

CHINA CIVIL AVIATION REPORT

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Airbus soars

空客中国市场行情看涨

Reeling from the A380 backlash, the French aircraft maker bags 170 orders from China

China to lead in aircraft, engines purchases

Traffic turnover hits 22-B ton-km

HK gives rebates to airlines

Oasis Airlines starts operations

Safety audit program implemented



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From the Publisher's Desk

China is serious with modernizing its fleet with the recent signing between Airbus and the China Aviation Supplies Import and Export Group Corp., for an order of 170 aircraft. Before this, Boeing confirmed 150 orders from China for 737NG aircraft. Embraer also got a deal from China for 100 aircraft.

These agreements point towards China's bid to be the second largest aviation market in the next 20 years.

The Airbus deal, for instance, is a big boost for the image and confidence of the French manufacturer, which has been in the limelight because of the delay in the production of the A380.

The modernization of China's civil aviation industry cannot be done without the involvement of manufacturers and suppliers in the global aviation industry. From aircraft to airports to air traffic control systems, there are a lot of business opportunities for aviation-related businesses to get a share of the Chinese market.

For its part, the Civil Aviation Administration of China is implementing reforms to catch with the growing air traffic especially that the 2008 Olympics will be held in Beijing.

China needs to synergize the different aspects of the civil aviation in order to achieve balance in development.

中国民航为了加紧机队的扩充与现代化进程，刚刚由中航材与空客与之间签署了订购170架飞机的订单。此前，波音也已确认了来自中国的150架737NG飞机的订单。巴西航空业取得了来自中国的100架飞机的订单。

这些订单都显示中国将在未来20年内积极成为世界第二大航空国。

空客在中国所获得的订单，对因身陷A380飞机制造的延误而备受困扰的法国制造商而言是大大提升了其形象与自信。

中国民航的现代化不能没有来自国际航空业界制造商与供应商的参与。从飞机到机场再到空管系统，都为许多航空相关企业带来了进入中国市场的机会。

对此，中国民航总局正在深化其改革的步伐，尤其是为了适应即将将在京举行的2008年奥运会对航空流量的增长。

中国需要加强民航各领域的同步推动，以达到平衡的综合发展。



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Aviation Headlines



Rolls-Royce: China to lead in aircraft, engine purchases

罗罗公司：中国将成为飞机与发动机购买的主力军

China will become the top nation in terms of volume of aircraft and engine purchases in the next 20 years, according to aerospace company Rolls-Royce.

During the Air Show China 2006 in Zhuhai, Rolls-Royce predicts that China “will be the most significant region for the aviation industry over the next 20 years” as its average annual traffic growth will reach 8 percent.

“We identified China as a market of great significance many years ago,” said Charles Cuddington, Rolls-Royce managing director for airlines.

The aircraft engine maker said that, between now and 2026, the demand for aircraft in China will reach 3,000 and need 6,500 engines valued at

US\$65 billion.

Rolls-Royce said its engines are currently being used in 200 aircraft by 10 Chinese airlines. Air China, China Eastern and China Southern have chosen the Trent 700 for their A330s, which has a 100 percent market share in China.

This year, Air China ordered Trent 1000 for its 15 Boeing 787s and Hainan Airlines chose AE 3007 for its 50 Embraer 145 jets.

“Despite the challenges faced by the global aviation industry, China is spearheading continued growth across Asia which is outpacing the rest of the world,” said Cuddington.

Rolls-Royce is involved in two



Jia Qinling, chairman of the National Committee of the Chinese People’s Consultative Conference, talks to Rolls-Royce Chairman Simon Robertson while visiting the company’s plant on October 23 in Derby, United Kingdom, which produces aircraft engines for Chinese airlines.

joint ventures in China— Hong Kong Aero Engine Services Ltd in Hong Kong, and Xi’an Rolls-Royce Aerocomponents in Xi’an.

China to allow Malaysian airlines to fly to Hainan

马来西亚与中国在北京达成航空共享代码协议

China Southern Airlines and Malaysia Airlines signed a code-sharing agreement on October 18 to increase flights.

Under the agreement, passengers can buy tickets from Malaysia Airlines and transfer to flights of China Southern Airlines upon arrival in China, and fly to mainland cities or a third country. China Southern passengers can also enjoy flights of Malaysia Airlines.

The agreement was signed by Dato Sri Chan Kong Choy, Malaysia transport minister, and CAAC Minister Yang Yuanyuan.

Chan Kong Choy says CAAC has

agreed to allow Malaysian airlines to operate passenger and cargo services to Hainan Province.

The new agreement increases flights between the two countries to 125 per week, with unlimited frequency starting in 2010.

Also attending the signing ceremony were Dato' Syed Norulzaman Syed Kamarulzaman, Malaysian ambassador to China; Dato' Ir. Kok Soo Chon, director general of Malaysia’s Civil Aviation Department; and Wang Ronghua, CAAC director of International Cooperation Department.

