



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 15th day of June, 2020

Served: June 15, 2020

In the matter of

**Air China Limited d/b/a/ Air China; Beijing
Capital Airlines Co., Ltd.; China Eastern
Airlines Corporation Limited; China Southern
Airlines Company Limited; Hainan Airlines
Holding Co. Ltd.; Sichuan Airlines Co., Ltd.;
and Xiamen Airlines**

Docket DOT-OST-2020-0052

ORDER

Summary

As discussed below, the U.S. Department of Transportation is further modifying the decision reached in Order 2020-6-1 to permit Chinese carriers to operate, in the aggregate, a total of four weekly round-trip scheduled passenger flights to and from the United States, an aggregate level of scheduled passenger services that would be equivalent to that permitted by Chinese aviation authorities for U.S. carriers. This order will be effective immediately.

Background

On June 3, 2020, the Department issued Order 2020-6-1, concluding that the Government of China had, over the objections of the U.S. Government, impaired the operating rights of U.S. carriers and denied U.S. air carriers the fair and equal opportunity to exercise their operating rights under the U.S.-China Civil Air Transport Agreement (the Agreement).¹ The Chinese Government restrictions were embodied in a March 26, 2020 Notice issued by the Civil Aviation Authority of China (CAAC). Accordingly, the Department issued Order 2020-6-1 to suspend all

¹ The Department fully set forth the basis for its conclusions in Order 2020-6-1, and before that in Order 2020-5-4.

Chinese carrier scheduled passenger air services between the United States and China, effective as of June 16, 2020, or immediately upon affirmative approval by the President.

On June 4, 2020, CAAC revised its March 26, 2020 Notice. The revisions would enable U.S. carriers to provide one weekly passenger flight each, starting June 8, 2020. Taking this into account, the Department issued Order 2020-6-3 on June 5, 2020, which modified the previous Order to permit Chinese carriers to operate an aggregate total of two weekly frequencies.

On June 12, 2020, CAAC informed the Department that, pursuant to a provision in its June 4, 2020 Notice, it would permit each of the U.S. carriers that have applied to reinstate passenger service to operate two weekly flights. At that time, however, the concerned U.S. carriers had not yet received the necessary operating permissions. On June 15, 2020, CAAC informed the Department that all of those necessary operating permissions were granted by the relevant Chinese authorities.

Decision

We find that, while the CAAC's recent actions continue to preclude U.S. carriers from fully exercising their rights under the Agreement and remain a significant concern to the Department, these latest actions represent positive progress and an important first step toward restoring a fair and equal opportunity for U.S. carriers to compete in the U.S.-China passenger market.

We therefore conclude that the public interest now requires a second modification, effective immediately, of Order 2020-6-1, to now permit the Chinese carriers currently providing scheduled passenger air services between the United States and China, in accordance with the schedules that were filed pursuant to Order 2020-5-4, to operate, in the aggregate, a total of four weekly round-trip scheduled passenger flights to and from the United States.

As the Department stated in Order 2020-6-1, our overriding goal is not the perpetuation of this situation, but rather an improved environment wherein the carriers of both parties will be able to exercise fully their bilateral rights. Only then will the Department's actions to maintain a competitive balance and fair and equal opportunity among U.S. and Chinese air carriers in the scheduled passenger service marketplace no longer be necessary. The most recent CAAC actions, while a step in the right direction, have not created that environment. However, should the CAAC adjust its policies to bring about the necessary improved situation for U.S. carriers, the Department is fully prepared to once again revisit the action it announced in Order 2020-6-1 and the present order.

ACCORDINGLY,

1. We modify Order 2020-6-1 to permit, in the aggregate, four weekly round-trip scheduled passenger operations to be operated by the Chinese carriers currently operating scheduled combination service to the United States in accordance with the schedules filed pursuant to Order 2020-5-4;
2. This order is effective immediately;

3. We may amend, modify, or revoke this Order at any time and without hearing; and
4. We will serve this Order on Air China Limited d/b/a/ Air China; Beijing Capital Airlines Co., Ltd.; China Eastern Airlines Corporation Limited; China Southern Airlines Company Limited; Hainan Airlines Holding Co. Ltd.; Sichuan Airlines Co., Ltd.; and Xiamen Airlines; all certificated U.S. carriers operating large aircraft; the Embassy of the People's Republic of China in Washington, D.C.; the Civil Aviation Authority of China (CAAC); the Department of State; the Transportation Security Administration; and the Federal Aviation Administration.

By:

JOEL SZABAT
Assistant Secretary
Aviation and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at:
<http://www.regulations.gov>*