

CAREC CONNECTED SKIES WORKSHOP

Ladies and gentlemen, good morning,

I am Zhongbin from Xinjiang Branch of China Southern Airlines. It is really my honor to share and communicate our experience of operating and developing Aviation Market in Central Asia on CAREC platform with experts from all over the world. There are four parts of my speech.

Part 1 Profile of Xinjiang Branch of CSA

China Southern Airlines, a member of SKYTEAM, with more than 700 passenger and cargo transport aircrafts, operates the largest fleet, most developed route network and largest passenger capacity of any airline in The People's Republic of China. China Southern transported more than 115 million passengers in 2016, ranking the carrier first in Asia and the fourth. In recent years, China Southern Airlines accelerates the construction of aviation hubs and has built the route network which extensively covers domestic area as well as Asia and effectively connects Europe, America, Australia and Africa with Guangzhou, Beijing and Urumqi as its core hubs. China Southern Airlines has more than 2000 daily flights to 208 destinations in 40 countries and regions across the world with 30 thousand seats. Through close cooperation with other airlines of SkyTeam, China Southern Airlines' global route network spans 1062 destinations to 177 countries and regions and nearly every major world metropolis.

Xinjiang Branch is the biggest branch of China Southern Airlines, with headquarter based in Urumqi Airport, operates domestic, international, regional aviation transportation of passenger, cargo, mail and baggage, also aircraft maintenance business and aviation transport agent business. Currently, Xinjiang Branch of CSA owns 51 aircrafts with different sizes, operates more than 80 routes, including 64 domestic routes and 16 international routes, destinations covered most of CAREC countries. By December, 2016, China Southern Airlines have kept a safe record of 62 years. In 2016, Xinjiang Branch of CSA completed 170.2 thousand safety flying hours, took off and landed 65.5 thousand flights, transported total turnover 1.468 billion ton kilometers and carried close to 7.387 million passengers without incident, the amount of cargo and mail was 63.1 thousand tons. The airline's safety commitment has - and continues to be - unwavering both throughout China and globally.

Part 2 Introduction of Urumqi Hub

Xinjiang enjoys the natural geographic advantage as the bridgehead of Western Region of China's open policy and core area of Silk Road

Economic Belt. Urumqi, the capital of Xinjiang, is a key point on land silk road of One Belt and One Road. Now, international routes of Urumqi span to Russia, Central Asia, Western Asia, Middle East and Southeast Asia. The handling passenger capacity of Xinjiang Urumqi airport in 2016 was 2.02 million, the throughput of cargo and mail was 158 thousand tons, and the taking off and landing sorties was 162 thousands.

2016, CSA put 2.7 billion seat kilometers into international routes at Urumqi hub, transported 542 thousand international passengers, among that 47.07% were international transfer passengers.

Part 3 Cooperation Initiative

1. Promoting civil aviation cooperation and development with an open mind

Central Asia region and Xinjiang are neighbors with similar environment and correlative history. They share greater cooperative development space between each other, especially in the field of aviation, the base and premise of other fields' cooperation. We suggest that all parties of CAREC could focus on enlarging opening degree of regional aviation market and promote cooperation on civil aviation development with open mind, fully increase level of aviation infrastructure, push forward facilitation of air transport and improve the interconnection of aviation transportation among relative countries solidly.

Nowadays, our company still faces several problems which have went against the development of aviation in operating some Central Asia countries routes. For example, first one is about the oil price. In several countries, the problem of unfair treatment to carrier from other countries is existed. They charge very high price of fuel supply to our company which result in the unfairness of market environment. Double taxation poses the second problem. Some countries request our company paying a higher tax which caused increase on route operating cost, even if they had signed bilateral agreements with China on preventing double income and property tax or tax fraud. We hope there is a fair and equal environment for civil aviation transportation field, which could promote cooperation and development of civil aviation with an open and comprehensive mind.

2. Promoting civil aviation cooperation and development with an open mind

Urumqi is located at the center of Eurasia, as an important city on Silk Road. Here we suggest that all colleagues in the industry from CAREC should gather strength to open and intense routes between central western Asia and Urumqi, enrich and optimize the network of Urumqi hub, to connect central Asia route network with China route network through Urumqi hub, and promote the cooperation and development of regional aviation business.