HK signs air services agreement with Ethiopia

香港与埃塞俄比亚签订航空协定

Hong Kong and Ethiopia signed a new air services agreement on October 25 that will increase the number of flights from Hong Kong International Airport.

Dr. David Pang, chief executive officer of the Hong Kong Airport Authority, says air services agreements with other countries will boost HKIA’s role “as a leading regional and international aviation hub.”

At present, four African cities are serviced by airlines operating from HKIA: Johannesburg, Nairobi, Addis Ababa and Mauritius. The new agreement will promote the flow of people and goods between Hong Kong and the African continent, and strengthen the connection among Africa, Hong Kong and the Pearl River Delta.

Ethiopian Airlines currently operates three weekly passenger flights between Hong Kong and Addis Ababa.

First China-Asean aviation meeting held

中国与东盟区域航空运输安排会谈在京举行

China hosted the First China-Asean Meeting on Regional Air Services Arrangement from October 11 to 13, held at the headquarters of the Civil Aviation Administration of China.

The meeting was attended by CAAC officials, Asean secretariat and representatives from eight Asean-member countries.

Wang Ronghua, director of the Department of International Affairs and Cooperation of CAAC, and a representative from the Civil Aviation Authority of Indonesia, chairman-in-office country of Asean, presided at the meeting.

The delegates discussed the future of the air services agreement between China and Asean.

The bilateral trade cooperation between China and Asean has increased with trade volumes growing at an annual rate of 39 percent.

In 2005, the bilateral trade volume reached US \$130.3 billion, up 23

percent on a year-on-year basis. From January to April this year, the bilateral trade volume reached US \$47 billion, higher by 22 percent compared to the same period last year. It is expected to reach an estimated US \$200 billion in 2010.

The increasing trade volumes also necessitates more cooperation in aviation between China and Asean countries.

China has established bilateral air services agreements with all 10 Asean countries, starting with the 1,955 air transport agreement with Burma.

As of August this year, there are nine Chinese airlines and 16 Asean-country airlines operating scheduled passenger and cargo flights between 20 Chinese cities and 22 Asean cities. The weekly total is now 644 flights, consisting of 563 passenger flights and 81 cargo flights. The air route network covers the main cities of China and Asean countries.

China donates equipment to Syria

中国向叙利亚赠送航空集装箱检测设备

Chinese officials turned over a set of air container inspection systems on October 19 to Damascus International Airport in Syria for use in cargo inspection.

Valued at RMB 20 million (about US \$2.53 million), the equipment can inspect cargo without opening the container.

Syrian Finance Minister Mohammed al-Hussein thanked the Chinese government for the donation.

The new equipment can increase the work efficiency and transparency of Syrian Customs and solve illegal smuggling. Customs says it will import five sets of the inspection systems in the next several months for use in



Technical people from China demonstrate how to use the cargo inspection equipment.

the country's two main seaports and three land-border ports.

Under an agreement signed by China and Syria in June 2004, Nucotech Co. Ltd will be responsible for providing and installing a set of PB2028 container inspection systems for Syria.

Kunming Airport posts 10.7 M passenger volume

昆明机场运送旅客已达一千万



Kunming Airport in Yunnan Province posted passenger volume of 10.71 million from January to September this year, up by 24.3 percent on a year-on-year basis. Cargo and mail volume reached 163,507.3 tons for the first nine months, higher by 12.1 percent, and the number of scheduled flights reached 99,620.

The airport posted a 1.22 million passenger volume in September, up by 24.8 percent compared to the same period last year. Cargo and mail volume reached 21,143.4 tons, higher by 14 percent, and the number of flights reached 11,525.

Tianjin Airport undergoes expansion

天津机场扩建提速

Tianjin Airport's fifth retrofitting and expansion is being finished with interior decoration to be completed by the end of the year. The expansion project started last August and is expected to be ready in 2008. The new terminal building will have 110,000 sq. m. The airport's cargo warehouse has reached its capacity and will be expanded from 6,000 sq. m. to 22,000 sq. m. The new warehouse, expected to be operational next July, is designed to handle cargo and mail volume of up to 125,000 tons. The new warehouse is operated by Tianjin Airport Cargo Service Co. Ltd.

New Kunming airport to be finished in 3 years

昆明新机场年底将动工建设

The construction of the new Kunming Airport in Yunnan Province will start by the end of the year and is estimated to be finished in three years.

Wang Daoxing, director of Management Commission of the Kunming Airport, says the new airport will be constructed in the Dabanqiao town of Kunming City, about 20 km away from downtown Kunming.

Kunming Airport is the only national gateway hub airport in China facing Southeast Asia and South Asia and linking with Europe and Asia. The new airport, occupying 21 sq. km., can be used for F-class aircraft and can accommodate the landing and takeoff of large aircrafts such as the A380.

Flight accident rate reduced by 55% in last five years

近五年来飞行事故率下降55%

China's fatal accident rate in commercial flights decreased by 55 percent in the last five years with the implementation of aviation safety programs.

