民航报导 Volume 7, Issue 11
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CHINA CIVIL AVIATION REPORT

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Shanghai's Fifth Freedom Right

The highly-anticipated regulation change has international cargo giants seeing green!

Beijing Capital Introduces Dual Independent Runway Operation

China's New ATC Network On-Line

Hainan Airlines Strengthens Regional Aviation Strategy

Air China to Expand Beijing Capital Operations

New CCAR 121 Regulations Take Aim at Pilots and Air Crews

And More!

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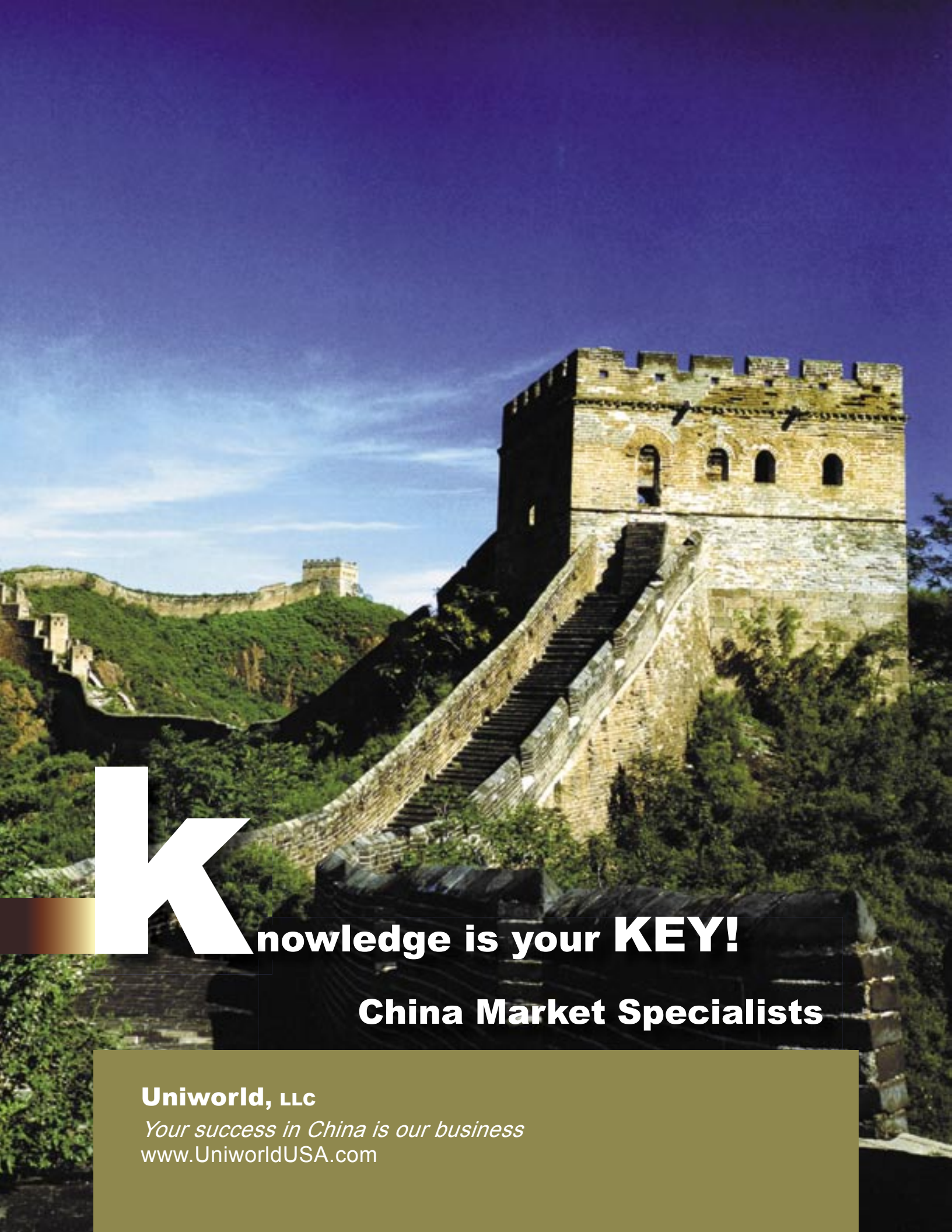
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Aviation Headlines

This month's aviation headlines from the fastest developing aviation nation in the world!

Shanghai's Fifth Freedom Right has Aviation in China Stirring

Shanghai Pudong and Hongqiao airports are eagerly awaiting the approval of both facilities' fifth freedom right, expected to be confirmed by the end of the year. Shanghai officials announced on October 20th that the prodigious confirmation will most likely come before 2006.

