of Construction, Transport and Infrastructure Zorana Mihajlovic, respectively on behalf of the two countries' governments, officially signed the Agreement on Air Transport Between the Government of the People's Republic of China and the Government of Serbia in Belgrade.

VI. Work of the Permanent Mission of China to ICAO and International Conventions and Regulations Published by ICAO

On February 28, jointly proposed by China's Permanent Mission to ICAO and several other countries' permanent missions to ICAO such as India, Brazil and Russia, an Environmental Consultation Panel was established by ICAO Council. It held 8 meetings to discuss market-based measures for global aviation emissions, which involved the Strawman Proposal of the carbon-offsetting option, including carbon offsetting targets, basic calculations, adjustment for fast developers, early doers and new entrants, and exemption for flights from countries with lowest carbon emissions and technical exemptions, etc. Our representatives put forward at the meeting the calculation methods to determine the carbon offsetting quotas of air carriers after 2020 based on accumulated

historical emissions.

After the MH370 flight tragedy on March 8, China's Permanent Mission to ICAO, at the 201th Session of ICAO Council on March 10, 2014, introduced China's search and rescue efforts, called for countries to strengthen cooperation and carry out search and rescue together, and requested ICAO to take further measures, update international standards, recommended practices and policies relating to search and rescue and assistance to family members of victims and improve the operational safety of international civil aviation. From May 12 to 13, 2014, ICAO held a special multi-disciplinary conference on global flight tracking in Montreal, proposed short-term, mid-term and long-term recommendations on global flight tracking, and established an ad hoc working group and a flight tracking working group.

On March 10, China's Permanent Mission to ICAO, at the 201th Session of ICAO Council, clarified China's solemn and just stand concerning certain countries' innuendoes that China's air defense identification zone in East China Sea affects international civil aviation security and the freedom of flying over the high seas.

From March 26 to April 4, ICAO Diplomatic Conference adopted the Protocol about Revising the Convention on Offences and Certain Other Acts Committed on Board Aircraft (Montreal Protocol). CAAC Deputy Administrator Zhou Laizhen attended the meeting and signed the protocol. The protocol covered the jurisdiction of the state of landing and the state of the operator over crimes on board and other behaviors, position of on-board security staff and coordination between countries, just procedure and fair treatment, and the claim right according to national laws, etc.

On April 14, ICAO Council President, Dr. Olumuyiwa Benard Aliu issued the President's memorandum to all Council members, stating that according to the technical reports delivered by certain countries on the impact of North Korea's recent launch of rockets and guided missiles on international civil aviation safety, Dr. Aliu wrote to North Korean civil aviation authority on April 10,



reminding North Korea to abide by relevant provisions in Annex 11-Air Traffic Service and Annex 15-Aeronautical Information Service, "to timely issue proper air navigation circulars before launching any rocket or guided missile, to leave time enough for all international civil aviation aircraft to plan their routes, and avoid forbidden zones, restricted areas or danger zones".

In May, China's Permanent Mission to ICAO exchanged views with ICAO upon Modern Ark 60 aircraft's operations on international routes and validation of type certificates, and reached a preliminary cooperative intention on enhancing the aviation safety oversight capabilities in developing countries. On November 12, 2014, Deputy Chief of ICAO's Air Navigation Bureau Henry Gourdji visited China, and had an in-depth exchange of views with CAAC's Department of Aircraft Airworthiness Certification.

After the attack on flight MH17 over Ukraine on July 17, ICAO immediately set up a civil aviation risk working group for conflict areas and held three meetings, discussing civil aviation safety risks in conflict areas and corresponding measures. China's Permanent Mission to ICAO coordinated with relevant organizations in China and had them send experts to attend the meetings. On October 27, 2014, the 203rd Session of ICAO Council discussed the issue of civil aviation safety risks in conflict zones, and adopted the Council Resolution on Malaysia Airlines Flight MH17, Destroyed over Eastern Ukraine on 17 July 2014.

On August 8, the International Rechargeable Battery Association required ICAO by letter to discuss the issue that lithium battery manufacturers transport them by air as dangerous goods. China's Permanent Mission to ICAO realized that it is a global issue not reporting dangerous goods according to the technical manual when transporting lithium batteries, thus a global solution should be developed, and communication and coordination with ICAO is necessary.

ICAO Secretary General Raymond Benjamin's term of office expires on July 31, 2015. On September 30, 2014, Chinese government notified ICAO by letter to nominate

Liu Fang, director of ICAO's Bureau of Administration and Services, to be a candidate for the next Secretary General. Australia and the United Arab Emirates also nominated their own candidates. China's Permanent Mission to ICAO actively conducted various activities for the election.

In January, the third group of 14 professionals selected by CAAC arrived at ICAO for exchange on work. According to the cooperation agreement signed between CAAC and ICAO in 2010, CAAC will send 10 professionals on loan to ICAO each year for five consecutive years from 2011, in order to cultivate staff with an international perspective and solve the problem of staff shortage at ICAO.

ICAO held a special council meeting in Chicago on December 7, celebrating the 70th anniversary of the Convention on International Civil Aviation. United Nations Secretary General Ban Ki-moon attended the meeting and delivered a speech. Representatives of China's Permanent Mission to ICAO also attended the meeting.

In 2014, China-nominated experts served as members of ICAO's Evaluation and Audit Advisory Committee, the Committee of Airport Economics, the Committee of Air Navigation Economics, Statistics Panel, and Facilitation Panel, etc.

China's Permanent Mission to ICAO attended the 201th, 202th and 203th Sessions of the ICAO Council, the 195th, 196th and 197th meetings of ICAO Air Navigation Commission, meetings of Air Navigation Commission, the Committee on Relations with the Host Country, the Finance Committee, the Air Transport Committee, the Unlawful Interference Committee, the Technical Co-operation Committee, the Human Resources Committee, the Joint Support Committee of Air Navigation Services and the Working Group on Governance and Efficiency, the meeting of the steering committee of Comprehensive Regional Implementation Plan for Aviation Safety in Africa, as well as a series of meetings of the Air Transport Oversight Panel, Aviation Security Panel, Facilitation Panel, and Technical Advisory Group of Machine Readable Travel Documents. Besides, our representatives chaired the Working Group on Governance of the Council. ■