

US-China trade dispute

Airlines dispute adds headwinds to US-China relationship

American carriers are lobbying against their Chinese rivals over being granted more flights between both countries



US carriers have 12 weekly flights to China, while Chinese airlines have only eight to the US © Kevin Lee/Bloomberg

Demetri Sevastopulo in Washington, **Joe Leahy** in Beijing and **Claire Bushey** in Chicago APRIL 29 2023

A dispute over airline routes between the US and China has emerged as a further sticking point in efforts to improve relations between the countries after Joe Biden and Xi Jinping agreed stabilising ties was necessary in November.

The US has offered to grant Chinese [airlines](#) the same number of weekly flights between both countries as American carriers — but only if they agree not to fly over Russia, according to six people familiar with the talks.

Moscow banned US carriers from flying over the country after Washington prohibited Russian airlines from flying to the US in the wake of Russia's full-scale invasion of Ukraine. Chinese airlines are not banned from Russian airspace.

US carriers have 12 weekly flights to [China](#), while Chinese airlines have eight to the US. The American carriers face higher fuel costs than their Chinese rivals whose routes over Russia to the US are much shorter.

US airlines have lobbied the Biden administration not to grant China more flights because of the cost gap. The shorter route over Russia also allows Chinese carriers the advantage of flying directly to the US east coast.

One Chinese embassy official said Beijing's proposal to equalise weekly flight

numbers — to give both sides 12 — was “quite reasonable”. He blamed Washington for the stalemate in the negotiations, saying China did not accept that its carriers should have to avoid flying over Russia.

“The slow progress at the moment is not what we want to see. Frankly speaking, the responsibility lies with the US side,” the official said. “An issue between the US and Russia is not one between the US and China, even less should it be used as a basis for demanding the so-called ‘reciprocity’.”

The Chinese diplomat added that Xi and Biden had agreed on the need for more people-to-people exchanges between the countries when the leaders met at the G20 summit in Bali in November and stressed that more flights were needed to meet that goal.

But US carriers, with the support of some members of Congress, want the Biden administration to resist granting the Chinese airlines more flights.

American Airlines chief Robert Isom this week told CNBC there could not be an “unlevel playing field”.

“We have to have the ability to fly the same lengths and not burn more fuel and add time on,” he said. But he added that he was hopeful Beijing and Washington would find a solution given there was a “lot of demand”.

The National Security Council and Department of State declined to comment on the status of the US-China negotiations. But an NSC spokesperson said they were “aware” of the concerns from the US airlines.

“It cannot be business as usual with Russia in the face of Russia’s illegal war of aggression in Ukraine,” the NSC spokesperson said.

The dispute is the latest thorn in the side of [US-China relations](#), which have hit their worst state since the nations normalised ties in 1979. After Bali, US secretary of state Antony Blinken was scheduled to fly to Beijing, but he cancelled his trip after a suspected Chinese spy balloon flew over the US.

The Chinese official said another reason not to accept the US condition about circumventing Russia was that airlines from other countries, such as India and the UAE, flew over Russia without facing repercussions in the US.

“We hope the US side can refrain from politicising the issue and consult with us for a proper solution,” he said.

One American airline executive said US carriers were also pushing back because Chinese carriers cared more about the prestige of multiple flights than having full planes. He said that put US carriers at a disadvantage since they wanted to operate fewer, but fuller, flights to ensure profitably.

China wants to increase the number of business visitors as it tries to woo investment from foreign companies after ending its zero-Covid policy. Beijing ultimately wants to see a big increase in the number of flights between the countries but has proposed an increase of four for now.

Steve Saxon, head of the Asia travel practice at McKinsey, suggested that one reason US carriers resisted an overall rise in their own flights to China was that they were not suffering from the relatively low number.

“US carriers . . . are short on capacity because of a lack of aircraft and pilots, and are fully deployed on profitable domestic and transatlantic routes,” said Saxon, adding that South Korean and Japanese carriers were winning from the US-China impasse.

Underscoring the slow uptick in flights between the countries, the number of scheduled flights from China to the US in March was only 6 per cent of the level in March 2019 before the Covid-19 pandemic, according to aviation data and advisory provider Ishka Global. In comparison, flights from China to Europe recovered to 23 per cent of their March 2019 level.

Additional reporting by Chan Ho-him in Hong Kong

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