An official from the Civil Aviation Administration of China said the country's safety programs, including the implementation of the China Aviation Safety Audit Program (Casap) will be enhanced to meet the expected growth in air traffic in the next 15 years.

In a paper presented in the US-China Aviation Summit by Liu Yajun, director general of the Aviation Safety Office of the Civil Aviation Administration of China (CAAC), he said from 1981 to 2005, that safety level among commercial carriers improved.

Liu said the fatal accident rate for commercial flights drastically decreased from 5.42 per million flight hours from 1981 to 0.29 per million flight hours by the end of 2005.

The 2001-05 accident rate of 0.29 was 55 percent lower compared to 0.65 rate during the Ninth Five-Year Plan from 1996-2000.

Liu said in the short term, the CAAC will improve safety regulations and standards system of civil aviation to realize the standardization safety oversight and improve the responsibility mechanism of safety production.

The Casap, mandatory and transparent, will be held every four years. The test audit was held in October.

He said the CAAC will implement the safety management systems to reduce safety risk to an acceptable level; enhance training and promotion of personnel quality; and improve the performance of accident investigation teams.

In the long term, Liu said, China will implement a proactive safety management in the building of its Next Generation Air Transport System (NGATS).

China's traffic turnover reaches 22-B ton-km in first 9 months

民航总局发布第三季度民航行业运行情况通报

China continues to experience robust growth in air traffic as passenger and cargo volumes increased in the first nine months of the year.

Data from the Civil Aviation Administration of China showed total traffic turnover volume from January to September hit 22.18 billion ton-km, an increase of 16 percent on year-to-year. Total passenger traffic volume reached 118.91 million, up by 16.4 percent, and cargo/mail traffic volume was 2.48 million tons, an increase of 11.8 percent on year to year.

The whole Chinese civil aviation industry logged 2.33 million transport flight hours, up by 16.1 percent on year-to-year.

China's total aircraft fleet reached 952 by the end of September, an increase of 96 aircraft from the end of 2005. Passenger load factor in the first nine months was 73.6 percent.

For the third quarter of the year, total traffic turnover volume reached

8.35 billion ton-km. Passenger traffic totaled 44.925 million and cargo/mail volume reached 916,000 tons, up by 14.7 percent and 12.2 percent on year-on-year, respectively.

Domestic flights pulled a traffic turnover volume of 5.66 billion ton-km in the third quarter, passenger volume of 41.04 million and cargo/mail volume of 688,000 tons. International traffic reached 2.69 billion ton-km, passenger traffic of 3.87 million and cargo/mail volume of 228,000 tons. Average passenger load factor in the third quarter was 77.3 percent.

Chinese airlines flew 417,000 flights in the third quarter. On-time performance was measured at 80.2 percent. Airlines with better on-time performance include China Eastern Airlines, 82.4 percent; Shandong Airlines, 82 percent; and Hainan Airlines, 81.8 percent.

Winter, spring flight schedule issued

全国民航冬春航班换季工作准备就绪

The Civil Aviation Administration of China has issued the domestic flight schedule covering the winter and spring seasons.

The new scheduled flight plan will be implemented from October 29 this year to March 24, 2007. For the entire period, 17 domestic airlines plan to have 26,256 domestic flights each week, 2,867 international flights each week to 43 countries and 88 cities, and 1,138 flights every week from 35 mainland cities to Hong Kong and Macao.

During the period, several practical measures to relax air routes and flight management will be implemented on domestic flights.

To secure transport security and the on-time departure of flights, regulation of flight will be implemented on key and busy airports nearing saturation, such as Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu, Kunming

and Dalian. The number of regulated airports will be reduced to 15 from 20 during the summer-autumn flight season. Each airline can open air routes or densify flights on more than 120 non-regulated airports.

The development of regional aviation and air transport in poor areas is also encouraged.

Besides increasing the flight density of current air routes, more cities are also opening flights. For the winter-spring season, 15 new air routes have been opened. These are Dazhou, Weifang, Xiangfan, Wuxi, Liuzhou, Tongren, Changzhou, Yanji, Yiwu, Hailar, and Hohhot airports to Beijing, Guangzhou, Shenzhen, Chengdu, Chongqing, Xiamen, Xi'an and Kunming airports.

The CAAC reminds airlines to arrange flights according to standard flight regulations.



CAAC Updates



China implements safety audit program

中国民航安全审计试点工作正式启动

The experimental work of Shenzhen's civil aviation safety audit program began on October 10. As experimental units of the safety audit, Shenzhen Airlines, Shenzhen Airport and Shenzhen Aviation Management Station will be inspected by audit groups of the Civil Aviation Administration of China for 10 days.

The safety audit involves the inspection of airline operation, aircraft maintenance, flight affairs, aviation health, airport emergency aid, passenger and cargo transport, dangerous goods transport, air traffic control, communication and navigation, and weather service.

The audit groups will also look into organization management, rules and regulations, operation management, resources allocation, information management, emergency treatment and personnel training.