The adaptation of the fifth freedom right will be a monumental step in civil aviation in China, and will affect air cargo enterprises nationwide. The result of the fifth freedom right will afford international air carriers the opportunity to operate within China's borders in order to create profits in the operator's home country--music to the ears of international cargo giants like FedEx, UPS, and DHL.

Since the US started promoting aviation liberalization in 1978, air freedom has rapidly become a global trend. Six-hundred bilateral air transport agreements have been signed from 1995 to 2001 alone, most including liberalization content.

"China has a continuously increasing export market, and will occupy a more important position in worldwide air stage [in the future]. But currently, Chinese airlines' fleet only has 30 air freighters. Total transport capacity plus passenger jet cargo storage space is only 5,000 tons and cannot deal with rapidly rising air cargo demand. So opening the market to foreign airlines is a certain choice," said Liu Fang, Director Assistant, International Cooperation Department of the CAAC.

The sector that will benefit the most will be cargo transport. International operators such as FedEx and UPS have long awaited this development and have already begun to prepare for the new regulation change. In July of 2005, UPS announced plans to establish an international distribution center in Shanghai, to be completed in 2007. Similarly, cargo giant FedEx announced on July 13th a cooperation agreement with Guangzhou Baiyun Airport for the establishment of its Asian-Pacific Distribution Center. The two cargo transport enterprises have also jumped at the opportunity to apply for additional flights, with FedEx applying for an additional twelve flights and UPS an additional six.

However, not everyone is chomping at the bit, as FedEx and UPS are; domestic cargo carriers such as Air China, China Eastern and others argue that China's current fledgling cargo transport industry will be crippled by the introduction of multinational cargo operators. Chinese cargo operators debate that, while UPS and FedEx combine to operate a fleet exceeding 1,000 cargo-only aircraft, China's cargo transport sector--composed of a national fleet of 30 or so cargo-only aircraft--will surely suffer.

Chen Gang, Secretary Department of Director Board, China Eastern Airlines, states that the issue of "opening freedom rights too early" was not a question of protection or competition, but rather the result of operating capabilities simply being too great. Chen warns that after Shanghai opens the fifth freedom right, all current marketing conditions could have detrimental effects. Chen, alongside other cargo transport representatives, asks the Shanghai Municipal Government to consider the potential effects resulting from the flight

right.

Industry insiders also warn of potential after-effects of the Shanghai airports' decision to open the fifth flight right. Shanghai airports currently rank number one year after year in terms of cargo transport, due to their ideal location and facilities. However, if Shanghai begins to gain larger market shares in China--or even Europe and America--this may entice cities such as Guangzhou, Shenzhen and others to follow suit.

According to the current China-US flight right agreement, the agreed-upon 54 flights a week from the US is already at capacity. Airfreight companies like FedEx and UPS have begun to utilize the fifth freedom rights of other countries such as the Philippines to increase cargo flights into China. Conversely, export freight routes from China to the US are also constantly facing transport capacity. The Southeast China coastal region often faces insufficient transport capacity when trying to export high- and low-tech goods to the US, thus restricting local economic development.

Under mounting competition, some domestic airlines have begun to make basic preparations for the eventual shift in market conditions. Airlines including China Eastern, Air China and Shanghai Airlines have adopted measures such as expanding international flights and purchasing large freighters to help ease future competition.

China Air Transport Association Takes Off

The inauguration ceremony of the China Air Transport Association was held on September 26th, at the Chinese People's Political Consultative Conference in Beijing. The CATA is a newly established association aimed at fostering cooperation among Chinese aviation organizations in order to optimize aviation development. Attendees at the ceremony and meeting included Yang Yuanyuan, Minister of the CAAC; Li Liguo, Vice Minister of Ministry of Civil Affairs; and Gao Hongfeng, Vice Minister of the CAAC.

The CATA is sponsored by the China National Aviation Holding Company, with co-sponsors China Eastern Airlines Group, China Southern Airlines Group, Hainan Airlines, Shanghai Airlines, Civil Aviation University of China, Xiamen Airlines, Shenzhen Airlines and Sichuan Airlines. There are currently thirty-eight corporate members in the CATA.

Prior to the inauguration ceremony, CATA held a September 9th meeting in Beijing to establish the association constitution and elect council members. The meeting established Li Jiaxiang, General Manager of China National Aviation Holding Company as the chairman; Wang Shixiang, Vice General Manager of China National Aviation Holding Company as deputy chairman of the council; with Cao Jianxiong, Vice General Manager of China Eastern

Airlines Group, and Wang Quanhua, Vice General Manager of China Southern Airlines Group, elected as vice-chairman.

