

## **Program for Trial Implementation of the 7th Freedom Traffic Right at Hainan Free Trade Port**

In order to implement the *Overall Program to Build Hainan Free Trade Port* (hereinafter referred to as the Overall Program) issued by the CPC Central Committee and the State Council, and the *CAAC Opinions on Accelerating Development of Hainan Civil Aviation Industry to Support Hainan in Comprehensively Deepening Reform and Opening up* (MHF 2019 No. 36), effectively promote civil aviation industry development in Hainan and advance high-level opening-up of civil aviation, CAAC, based on the principles of active and steady implementation, orderly opening up and gradual progress, implements the program for trial implementation of the 7th freedom traffic right in Hainan free trade port in gradually and phased way. To carry out trial operation, the *Program for Trial Implementation of the 7th Freedom Traffic Right at Hainan Free Trade Port* has been developed.

### **I. Trial Implantation**

1. CAAC, in addition to bilateral arrangements, encourages and supports designated foreign airlines to operate scheduled passenger/combination and/or all-cargo air services using the 7th freedom traffic right besides the 3rd, 4th and 5th freedom traffic rights, at airports open to international air services in Hainan Province. During the trial operation period, the capacity of the 7th freedom traffic right flights shall be no more than seven (7) frequencies per week on each route for either passenger/combination services or all-cargo services respectively. There is no frequency limitation for flights by using the 3rd, 4th or 5th freedom traffic rights.
2. When operating the above 3rd, 4th or 5th freedom traffic right flights, designated airlines may exercise passenger stopover right between Hainan and other airports open to international air services in China (except Beijing, Shanghai and Guangzhou) for up to seven (7) frequencies per week on each route, subject to route schedule and capacity entitlement of the bilateral traffic right arrangement.
3. When operating the above 7th freedom traffic right flights, designated airlines shall not exercise co-terminalization or stopover rights between Hainan and other points in China.
4. The trial liberalization program will be implemented according to policies of state foreign relations, aviation safety management and emergency management as well as macro-economic regulatory policies in transport field. CAAC will adjust the trial liberalization program in due course in line with the need of macro-economic regulation, public interests or the evaluation results of the trial operation.

### **II. Application Procedures**

1. The designation by the state of the foreign airlines, and the approval of CAAC. Foreign airlines which plan to operate air services by using the 7th freedom traffic

right shall be designated by the state of the airlines through diplomatic channels as the air carrier which operates international passenger/combo services or all-cargo services flying to China in accordance with the articles contained in the bilateral air services agreement signed between the said state and the Chinese government.

CAAC will approve the operation of the foreign airlines in line with the needs of Hainan's economic and social development, air transport market demand, airspace support capabilities, and the operation safety and business management of the applicant.

2. Application for operation certificate by foreign public air transportation carrier. The designated foreign airlines shall apply with CAAC Central and Southern Regional Administration for operation certificate or supplementary certificate and receive relevant operating specifications in accordance with the *Regulations on Operation Certification for Foreign Public Air Transportation Carriers* (Order of the Ministry of Transport (No. 35, 2017)) and the relevant bilateral aviation safety agreements.

3. Application for route operating permit by foreign public air transportation enterprises. The designated foreign airlines shall apply with CAAC for route operating permit and flight plans in accordance with the *Regulations on Application for Route Operating Permit by Foreign Public Air Transportation Carriers* (Order of the Ministry of Transport (No. 4, 2016)).

4. Application for flight slots and pre-flight plans. The designated foreign airlines shall apply for flight slots and pre-flight plans based on established procedures.

### **III. Administrative Requirements and Supervision and Inspection**

1. The designated foreign airlines shall abide by the laws, regulations, rules and policies of the People's Republic of China, including policies and arrangements relating to customs, border inspection, health and quarantine, visa and ports.

2. The designated foreign airlines shall abide by the laws, regulations, rules and policies of aviation safety, transport management, and aviation security of CAAC, including relevant provisions on flight regularity assessment, service quality management and airport capacity control.

3. For international air services operated by the designated foreign airlines using the 7th freedom traffic right, the pricing, technical services and charges, tariffs, representative offices (branches), commercial arrangements, and applicability of domestic laws, shall be established in accordance with the articles contained in bilateral air services agreement or relevant agreements signed between China and the State of the designated airlines.

4. The designated foreign airlines shall sign agreements relating to safety and service with the airport management authorities identifying the rights and obligations of concerned parties in operation, and airport management as well as in the event of flight delays and landing at alternate airports.

5. CAAC, Central and Southern Regional Administration and its subsidiary agencies shall supervise and inspect air services operated by the designated foreign airlines using the 7th freedom traffic right. If the designated foreign airlines violates regulations on the execution rate and flight regularity, it shall be handled in accordance with relevant regulations on the operating permit and flight operation management of foreign airlines.

6. CAAC Central and Southern Regional Administration and its subsidiary agencies shall continuously strengthen supervision and inspection of the branches of designated foreign airlines in China and their operating activities, and refine work requirements.

7. CAAC Central and Southern Regional Administration and its subsidiary agencies shall conduct a comprehensive assessment of operation safety of the designated foreign airlines. If the designated foreign airlines fails to meet the requirements for safe operation, operational restrictions on the foreign airlines concerned shall be taken in accordance with the provisions relating to the bilateral aviation safety agreements and the *Regulations on Operation Certification for Foreign Public Air Transportation Carriers* (Order of the Ministry of Transport (No. 35, 2017)).

#### **IV. Policy Support**

1. CAAC, under the coordination and promotion of Hainan provincial government and based on the unified deployment of the CPC Central Military Commission Air Traffic Control Commission, working with relevant military aviation departments, will considerate of the needs of military and civil aviation holistically, accelerate airspace structure adjustment in Hainan step by step, and prioritize addressing major issue of limited local airspace.

2. CAAC will issue measures to increase airport capacity in Hainan to ease flight congestion during the peak season. In addition, CAAC will coordinate slot allocation and management, and develop a mechanism for slot management applicable to the building of Hainan free trade port in accordance with its regulations on slot management.

3. The international airports in Hainan Province, such as Haikou Meilan Airport and Sanya Phoenix Airport, shall provide sufficient support to offer fair, equitable and convenient services for the designated foreign airlines.

#### **V. Organizational Support**

CAAC will establish a working mechanism, refine measures, and strengthen supervision to accelerate the trial implementation of the 7th freedom traffic right. CAAC will enhance communication with Hainan province, support each other, and closely follow the pilot policies, in a bid to effectively carry out the trial implementation of the 7th freedom traffic right in Hainan free trade port.

During trial operation, relevant civil aviation entities shall keep a close eye on policy implementation, timely sum up and evaluate results and experience of policies, constantly improve policy measures, and promptly report major problems identified.