Since completion of the civil aviation system reform in 2002, the air transport market in China has undergone major changes.

The CAAC has adopted international civil aviation methods to implement safety measures for airlines, airports and air traffic management units. CAAC plans to implement the safety audit in the aviation industry next year.

CAAC Vice Minister Wang Changshun said the safety audit is in accordance with regulations of the International Civil Aviation Organization (ICAO).

The implementation of the safety audit aims to achieve four goals: to hold safety operation of units audited; to find out and fix existing problems in safety management; to urge and guide audited units to establish and perfect the safety management system; and to determine weak areas of supervision.

Yang receives lifetime achievement award in Paris

杨元局长获飞行安全基金会颁授航空安全终身成就奖

Minister Yang Yuanyuan of the Civil Aviation Administration of China received the Flight Safety Foundation-Boeing Aviation Safety Lifetime Achievement Award in Paris, France, on October 26 for his efforts to modernize China's aviation market.

In his citation, Stuart Matthews, FSF president and CEO, cited Yang "for guiding the transformation and modernization of the CAAC to enhance Chinese aviation safety at a time of unprecedented expansion of the air transportation system."

Yang attended the awarding ceremony held during FSF's 59th Annual International Air Safety Seminar in Paris.

Matthews said Yang "led an extensive restructuring of the regulatory system and strengthening of the training system to improve the CAAC's safety oversight capability."

Yang is credited with pushing for the merger of state-owned airlines in China to strengthen safety.

Through his efforts, the CAAC Flight Standards Training Center and the



CAAC Minister Yang Yuanyuan (center) receives the lifetime achievement award from the Flight Safety Foundation in a ceremony held in Paris, France

CAAC Civil Aviation Safety Academy of China were established.

"Under (Yang's) leadership, China's aviation accident rate has been reduced from 2.5 accidents per million flight hours to 0.5 per million flight hours during a period when China's commercial airplane fleet nearly tripled," the FSF said.

Anhui's new air route

安徽首条民营航线投入运营

The first private air route in Anhui Province is now open with a Boeing 737 having landed at Hefei Luogang Airport on October 1. The new route enhances the Anhui air transport market with



competition among state-owned, local and private airlines.

The operator of the new air route is Hefei Lianhua Aviation Management Co., established by Okay Airways, Anhui Lianhua Industry Co. and Anhui Civil Aviation Airports Group Co. It is the first private aviation enterprise in Anhui Province.

The new route covers the Tianjin-Hefei-Kunming route with one flight daily. The Hefei Lianhua company plans to operate flights from Hefei to Beijing, Shanghai, Zhangjiajie and Changsha, and to introduce two to five Boeing jets in the next two years.

China deal saves Airbus

COVER STORY

New agreement covers 170 aircraft orders and an A320 final assembly line in Tianjin

新协议包括170架飞机的采购订单与在天津建立一条A320总装线

By JONATHAN M. HICAP

Since June, Airbus has been at the receiving end of a barrage of negative news stories following its admission of further delay in the production of its flagship project, the A380, which will become the world's biggest aircraft, seating up to 800 people, when it enters the service.

The foul-ups prompted the resignations of Airbus president and chief executive officer, Gustav Humbert, in July, and his successor, Christian Streiff, last October 9, just over three months after Streiff was appointed to the position by the Airbus Shareholder Committee on July 7.

Airbus announced on October 3 that, because of the delay, the first delivery of the jumbo jet to Singapore Airlines will be pushed back to October next year. The A380 fiasco is now threatening job cuts at Airbus, which new Airbus president and CEO Louis Gallois confirmed to the media upon his assumption to office last month. The A380 controversy has put Airbus in a shaky position, with the company's future now in question.

So it was a big relief for Airbus—and a surprise to many—when the Toulouse, France-based aircraft maker announced in Beijing on October 26 that it had signed an

agreement with China to purchase 150 A320 Family aircraft with another option for 20 A350 XWB aircraft.

Airbus says the 170-aircraft deal is the “biggest single transaction ever” in the company's 20-year history in China.

The signing of the general terms agreement and letter of intent between Li Hai, president of China Aviation Supplies Import and Export Group Corp., and new Airbus president and CEO Louis Gallois was held as French President Jacques Chirac was in China on an official visit.

At Beijing's Great Hall of People, Presidents Hu Jintao and Chirac witnessed the closing of the deal, a symbol of economic cooperation between China and France. But more importantly, the deal restored confidence to Airbus, which is seeking to change public perception after the A380 controversy.

“We are impressed by the fast and sustained growth of the Chinese civil aviation industry and are extremely proud to be able to contribute to its development with our products,” says Gallois.

