

Chapter 1

Introduction

1.1 Research background

Since 2003, China has allowed the Hainan to pilot the fifth right for the first time. There are 14 cities to develop the fifth right so far, of which 12 cities have the fifth passenger transport rights. Chengdu, Urumqi, Kunming and many other cities had been actively applying for the opening of the fifth right. The fifth right of navigation is for bilateral agreements of two States, allowing the parties to exercise their right to transport in a third country in an agreement between two countries. To open the fifth right on a reciprocal basis in the respective cities between the two countries could greatly enhance the degree of internationalization of the city and promote the acceleration development of the industry associated with air transport, but it also has negative effects on local protected child care industry. Therefore, the scope and timing of the opening of air rights should go through scientific and careful research.

1.1.1 The origin of air rights and the opening process of international air rights

Air traffic - "Traffic rights" refers to the power of transnational air transport. Its legal basis came from that United States invited a total of 52 countries to attend the meeting held in Chicago in 1944, the International Civil Aviation Conference adopted the provisions of the Agreement on International Traffic Transit (commonly known as the "two free trade agreements") and the International Air Transport Agreement (commonly known as the "Five Freedom Agreements"), which is the origin of the first five types of traffic rights. With the development of the world economy and globalization, in addition to the above "five air freedom", it has also developed into

"sixth, seven, eight kinds of freedom", and even "ninth freedom" (see Appendix 1). The focus of this article is one of the most economic significance and it is also the focus of the fifth freedom rights protection of all countries.

The fifth air rights entitlement means that the carrier discharge the cargo carried from the third country to the licensed state or to carry the cargo from the country to the third country. It is divided into the fifth passenger transport rights and fifth cargo rights. As the main body of tourism is human, and the main discussed in this paper is the relationship between the passenger rights and tourism, the cargo right is not the main point of this article.

As the development of the aviation industry is conducive to stimulate the development of the national economy and create employment opportunities to get rid of the economic downturn, the United States had begun to advocate the implementation of "Air rights open" in the world based on virtue of economic globalization, the development of rally and strong aviation strength in the early 90s of last century. The United States has reached an agreement with about 50 countries around the world on the opening of air rights so far, which will make to minimize the business restrictions in two cities between both parties of airlines. In Europe, the member states can operate the airlines company in other EU countries since the mid-90s of the last century. It has been increasing the degree of aviation liberalization and the degree of openness between Europe and the United States.

In the new century, Asia has also been required to open the air rights by the liberalization of developed countries. Singapore, Brunei, Malaysia, South Korea, Taiwan, China and some oil exporting countries joined the air rights earlier. In Hong Kong, nearly 70% civil aviation partners gained the fifth right by the end of October 1999 to benefit its international airports. In addition, Macao reached a reciprocal agreement with Britain in January 2004.

At the present time, aviation globalization becomes an important part of economic globalization and means of realization, which is an irreversible trend. The

United States and EU benefit from it. China goes a step further to strengthen the degree of opening, especially the requirement of strengthening the “interconnection” under the background of the "the Belt and Road". To carry out the traffic right has great significance for the influence and role in research of relevant economic industries.

1.1.2 China's air rights opening process and the current situation

The process of China's air rights began with "Sino-US Civil Air Transport Agreement" signed by China and United States in 1980. It allowed two airlines each of both sides to operate agreement flight on the specified route.

With the rapid development of China's economy, although the Sino-US Civil Air Transport Agreement has been revised for many times, it was still unable to meet the growing demand for shipping market, so a higher level of air rights exchange agreement has been brought on the agenda. The Singapore Air Cargo company Boeing 747-400 freighter arrived at Xiamen Airport successfully on 22nd of May 2003, which meant Singapore as the third country to open a China-US direct flight at the first time. It was the first time that the Chinese government opened its first fifth air rights to the foreign airlines. In 2004, China further expanded the scope of the fifth air rights, allowing foreign airlines through Meilan Airport in Haikou and Sanya Phoenix Airport to fly to the other cities in China. The most economic and substantive significance for the fifth Airline's open policy is considered to be the most representative step in opening China's aviation industry.

During 2003 to 2005 three years, China has formed an upsurge of the openness of the navigation right. The three first-tier cities in Beijing, Shanghai and Guangzhou also opened the fifth navigational power for some countries except Haikou, Sanya and Xiamen. Nanjing, Chongqing and Tianjin were immediately opened. Most of these early liberalization rights cities tried to speed up the city's

internationalization by the openness of the air rights. By relaxing air traffic control, to open up foreign markets for emerging industries and pillar industries that are closely linked with air transport.

1.1.3 The assessment and influence of Social-economic for air rights openness

In the past, the government, business and scholars were more optimistic by judging the economic effect of the liberalization of air rights. It was believed that the opening of air rights could promote the formation of the airport economy circle, increase the employment opportunities, promote the optimization of regional industrial structure and meet the long-term interests of regional economic development. A study in the United States showed that in Chicago - Beijing route, if it adds more than a new flight each week, it will bring their cities up to 200 million US dollars in revenue.

At the same time, some researchers also have pointed out that the opening of air rights has positive effect on economic, nevertheless there has a certain degree of negative impact for some industries. It could be demonstrated by the following examples. The openness of air rights for Philippines to the United States led to the Philippine domestic civil aviation industry suffered heavy losses. China's air right opening “bidding tide” was criticized “excessive opening of air right” by domestic airlines during 2003 to 2005, because the domestic companies competitiveness lags behind the foreign airlines in the same route, which led to bleak business. Although the fifth air right in Hainan Sanya was opened early, the data statistics showed that the utilization rate of the fifth air rights was very low, and they did not pay an active role in anticipation.

