



# **CHINA'S CIVIL AVIATION DEREGULATION POLICY**

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# 1. BACKGROUND AND NEW TARGETS

## ○ A. Background

- 2009: 40 billion ton-km; 200 million pax

## ○ B. New targets:

- *2010 Strategy of Powerful State with Civil Aviation:*
  - By 2020: 700 million passengers
  - By 2030: 1.5 billion passengers, Top 1 in the world?
- Strategy:
  - safety
  - popularity
  - globalization

# 1. BACKGROUND AND NEW TARGETS-CONT'D

- C. History of deregulation
  - Stage 1: Central Planning(before 1978)
  - Stage 2: Market Orientation (1979-2002)
  - Stage 3: Deregulation, Privatisation and Consolidation

## 2. CHALLENGES

- A. Insufficient airports, airspace and air services
- B. Less transparent policy and regulations
- C. Management Gap with international practices
  - (1) Competitiveness of Airlines
  - (2) State Aids
  - (3) Corporate Governance of SOE

### 3. DEREGULATION POLICY

#### ○ A. Deregulation

- (1) Localization of airports
- (2) Foreign Direct Investment
- (3) Privatization policy

#### ○ B. Enhance Laws and Regulations

- (1) Antimonopoly Law of 2008;
- (2) Civil Aviation Law updated
- (3) Other regulations: slot allocation, route and pricing, etc.

### 3. DEREGULATION POLICY —*CONT'D*

- C. Foster Competitiveness of State-Run Airlines
  - (1) Corporate governance structure, management level, and A&M;
  - (2) Alliance, global networks, international hub and brand.

## CONCLUSIONS

- A government-led deregulation rather than a market-driven liberalization
- Rule of law with Chinese characteristics
- Powerful state-run airlines?