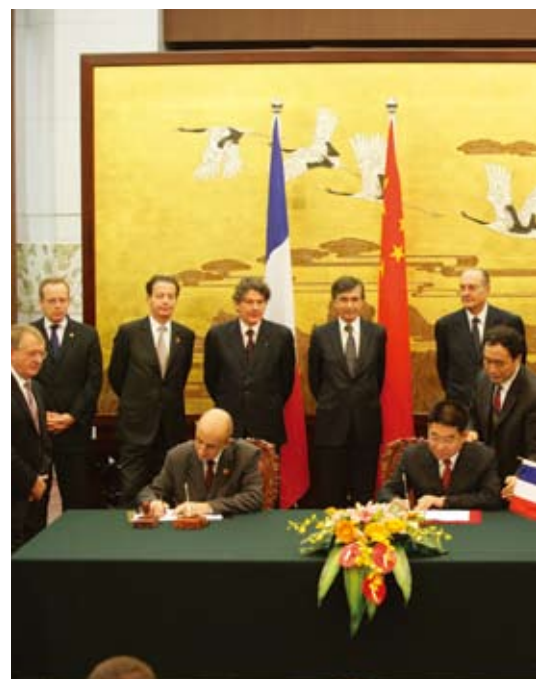
Li describes the deal as “new milestone achievements in the history of the close cooperation between our two companies.”

Airbus is trying to increase its market share in China. It now holds 33 percent

中国订单力



NEW ORDERS. Airbus President and CEO Louis Gallois (right) shakes hands with Li Hai, president of China Aviation Supplies Import and Export Group Corp., during the signing ceremony for China's landmark order for 150 A320 Family aircraft on October 26. (Airbus photo)



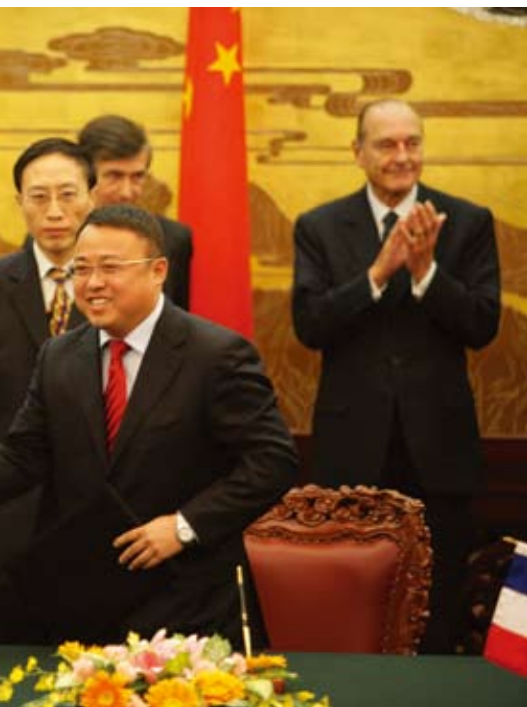
ASSEMBLY LINE. Feng Zhijiang of the Chinese company (left) and Airbus CEO Louis Gallois (right) sign the agreement for the establishment of an Airbus final assembly line in Tianjin. Chinese President Hu Jintao and French President Jacques Chirac (center) witness the signing.



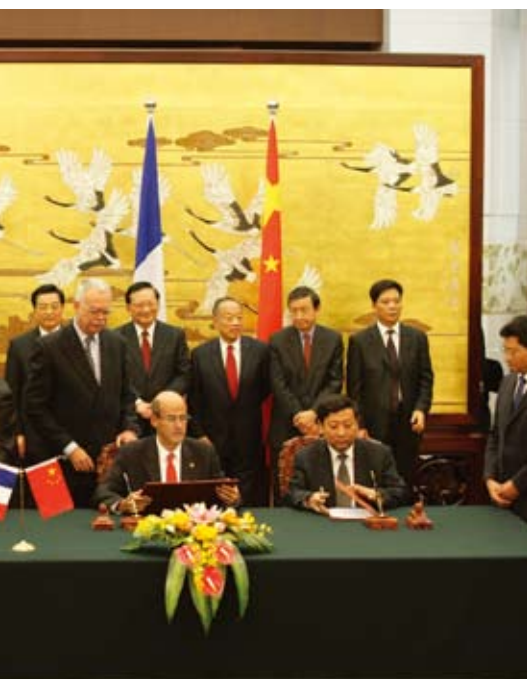
Flag carrier Air China's A319

Airbus

助空中客车



Gallos (left) and CASGC President Li Hai after signing an agreement and commitment to purchase 20 A350XWB airliners



China Aviation Consortium and Airbus president and CEO Louis Gallois at the opening of the final assembly line in Tianjin in the presence of President Jacques Chirac. (Airbus photo)

of the Chinese market with rival Boeing holding 61 percent.

Not only is Airbus trying to make inroads in the aircraft market, it is also making its presence felt in China, which market forecasts say will be the second largest aviation market in the world next to the United States.

During the Beijing ceremony, Airbus and China also signed an agreement for the construction of an A320 Family final assembly line (FAL) in Tianjin, about 112 km from Beijing.