Bell Introduces 206L4 Helicopter into China

September 22nd – Bell Helicopter Textron and Beijing Capital General Aviation Company (BCGAC) held a ceremony at Changping Dingling Airport to celebrate the delivery of a new Bell 206L4 and its subsequent maiden flight.

The purchase order for the new

Bell 206L4 was inked as a part of an October, 2004 contract in which BCGAC ordered two 206L4s from the Canadian helicopter manufacturer. The first aircraft was delivered in April, 2005, with the recent delivery completing the purchase. The BCGAC's decision to develop operations around the 206L4 craft was reached after an extensive two-year evaluation of several different helicopter models manufactured throughout the world. BCGAC is the first customer of the Bell 206L4 in China.

BCGAC operates four helicopters with a main operational focus in maintenance and patrol of high-voltage power lines, and is currently the sole domestic general aviation company to provide electric power operations. BCGAC also performs various flight work, including news reporting, aerial photography, and VIP transportation. The company was founded in 1997 and has since operated with a perfect safety record.

United's First 777 arrives at Ameco Beijing

On October 20th, United Airlines' Boeing 777 arrived at the hangar of Ameco Beijing. This is the first aircraft delivered by United Airlines to Ameco Beijing under a five-year heavy maintenance agreement between both sides. Over the next five years, United Airlines' Boeing 777 fleet will come to Ameco Beijing for heavy maintenance visits (HMV). More than 50 HMV's are planned for the first three years, and as many as 80 will be completed over the contractual period.

A layover ceremony for United's first Boeing 777 was held in the four-bay hangar of Ameco Beijing on October 21, 2005.

The UA team in Ameco Beijing--He Li, CEO & General Manager of Ameco Beijing, and Dr. Hans Schmitz, General Manager of Ameco Beijing--attended the ceremony. Ma Kuiliang, Vice President of Air China, also participated in the event.

Jay Torres, UA's PEK Site Manager, said at the ceremony that "we look forward to establishing a successful partnership with Ameco. This is a great opportunity for both companies to learn more from each other as we work together to produce a safe and quality product for our customers."

In his speech, He Li said, "United Airlines aircraft first landed at Beijing Capital International Airport back in 1986 and have since bridged the distance between China and America in the sky through its frequent flights across the Pacific Ocean over the past 20 years or so. The United Airlines Boeing 777's landing yesterday on 20th October 2005 held a special meaning for the people of Ameco Beijing. It symbolized the confidence placed in Ameco Beijing by the people of United Airlines and sealed the deep friendship between the two companies." He Li also said in his speech that the UA team is welcome to raise comments and suggestions at any time, and said that it was important for Ameco's staff to achieve better results.

Mr. Jay Torres delivered the logbook of the Boeing 777 to Mr. He Li and Dr. Hans Schmitz, and the joint General Managers of Ameco Beijing gave the key to the UA office to Jay Torres. This well-equipped office is specially provided by Ameco Beijing to facilitate the job of the UA team.

Ameco Beijing, located in Beijing Capital International Airport, is a joint venture between Air China (60%) and Lufthansa German Airlines (40%), established in 1989. It provides MRO services for airframe, engines and components of commercial aircraft. It also offers services in training, engineering and logistics, as well as tooling calibration, for China's entire aviation industry.

China to R&D 5% of New Airbus Aircraft

Airbus Company announced on October 7th that, as a partner of international risk-sharing, China would formally participate in its new A350 aircraft program, initiated the same day.

Following approval by its shareholders, EADS and BAE Systems, Airbus launched the new long-range A350 program. Airbus has specified that China will take part in 5% of the design and manufacturing responsibilities of the new aircraft.

Chen Juming, Vice President of Sales, Airbus China, stated that the design aspect of the project will be conducted by Airbus (Beijing) Engineering Center, while manufacturing will be delegated to various Chinese aviation enterprises. Airbus is currently actively engaged in discussions with Chinese aviation manufacturers regarding details of future production.

Airbus projects the A350 aircraft to be operational by 2010 and expects to serve the 2010 Shanghai World Expo and the 2010 Asia Games. So far, Airbus has received 140 order commitments from nine world-renowned customers.

According to Airbus, the global market

will need roughly 3,300 aircrafts similar to the A350 in the next 20 years.

Beijing Capital Introduces Dual Independent Runway Operation

The North China Regional Administration of the CAAC announced on October 11th that Beijing Capital International Airport will begin dual-independent runway operations in order to increase flight traffic capacity at the airport.

In order to successfully implement the new dual-independent runway setup, the North China Regional Administration of the CAAC had to modify current military and civil aviation airspace around the airport. According to the CAAC, airspace utilization efficiency around Beijing Capital has been greatly improved.