Therefore, the opening of air right has both advantages and disadvantages for a city and region. We should not only see its bright side, but also should pay attention to its potential threat for the implementation of open policy.

1.2 Issues raised and research objectives

To evaluate the advantages and disadvantages of air traffic rights on economic effect, the industry generally believes that the opening of aviation rights could impact on the domestic childish aviation industry, the aviation industry will suffer some losses, but the losses should be remedied by the tourism industry or some other related industries. A very real problem is that the airline industry loss can be compensated by other industries, it could not be accurately answered by simple qualitative judgement and speculation, but it should be measured by specific investigating how the airline industry impact on other industries and what kind of way and means to in-fluent.

In the context of this study, the main study is to know how much of the openness of the fifth passenger transport rights impact on the tourism industry and whether the openness of air rights has different influence for the cities which has different economic base and location factor.

Based on the above considerations, the main objectives of this paper are:

1. Does the opening of the fifth passenger traffic rights have an impact on the tourism industry for openness cities and surrounding areas?
2. If there is an impact on the local tourism industry, what ways and methods to show and whether there are different types of influenced.
3. For different types of cities, how to choose the timing and scope of fifth passenger transport rights can play the best driving effect on the development of its tourism industry
4. To maximize the role of the fifth passenger transport to promote the role of tourism, it should optimize and implement the policy of how to form a combination of policy together.

1.3 Research significance

The results of this study have certain theoretical and practical significance for revealing the relationship between the open policy of traffic rights and tourism:

1.3.1 To sort out the status quo of China's air rights liberalization

Since 2003, China has gradually opened the third, fourth, fifth navigation rights in Hainan. By the end of 2015, there were fourteen cities have opened fifth navigation rights successively, but the domestic research on the air traffic rights was less. Most of the previous studies have conducted one-sided discussion of policy and influence from the qualitative point of view and the specific empirical research for the policy effect on the openness of the fifth rights were very rare. What is the status quo of air rights opening in China? What are the specific cities at what time to open a number of navigation rights and what are the applied routes. These problems have not been answered by previous studies through the literature review. Therefore, the author firstly sorts out the status quo from the relevant literature, historical data and government public documents, which could be the foundation for the subsequent empirical research.

1.3.2 Suggestions on the classification of open cities in China

In the combing of domestic and foreign literature, the author has found that the empirical study on the effectiveness of liberalization policy and the impact on the local tourism industry were generally in the past, which aimed at the region or country where the tourism was the main economic expenditure, such as Andrea's Papatheodorou (papatheodorou. A. 2008) and SotiroulaLiasidou on the study of Cyprus. Cyprus, an island country at the junction of Europe and Asia, is located in the eastern

Mediterranean and one of the most popular tourist destinations in the Mediterranean. According to the World Travel and Tourism Council (WTTC), the total revenue generated by tourism and related industries were about one-fourth of the total national economy.

However, the situation of domestic cities is different from Cyprus, and the development level of tourism industry is also different. We cannot copy the foreign experience to infer the influence of the opening policy of aviation rights on China's tourism industry. At the same time, the level of development, infrastructure construction, tourism reception level also has very big difference between the cities and traffic right opening time is different as well. If all cities are put together for research, the conclusion is likely not accurate enough or do not have the policy reference value for other cities. Therefore, this paper intends to use cluster analysis of ten cities in the classification, and then for different types of cities are quantitatively analyzed in order to get more scientific and reasonable results.

1.3.3 Policy recommendations for different types of air rights in China

Through the classification study found that China's air rights open city can be divided into two categories, these two cities in the air rights liberalization of this policy had different economic effects. For the A-type cities (Nanjing, Wuhan, Haikou, Yinchuan, etc.), the opening of air rights had a direct and significant promotion effect on tourism. The tourism income of the city and the number of days for foreign tourists to stay were obviously increased after the opening of passenger air traffic rights. For the B-type cities (Beijing, Shanghai, Guangzhou), the impact of air rights liberalization was not direct and driven. The place located in a class of cities around the tourist city, received a lot of Class B cities' transfer passenger flow from the openness of air rights, and benefit from the liberalization of air rights policy.

Therefore, for different types of cities, air rights liberalization policy should

be different. For Class A cities should focus on to develop the main tourist city, while improving the tourism industry supporting policies and basic implementation of the construction to meet the growing passenger flow and tourism needs. For Class B cities, we should continue to expand the scope of air rights, increase the number of countries to open the navigation right, and maximize its driving impact on the surrounding cities.

1.4 The framework of the report system

The whole paper is divided into the following five chapters, the first chapter is the introduction, to explain the background of the topic, meaning, air rights and the openness of air rights' relevant theoretical basis, which will pave the way for the following empirical study, including the origin and concept of air rights, the international and domestic air rights liberalization of the implementation of the status quo, as well as the assessment of the economic effect of air rights.

The first chapter is domestic and foreign literature review. This paper focuses on the research on the impact of loosening aviation regulation on aviation industry and regional economy at domestic and foreign and the relevant empirical research on the impact of air rights on tourism industry.

The third chapter introduces the research method and the ideas and process of the research design, introduces the model design, the selection of samples and variables in the empirical research, and puts forward the hypothesis of this paper.

In the fourth chapter, based on the empirical data, in-depth analysis of the tourism and aviation-related data for the openness of air rights of ten cities, to find the connection between them, and put forward specific measures to deal with the problems.

The fifth chapter summarizes the main conclusions and shortcomings of this study, and puts forward the fields and problems that need further study. At the same

time, on the basis of the influence of the opening of the right of navigation to the tourism in the previous chapters, this paper puts forward some suggestions on the opening policy of aviation rights in line with China's national conditions, and forecasts the economic effect of opening.