The Tianjin plant in China will be Airbus' first assembly line in Asia and the fifth in the world. Airbus has four FALs—two in Toulouse and two in Hamburg, Germany, each producing seven to eight aircraft a month.

Airbus signed the deal with the Chinese consortium comprising the Tianjin Free Trade Zone, China Aviation Industry Corp. I and China Aviation Industry Corp. II. The establishment of an assembly line in China came from a request by China's National Development and Reform Commission, said Airbus China president Laurence Barron, according to a transcript provided by Airbus China to the China Civil Aviation Report.

Last December, the plan to build an FAL in China became firmer when Airbus signed a memorandum of understanding with NDRC. Then, last June Airbus announced Tianjin as the plant site among the four areas considered.

The aircraft assembly in China will start early in 2009, with production scheduled to reach four aircraft per month by 2011.

"While the aircraft sections will continue to be produced in Europe, the establishment of such an assembly line, which will deliver aircraft to the same standards as those produced in Europe, is beneficial to both China and Europe," explains Gallois.

Presence in China

Airbus started in China in 1985, when it made its first delivery of an A310 to China Eastern Airlines. The company established Airbus China Co. Ltd in 1994, and established an office in Beijing. Today there are over 300 Airbus aircraft used in China, up from 29 in 1995, with 10 Chinese airlines using different models.

Shanghai-based China Eastern Airlines

operates 113 Airbus aircraft, the largest among Chinese airlines. Other Airbus operators include Air China, China Southern Airlines, Sichuan Airlines, Spring Airlines, United Eagle, Hainan Airlines, and East Star Airlines.

Airbus also has five Chinese companies that supply its aircraft parts.

Chengdu Aircraft Corp. supplies the rear passenger door for the A320, floor grids, nose landing gear bay and frame.

Shenyang Aircraft Corp. is the sole supplier in the world of emergency exit doors for the A320 Family aircraft, as well as fixed leading edges, wing parts and A330 and A340 cargo doors.

Xi'an Aircraft Co. manufactures electronics bay doors for the A320, A330 and A340; fixed trailing edges for the wings of the A320 Family aircraft; and brake blades and the medium air duct for the A330 and A340 Family aircraft.

Sanyuan-based Hong Yuan Aviation Forging and Casting makes titanium-forged parts used to mount aircraft power plants to wings.

Hafei Aviation Industry Co. produces HTP leading edge ribs and torsion box.

About 100 Chinese engineers are also working for the Airbus (Beijing) Engineering Center, which began operation in July of last year. Airbus expects this to increase to 200 engineers by 2008.

Last November, a protocol was signed in London during the visit of President Hu to Britain. The US \$500 million agreement extends the cooperation between Airbus and China for the production of the A320 Family wing box in China.

Boeing is employing the same strategy, but it has yet to consider establishing an assembly line in China.

Barron says Airbus considers China the "absolutely No. 1 on the list in terms of strategic development."

"China is the most promising market, the place we already have in place for the industrial strategy of step-by-step."

With the assembly line and aircraft orders, Airbus affirms that China's growing aviation market will be a key factor in the company's growth.

In the long run, China may prove to be the saving grace for Airbus, keeping it afloat in the fiercely contested aviation market.

CAAC to open Wuhan airspace

民航在武汉试点航空运输改革

The Civil Aviation Administration of China will open the domestic air transport market in Wuhan City, Hubei Province, by allowing domestic airlines to establish branches in the capital.

The air transport integrated reform experiment will be implemented following the signing of a memorandum of understanding between CAAC Minister Yang Yuanyuan and Gov. Luo Qingquan of Hubei on October 19.

CAAC will require domestic airlines that will open air routes from Wuhan to register with the aviation administration. Foreign airlines are also encouraged to open flights to and from Wuhan.



The CAAC is also studying policies that will provide operation and air route deficit subsidies to regional airports in Hubei.

During the implementation of the 11th Five-Year Plan, which ends in 2010, Wuhan City will fund the construction of projects such as the second passenger expressway and subway connecting the airport.

The third stage of the expansion of the Wuhan Tianhe Airport will be implemented in 2008.

The CAAC has committed to invest RMB 150 million for safety infrastructure projects of provincial airports including the Tianhe Airport. Another RMB 50 million will be allotted for the retrofitting project of Wuhan Airport to accommodate the A380 aircraft. CAAC and Hubei Province have also agreed to establish the Hubei Shennongjia Airport.

GA Commission launched

中国航空运输协会通用航空委员会成立

The General Aviation Commission of the China Air Transport Association (CATA) was launched on October 26 in a ceremony in Beijing. Members of the commission are GA operating enterprises, GA aircraft manufacturers, and service and research units.

In 2005, the Civil Aviation Administration of China issued the Management Regulations for Nonprofit General Aviation and for General Aviation Operation Permission.

It is estimated that, in the 11th Five-Year period from 2006 to 2010, the average annual increase rate of China's general aviation will be 10 percent and operation time will reach 140,000 hours by 2010.