Capital Airport is one of the busiest airports in China, with passenger volume of 34-million in 2004. One of the three main hubs in China, it will be the official airport of the 2008 Olympic Games.

US Treasury Secretary Visits CAFUC

A United States delegation--including the US Treasury Secretary, John Snow, and US Ambassador Clark T. Randt Jr.--toured the Civil Aviation Flight University of China facilities on October 13th.

After the visit, Snow said that not only did the CAFUC construct training and flight education at a level on par with the United States' standards, but the utilization of U.S.-manufactured trainers and business jets for training purposes demonstrates CAFUC's aim of developing highly-skilled pilots. Snow also added that the development of China's economy and society has brought rapid development to China's civil aviation sector, and urges American aviation manufacturers to pay attention to this situation in order to strengthen economic ties between the two countries.

Snow and the delegation visited the CAFUC while in China, surveying the west China economic situation. They

took the opportunity to visit the training facility before the 7th G20 Finance Ministers and Central Bank Governors Meeting on October 15th in Beijing.

Aviation "Silicon Valley" Planned in Tianjin

On October 16th, the CAAC reached an agreement with the Tianjin Municipal Government to establish China's first national civil aviation science and technology base. The contract was signed by CAAC Minister Yang Yuanyuan and Tianjin Mayour Dai Xianglong.

The new science and technology base will be a research facility focused on independent aviation research in innovating, establishing, introducing and monitoring new technology to promote Chinese civil aviation development in the next two decades. The science and technology facility, which has finally come to fruition after a year-long negotiation process, will be located in the Airport Logistics Manufacture District of the Tianjin Binhai New District.

The planned area for the new base is 11 square kilometers and will be supported by local aviation facilities such as the Civil Aviation University of China in Tianjin and the Tianjin Binhai International Airport. Slated to become the "Silicon Valley" of Chinese civil aviation, the new science and technology base will focus on civil aviation ATC, airport equipment, aircraft equipment, technology research and development, aircraft maintenance, personnel training, and civil aviation data.

China's New ATC Network On-Line

Representatives from China's newest state-of-the-art ATC centers (Beijing, Shanghai, and Guangzhou) held a meeting on October 25th to announce the successful implementation of all three facilities. The new ATC network will now allow Chinese air controllers to monitor and direct 1,500 simultaneous flights.

China's air traffic has grown at unparalleled rates since the 1990's, and in 2004, the Chinese air-transport rate increased to the third highest in the world. Last year, China air traffic management departments monitored 7.1-million flights, with 70% of the total concentrated in the east China triangle between Beijing, Shanghai and Guangzhou.

The new ATC centers represent the largest air traffic management project in Chinese history, with total investments reaching over RMB 2-billion. The total research and construction of the three facilities spanned a five-year period. The Beijing Regional Control Center passed certification in October of 2004, and was put into operation in December of last year. The Shanghai Regional Control Center was completed on May10th and put into operation on August 1st, 2005, while the Guangzhou center passed certification on August 31st.

A Closer Look into The

Center of Aviation Safety Technology

Written By: George Chao

As the central governing body for aviation in China, the Civil Aviation Administration of China (CAAC) is responsible for both maintaining and ensuring the prosperity of China's rapidly expanding aviation sector. Faced with the daunting task of governing a still-developing aviation industry that already ranks as the third-largest aviation nation in terms of passenger volume, the CAAC is often faced with unprecedented decisions, situations, and regulations. This month, the CCAR had the opportunity to get better acquainted with one of CAAC's primary research facilities, the Center of Aviation Safety Technology (CAST). As one of the main supplementary facilities to safety, regulation, and operations policies to the CAAC, CAST plays a major role in everyday operations and the future development of aviation in China.

As we strolled through the CAST facilities en route to our meeting with Mr. Yang Yingbao, the Party Secretary for CAST, there seemed an undeniable air of dedication amongst the researchers in the facility. Past a room of analysts dissecting flight data and down a corridor which split into numerous smaller rooms occupied with all kinds of computers and hardware, we finally arrived at our destination, CAST's conference room. We were invited to sit as tea was prepared and our host gathered his thoughts for our introduction into the CAAC primer think-tank.

