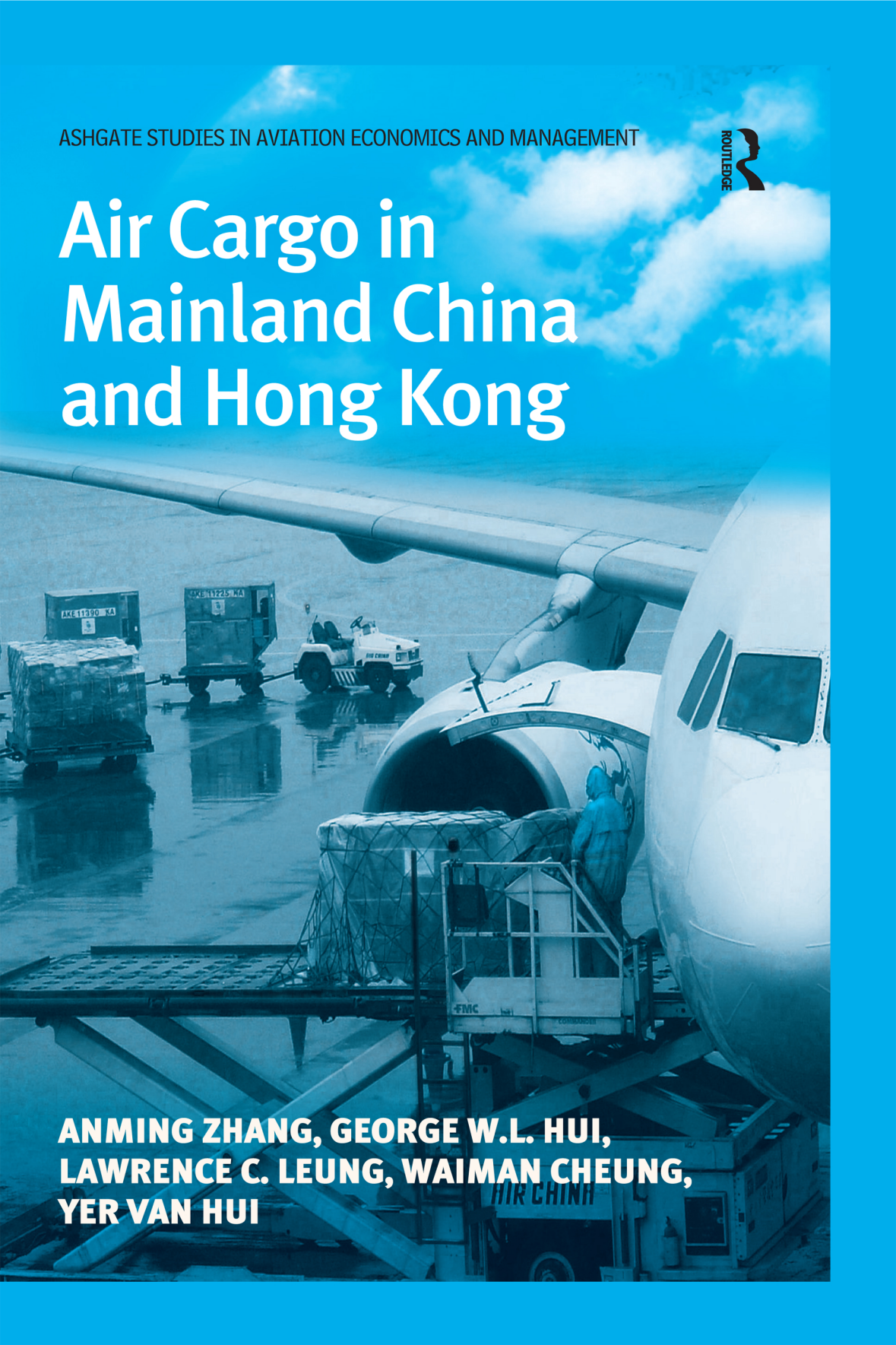


ASHGATE STUDIES IN AVIATION ECONOMICS AND MANAGEMENT



Air Cargo in Mainland China and Hong Kong

**ANMING ZHANG, GEORGE W.L. HUI,
LAWRENCE C. LEUNG, WAIMAN CHEUNG,
YER VAN HUI**



AIR CARGO IN MAINLAND CHINA AND HONG KONG



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Preface

This is a reference book on the air cargo industry in China. The idea of putting together such a book first came up several years ago when we were conducting air cargo-related research for several companies in Hong Kong. We wanted to know more about state-of-the-art of this industry in China. During the process, we realized that very little was written and that such a book would benefit researchers, practitioners, policy makers and students interested in this topic.

So this is the first book of its kind. There are probably many reasons why such a book has not been written. Primarily, we believe that China's air cargo industry has yet to come into its own since there have been many changes in the industry and in the policies affecting it – as the country evolves from a centrally-planned economy to one with a greater role for free enterprises. These changes have been happening so fast that studies addressing them commonly have a narrow focus. Our goal here is to provide a systematic and comprehensive study of China's air cargo industry as well as its policy evolution.

We also believe that this is a timely endeavor. Three major events are currently driving changes in China's air cargo industry, namely, 1) the restructuring of its aviation industry, 2) the emergence of information technology (IT) and global production outsourcing and 3) China's entry to the World Trade Organization (WTO) in 2001.

Since China's open door policy two and a half decades ago, its air traffic and aviation industry has grown rapidly, largely due to the process of globalization and China's various economic reforms such as decentralization and liberalization policies. Recently, the Chinese central government has restructured its highly fragmented airline industry. One of its measures is to create three large airline consortia, which account for a majority of flights inside China.

The emergence of globally integrated production and distribution systems and the emergence of e-Commerce and e-Business have meant fast-growth in air cargo. Today's air cargo logistics requires integration – physical as well as virtual. At this point, air cargo logistics in China is merely transportation of cargo with weak inter-modal connections. The adoption of IT in the industry is still very much at an infant stage.

With China's WTO accession, the country has made substantial market access commitments covering the industrial, services and agricultural sectors. For the first time, foreign companies will be given trading and distribution rights. In most logistics sub-sectors – including storage and warehousing, express delivery and ground transportation – majority-owned joint ventures will be allowed.

We would like to acknowledge the support of the Center of Cyber Logistics (a joint effort of the Chinese University of Hong Kong and the City University of Hong Kong) and the Centre for Transportation Studies (University of British Columbia). Our heartfelt appreciation goes to Sung-Chi Chu and Winnie Lo both of the Center of Cyber Logistics for reading and handling the manuscripts. Anming Zhang would like to gratefully acknowledge his joint research colleagues in past projects: Hongmin Chen, David Dodwell, Tae Oum and Yimin Zhang, from whom he has been significantly benefited. He would also like to thank the Department of Economics and Finance, Faculty of Business of the City University of Hong Kong for providing a very pleasant research environment and excellent support while he was working on this book in Hong Kong.

The opinions expressed and statements made in this book are those of the authors and should not be ascribed to those persons or organizations whose assistance is acknowledged above.