Flight procedure training held

总局空管局举办飞行程序设计培训会

The Air Traffic Management Bureau under the Civil Aviation Administration of China held the Flight Procedure Design Training at the Civil Aviation Flight University of China from Oct. 16-20 to enhance flight procedure management and improve the capability of design and inspection personnel.

The meeting was presided over by Yang Honghai, vice director of the bureau's Airspace Department. It was attended by 32 personnel in charge of flight procedure design and inspection from the ATMB, regional administration, air traffic control stations, Civil Aviation University of China and Civil Aviation Flight University of China.

The training included a discussion of the International Civil Aviation Organization (ICAO) Document 9368 or the Instrument Flight Procedures Construction Manual. It primarily explained the modularized design method of departure and missed approach procedures. After the meeting, the participants took an exam.

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Commercial Aviation *News*

Ameco signs \$10-M LDG overhaul deal

北京飞机维修工程公司签订了1千万LDG大修协议

Aircraft Maintenance and Engineering Corporation (Ameco Beijing) and Hainan Airline Group signed a seven-year agreement on October 31 at the Zhuhai Air Show for landing gear overhaul for the airline's Boeing 737NG fleet.

Under the agreement, Ameco Beijing will service over 40 737NG landing gears of Hainan Airlines from 2007 to 2014. The total contract value is about US \$10 million, the biggest Boeing 737 LDG deal Ameco Beijing has contracted.

The agreement highlights Ameco's strong presence in China's civil aviation industry. Early this year, Ameco spent US \$2 million to purchase a set of 737NG spare landing gear. Ameco says it is now ready to provide services to 737 landing gears from other airlines in the world. The service package includes LDG exchange and close-loop overhaul.

Since the establishment of 737NG LDG overhaul/exchange, Ameco has provided services for India's Jet Airways and China's



General Manager Ren Weidong and Director Wang Jihua of the Hainan Airline Group, Executive Director Zheng Yan of Ameco Beijing and Zhu Xiao, senior director of marketing and sales of Ameco Beijing attended the signing ceremony.

Xiamen Airlines.

Ameco Beijing is providing overhaul service to A320 LDG owned by Air China Zhejiang Airlines. It says that it is the only MRO service provider in China that has overhaul capabilities for both Airbus and Boeing LDGs.

HK offers rebates, lower parking fees to airlines

香港为航空公司打折，收取更低的起降费

Starting January, the Hong Kong Airport Authority will rebate landing fees of airlines that will offer new destinations, and will impose lower parking fees on small aircraft.

Under its revised New Destination Incentive Arrangement (NDIA) program,



Hongkong Airport

effective January 1, 2007, the airport authority will rebate 75 percent of landing charges during the first six months, and 25 percent in the next six months, on scheduled flights from Hong Kong International Airport (HKIA) to new destinations.

The previous program offered 50 percent and 25 percent rebates on charges during the first and second years, respectively. The new scheme will run until 2008.

David Pang, HKAA chief executive officer, says the NDIA aims to encourage airlines to open new destinations from Hong Kong airport.

"It further enhances HKIA's connectivity

and Hong Kong's position as Asia's premier aviation hub," Pang says. During the program's implementation from 2004 to 2006, 33 airlines received HK \$82 million (about US \$10 million) in rebates.

Starting January 1 next year, the airport authority will also cut parking fees for small passenger aircraft such as B737s and A320s. Since 2005, six new frontal parking and direct taxi-in/taxi-out stands for small aircraft have been introduced.

The new scheme offers rates that are 10 percent and 20 percent lower. HKAA says a B737 will enjoy a new rate of \$560 at a dedicated frontal stand for one hour—down from \$624.

China Southern buys 6 Boeing 777 freighters

南航厦航将购12架波音飞机 2010年全部交付

China Southern Airlines has agreed to buy six Boeing 777 freighters with its subsidiary, Xiamen Airlines, buying six Boeing 737-800 passenger planes in a deal worth US \$1.84 billion.

Boeing says the first delivery of the freighter will be in the fourth quarter of 2008.

“China Southern Airlines is a long-time partner and we look forward to working closely with China Southern to finalize the

order to support its growing transpacific operations,” Boeing says.

With the agreement, China Southern becomes the first Asian carrier to operate the 777 freighter.

Boeing reports that the 777 freighter is the world’s largest and most capable twin-engine cargo plane, with a revenue payload capability of 103 metric tons and a range of 4,885 nautical miles.

China Southern passes IATA audit

南方航空公司通过IATA审计

The International Air Transport Association awarded China Southern Airlines its Operational Safety Audit registration certificate after the airline passed standards.

Si Xianmin, president of China Southern, received the IOSA registration certification from IATA in a ceremony in Guangzhou, China.

The airline said it began its quest for IOSA registration in April this year

According to IATA, the IOSA “is an internationally recognised and accepted evaluation system designed to assess the operational management and control systems of an airline.”

“This International Standard is important throughout the Chinese

aviation industry as a universal standard on operational and safety standards. Everyone at China Southern is honored to achieve this audit standard for flight safety,” said Si.