Approved by the Ministry of Science and Technology in May of 1999, CAST was established as a non-profit public institution in order to directly support the General Administration of the CAAC. Located in Beijing, the CAST facility specializes in ten distinct aspects of Chinese aviation policy. In its purest form, CAST is a research

CAAC's (CAST)

Mr. Francis Chao (Right), Publisher of the CCAR, poses alongside CAST Party Secretary, Mr. Yang Yingbao (Left), and CAST staff

facility dedicated to the research and development of new policies to maximize aviation productivity, increase safety and efficiency, and provide integrated services to the Chinese aviation sector. The core disciplines and facilities under CAST's operational scope include:

The Aviation Safety Research Institute

The Civil Aviation Development Research Institute

China Civil Aviation Human Resource Development Center

CAAC Occupational Skills Certification Office

Transportation Management Research Office (focusing on civil aviation and airport research, policy, and quality)

Flight Standard Office (including dangerous-goods transport, pilot and personnel certification, and airport flight procedures)

Aircraft Airworthiness Audit Office

Maintenance Engineering Office

Policies and Regulations Office (industry regulations, international pacts and bilateral agreements, and civil aviation reform policies)

Information Office (industry research and theory support for the CAAC)

With such a broad range of specializations, CAST employs approximately 200 people and operates year-round. However, by looking at its current projects, it is not hard to see why this research facility is constantly buzzing with activity.

Currently, CAST has been appointed by the CAAC to head the research and development of the "11th Five Year Plan," the blueprint for aviation development in China. Simultaneously, CAST is currently working on the 2020 China aviation industry research (including industry planning, fleet planning, airport planning and personnel planning), aviation safety/risk analysis evaluation research, high-elevation plateau research, and departure/arrival/landing incident monitoring, just to name a few.

The projects arrive on the desks of CAST researchers via two routes. The first and most conventional is government-funded research programs issued by departments such as the Science/Technology Department of China, Development and Reform Commission, CAAC, National Natural Fund Commission, and the National Technology Supervision Bureau. CAST also occasionally helps out private aviation entities with their research and market surveys.

Since its inception, CAST has been recognized by the CAAC yearly for its contribution in creating or assisting in such aviation measures as: Flight Operation Quality Assurance (FOQA), MRO standards, airworthiness certifications, aircraft collision prevention, air-ground real-time aircraft maintenance programs, and numerous other measures to promote a prosperous aviation sector.

In China's current fragile landscape of parallel aviation and policy development, CAST is the first resource that the CAAC utilizes to ensure that progress is constantly moving forward. Although CAST headquarters is faced with such responsibility, there is no trace of anxiety or uncertainty. The researchers go about their daily routines with an unmistakable sense of pride, knowing that their work will affect millions of people each year.

So the next time you read about a policy revision in Chinese aviation, it would be a safe bet to assume that the Center of Aviation Safety Technology probably had a say in the matter.

Civil Aviation News

Hainan Airlines Strengthens Region Aviation Strategy

Hainan Airlines formally put to use its new Dornier 328 full-flight simulator on September 20th. This marks the first operational Dornier 328 full-flight simulator in Asia.

The simulator was delivered to the Hainan Airlines Training Center in Sanya at the end of July, and has been undergoing installation and adjustments since. The simulator is designed and produced by Canadian CAE. At the time of purchase, the flight simulator was rated as a Level D (the highest grade amongst simulators) by the FAA. After a successful installation, the Dornier 328 full-flight simulator successfully maintained its Level D status by completing a certification process administered by the CAAC. Hainan Airlines Flight Training Center now operates four flight-training simulators at its facility.

Currently, Hainan Airlines maintains the largest Dornier fleet in Asia: 29 Dornier 329-300 regional jets with a crew of 217. The strong regional aviation fleet signifies Hainan Airlines' commitment to the national call for development of China's great-west region. Regional aviation is one of China's top aviation priorities as the government looks to promote economic development in West China, as well as address limited transportation accessibility issues between medium and small cities.

The new Dornier simulator fills the previous void in flight training options for Dornier operators in China. Previously, Dornier pilots were forced to fulfill training requirements in other countries, resulting in increased training costs and differing skill levels. Hainan Airlines executives hope the Dornier 328 full-flight simulator will have a significant effect on flight safety and regional aviation development.

Hainan Airlines Receives First A319

Hainan Airlines took delivery of its first Airbus A319 aircraft on September 23rd in Hamburg, Germany. The aircraft took off on September 24th and arrived on September 26th at Xi'an International Airport in the Shaanxi Province, where a formal handover

ceremony took place.

The A319 is powered by CFM International CFM56-5b engines and is configured in a single economy-class layout, providing seating for 134 passengers. The aircraft will be operated by Chang'an Airlines, a local branch of Hainan Airlines in Xi'an, and will serve domestic trunk routes and high-altitude routes such as Tibet, Huanglong and Gongga.

The A319 first made a successful demonstration flight over Tibet International Airport in 2001. Since then, it has been widely utilized by Chinese airlines for high-altitude flights. Currently, there are 50 A319s in service in the Chinese fleet on the Chinese Mainland, Hong Kong and Macao, representing about one-sixth of Airbus' operating aircrafts in China.

China Southern Introduces Two MD82s in Sanya

On September 28th, China Southern Airlines Hainan Company Ltd received delivery of two MD82 airliners at Sanya Phoenix International Airport. Both aircraft are expected to begin providing service by National Day (October 1st). China Southern Airlines now has a total of ten aircraft operating in Sanya.

Currently, China Southern operates 28 flights, offering 4,300 seats per day out of Sanya. The integration of the new jets will help ease the capacity issues facing Sanya's air transport for the October Golden Week travel period.

China Southern Airlines Hainan Company, previously the Northern Airlines Sanya Company, was founded in October of 1994. Last year, the state reorganized the three major airlines in China, and control of Northern Airlines was transferred to China Southern. China Southern and its Sanya affiliate was then renamed. In March, 2004, China Southern Airlines Group signed a strategic cooperation agreement with the Sanya Municipal Government, allowing China Southern to increase operational aircraft in the Sanya region to ten jets by the end of 2005. The aim of the strategic cooperation agreement is to establish Sanya as one of the prominent air bases in southern China.

Seven International Air Routes Open in Xi'an

On September 28th, Air China opened seven international routes from Xi'an, capital of Northwest China's Shaanxi Province, to seven cities in Europe and North America by Beijing.

It will facilitate personnel and material dealings between Xi'an and primary advanced countries in Europe and America, and will relax the restrictions on the development of Xi'an due to the lack of international flights.

The seven international flights all adopt the international and domestic connecting flight mode with a unified code, one ticket to the destination, and nonstop baggage.

Air China to Expand Beijing Capital Operations

Air China plans to invest more than 3.5-billion yuan (431-million dollars) in its Beijing hub over the next two years as it looks to key markets for future growth, the company's president said.

Ma Xulun announced on Monday, October 10th, that the airline also wants to develop Shanghai into a cargo center and an international passenger gateway, while expanding its regional hub in Chengdu in the southwestern province of Sichuan.

He added that China's aviation industry was likely to maintain rapid growth over the next three to five years, and that Air China was well-positioned to take advantage.

"We expect 12 percent to 15 percent annual growth in China's aviation industry over the next three to five years. Beyond 2010, the market will slow but still show growth," he told financial news wire XFN in an interview.

Air China has a fleet of 160 aircraft, 97 of which are based at Beijing International Airport.

"Our top target is the Beijing hub, where we are trying to realize the synergy of our international and domestic flight network," Ma said. "The plan is to get the Beijing hub in shape within three years. It will reach full maturity in five years' time."

Civil Aviation News

A new international terminal is currently under construction in preparation for the 2008 Beijing Olympics, and there are also plans to build a third runway.

Air China's investment at Beijing airport will include the development of cargo operations, engineering and maintenance programs, together with catering and IT services, Ma said.

Its cargo operations, through its 51-percent stake in Air China Cargo, accounted for 9.9 percent of the group's total revenue of 16.94-billion yuan in the first half of this year.

The national flag carrier recently invested 300-million yuan in a site in Shanghai as part of its plans to enhance cargo operations there and develop it as an international passenger gateway, Ma said.

The regional hub of Chengdu is also a key location, and the company is looking to increase its market share there to 50 percent from its current 40 percent in two to three years.

Air China currently operates international flights to North America and Europe from Chengdu through Beijing but may soon open direct flights.

"In the future, if the market grows and we have capacity, we will open direct services," said Ma .

The development of the airport hubs will broaden Air China's international business, which accounts for 49 percent of the international operations of all of China's air carriers combined.

"Internationally, we will increase capacity mainly for the European market," he said. "We will also focus on Japan and South Korea and put more capacity there, and increase the route network between China and North America. We are also taking steady steps in the southeast Asia market."

Over the next three years, Air China plans to introduce 25 to 30 new aircraft annually, and has already ordered 20 Airbus A330s and 15 Boeing 787s.

NEWS BLURBS

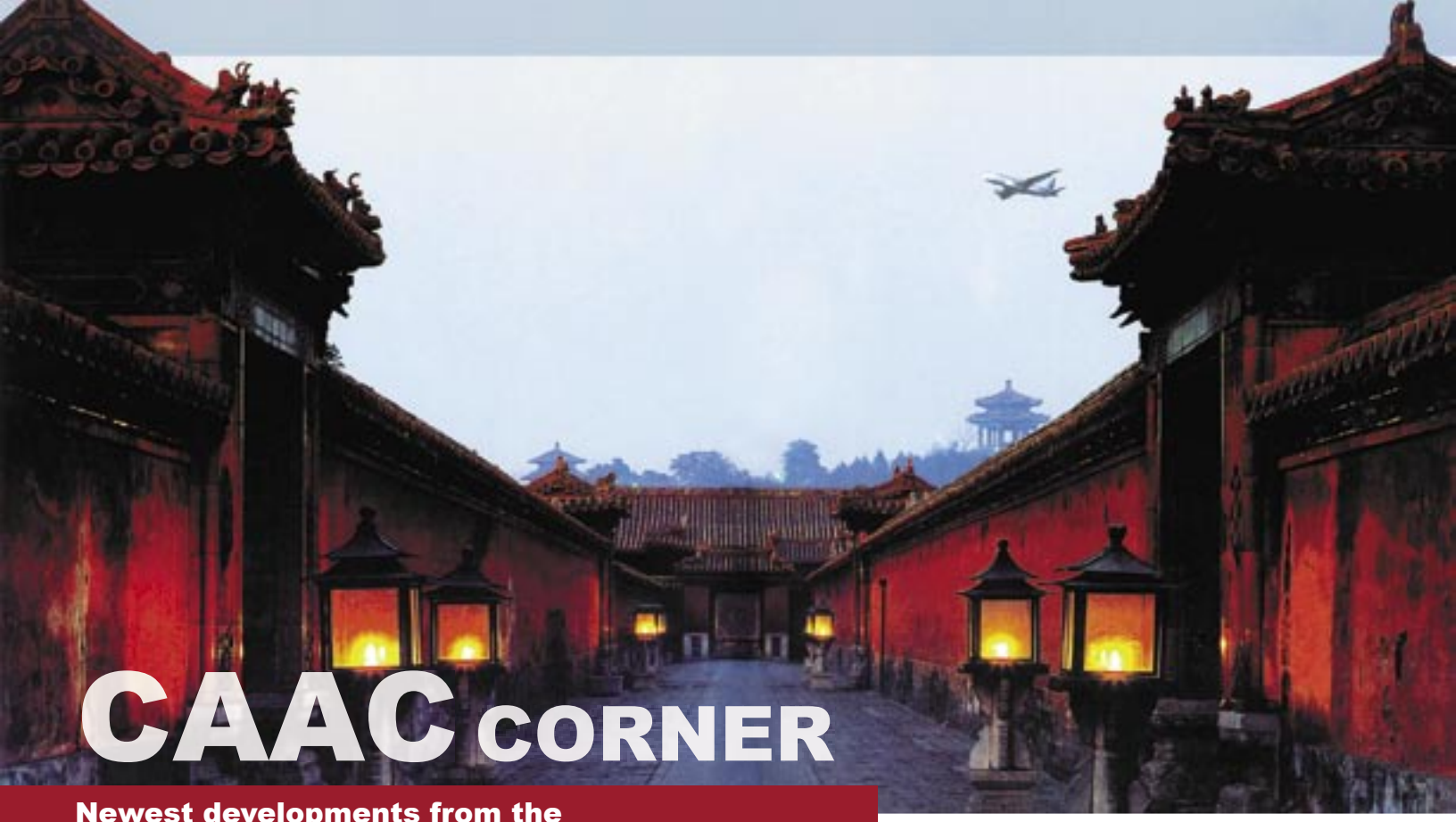
October 3rd - The first DA-40 fixed-wing light aircraft was assembled and rolled off the production line in Shandong Province.
The Diamond DA-40, assembled by Binao Aircraft Manufacture Company Ltd, a joint venture of Shandong Binzhou Dagao General Aviation City Company Ltd and Austrian Diamond Aircraft Industries-- will be used mainly for training and business aviation operations. The 2-4-seat aircraft is the first of its class to be manufactured in China.

October 13th - The UK architectural engineering firm, ATKINS, has been awarded the design bid for the new Hangzhou Xiaoshan International Airport. The prospective candidates for the project included five international firms. ATKINS' proposal was ultimately chosen for its modern designs and future tourism development planning.

October 14th - The newly established China United Airlines reported the sale of its first-ever passenger ticket, marking its formal entry into the Chinese air-passenger transport market.

October 19th - Beijing Capital International Airport put into operation its new "V" check-in island in the international check-in area. The 19 new check-in units will be shared by Dragon Air and Air Canada.

October 23rd - Lufthansa Airlines recently appointed former General Manager of Lufthansa Singapore, Arved von zurMuehlen, as the new Director and General Manager of the Greater China Area. Operating out of Lufthansa's Shanghai Headquarters, he will now be responsible for Lufthansa's passenger transport operations and business development in China.



CAAC CORNER

Newest developments from the Civil Aviation Administration of China (CAAC)

U.S. Trade and Development Agency Helps Strengthen Aviation Ties

The U.S. Trade and Development Agency (USTDA) finalized its technical assistance agreement with the Civil Aviation Administration of China (CAAC) on October 19th on Capitol Hill. Both USTDA Director Thelma J. Askey and CAAC Minister Yang Yuanyuan were present for the signing of the new agreement. Under the agreement, the USTDA will issue a USD 1.266-million grant, matched by another USD 2.3-million in related contributions by the ACP (U.S.-China Aviation Cooperation Program) member companies and organizations. It is to be used in air traffic training of senior ATC operators, as well as the airworthiness examination and approval of the Chinese-manufactured ARJ-21 regional jet.

The ACP program, also known as the "Wright Brothers Partnership U.S.-China Aviation Cooperation Program," is an innovative public-private initiative linking the U.S. and Chinese governments and aviation industries in a multifaceted program to promote technical, policy and commercial cooperation between the Chinese and U.S. aviation sectors. The partnership program was established in early 2004 with the help of a USD 600,000 grant from the USTDA, used to invite senior managers of Chinese airlines to attend informative learning sessions in the U.S.

CAAC Minister Yang Yuanyuan stated that in recent years, Chinese civil aviation has witnessed a rapid development; however, there remain many lingering problems with security and ATC. Therefore, a partnership with the largest aviation country in the world is not only helpful, but necessary. Minister Yang also disclosed that, according to the agreement, twenty CAAC Air Traffic Management officials will be invited to attend training in the U.S. in May of 2006.

China and Chile Strike New Air Transport Agreement

The CAAC met with a Chile civil aviation delegation on September 7th-8th in Beijing to discuss current air transport conditions. The meetings resulted in the signing of a new air transport agreement that significantly relaxes civil aviation cooperation between the two countries.

The new air transport agreement revises the previous agreement signed on June 3rd, 1996, and addresses air transport enterprise, ground service, code sharing, charter operations, wet-lease, transport capacity limits and air route lists. No specifications on direct flight frequency have yet been reached.

Chile inaugurated its aviation liberalization policy in 1979 and has since signed "Sky Open" air transport agreements with 31 countries. Chile allows foreign investors to invest in its civil aviation industries, permitting 100% investment ratios.

China Designates New Carriers for Sino-US Air Routes

The CAAC, on September 23rd, approved the operation by Shanghai Airlines and Yangtze River Express Airlines of a new Shanghai-Anchorage-Los Angeles cargo flight route. The routes will take effect in November, 2005, for Yangtze River Express Airlines and August, 2006, for Shanghai Airlines. This is the first Sino-US air route awarded to new aviation carriers in China since the signing of the new China-US air transport agreement protocol on July 24th, 2004.

Currently, four Chinese airlines operate Sino-US air routes: Air China, China Eastern, China Southern and Air China Cargo. The operators combine for 37 passenger flights and 26 cargo flights per week.

New CCAR 121 Regulations Take Aim at Pilots and Air Crews

The CAAC announced on October 25th, at the Propaganda and Implementation Meeting, that revisions have been implemented on the civil aviation regulation, CCAR Part 121. This is the second revision of the regulation, which now imposes a more stringent policy on flight training.

The latest revision of the CCAR 121 calls for an increase in planned flight-training hours. Planned flight training in turboprop aircraft is now increased to 24 hours for captains and co-pilots--an increase of nine and 17 hours, respectively. In addition, planned flight training in turbojet engine aircraft has also been increased to 28 hours--an increase of eight hours for captains and 18 hours for co-pilots from the previous version.

The new CCAR 121 also imposes increased regulations and flight hours on pilots wishing to operate large or oversized aircrafts. They will now have to pass a ground theory course as well other new certification courses. Depending on the aircraft, pilots may now be facing 280 hours in the flight simulator and trainer before obtaining approval to operate large or oversized aircraft.

The minimum flight-training segments required for pilots wishing to captain large or oversized aircraft has also been revised in the new CCAR 121. For pilots who do not already have experience as a medium-aircraft captain, a minimum of 400 segments of training flights including takeoff and landings in large or oversized aircraft is necessary to qualify for captain.

Other notable revisions in the CCAR 121 regulation call for increased base training for pilots yet to receive their line transport license; new maximum working hours (not to exceed 270 hours per three-month period, 100 hours per month, 1000 hours per year) for flight crew members; and additional off days (any crew member who works seven consecutive days is entitled to at least a 48-hour rest period).

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