All 250 IATA members have committed to seeking an IOSA audit by December this year. IOSA is also mandatory for all SkyTeam alliance members, where China Southern signed an agreement to become a full member of the alliance by next year.

China Southern Airlines’ IOSA Audit was completed by Melbourne-based Aviation Compliance Solutions (ACS), which covered flight operations, safety management, aircraft maintenance, cabin safety, cargo and ground handling, flight planning and security.

Xi’an signs 32 MA60 orders

国产支线客机新舟60已出口交付6架 年内再交5架

Xi’an Aircraft Industry Co. has signed orders for 32 MA60 twin turboprop aircraft from foreign customers.

The MA60 has a seating capacity of 60 passengers and a takeoff weight of 21,800 kg. The aircraft is designed for executive transport, light package carrier, remote sensing and aerial research services, coast guard, border patrol, air ambulance and other community services.

Xi’an Aircraft has delivered six



Congo and Laos, and five more will be delivered by the end of the year.

Oasis Airlines takes off

绿洲航空航空公司启航

Hong Kong-based Oasis Airlines finally made its inaugural flight to London Gatwick Airport on October 26 after a one-day delay as Russia refused to grant it permit to fly over its airspace.



The inaugural flight had 300 passengers on board including Oasis chairman Raymond Lee.

Oasis Airlines positions itself as the low-cost long-haul airline that offers ticket prices from as low as HK\$1,000 (US \$128) to HK\$6,600 (US \$848).

It has four flights per week with a daily service starting on November 25.

“We are excited about our mission of making the dreams of thousands of customers come true by offering them the best choice for non-stop, long-haul travel at incredibly affordable prices. There is great demand from existing and new travellers seeking cheaper fares between London and Asia,” said Lee.

Lee said Oasis will fly to Oakland, California in early 2007 with other destinations like Cologne/Bonn, Milan, Berlin and Chicago to follow. Plans are also afoot for the airline to fly to Vancouver, Toronto, Zurich, Paris, New York and Los Angeles.

Stephen Miller, Oasis CEO, said the airline has been receiving an average of 500 bookings daily with a target of 55,000 in the first three months of operation.

Oasis was granted by the Hong Kong civil aviation authority its air operator’s certificate after its test flight on October 16.

The airline has two Boeing 747-400 aircraft, which were owned by Singapore Airlines. It seeks to increase its fleet to 25 in five years.

Oasis is owned by Lee and his wife, Priscilla, VTech Holdings and Trinity Textiles.

Shanghai Airlines orders 5 jets

上海航空公司订购五架喷气机

Shanghai Airlines became Airbus' new customer after it signed to purchase five A321s at the International Aviation and Aerospace Exhibition in Zhuhai on October 31. The airline becomes the 11th A320 family operator in China.

Airbus said the airline's order is part of the 150 A320 Family aircraft that China ordered in December last year through an agreement signed in France between Airbus and the China Aviation Supplies Import and Export Group Corp.

"The introduction of Airbus A320 Family aircraft is to meet our strategic development plan," said Zhou Chi, president of Shanghai Airlines. He said using the A320 Family aircraft will increase the airline's "operational flexibility with an expanded and diversified fleet to meet



different market demands."

Shanghai Airlines currently has 48 aircraft and 60 cities in China and abroad as its network.

"This decision once more reflects the value of the leading Airbus Single Aisle Family on the market, be it in China or in the rest of the world, and the high level of commitments ensures work for many years at high production rates," said Louis Gallois, Airbus president and chief executive officer.

Cathay Pacific to start cargo flights to Beijing

国泰航空公司开始向北京提供货运服务

Cathay Pacific Airways said starting November 15, it will start its cargo flights to Beijing after getting approval from the Chinese government.

The airline will use a Boeing 747-200 Freighter for the twice-a-week service from the Hong Kong International Airport to Capital International Airport in Beijing.



Cathay Pacific has 12 cargo flights to Shanghai and operates 12 passenger flights to Beijing each week. Starting in December, the airline will have a daily passenger flight to Shanghai.

Cathay Pacific said for the new service, it expects computer parts, electronics and garments to be major shipments from Hong Kong and Taiwan to Beijing. From the capital, electronics and computer goods bound for Taiwan, United States and Europe will be the main shipments.

In other developments, Cathay Pacific said it will install the Rockwell Collins Airshow 4200D moving map and in-flight information system on five Airbus A330 and 18 Boeing 777 aircraft.

"Cathay Pacific is setting a new trend in the Asian market by offering their passengers news and information about their flight path, with the highest quality 16:9 digital displays and 3-D graphics," said Tommy Dodson, vice president and general manager of Rockwell Collins Cabin Systems.

The Airshow 4200D is the most recent addition to the Rockwell Collins Airshow Moving Map family, incorporating a new digital video interface, designed specifically to take advantage of the latest generation of in-flight entertainment (IFE) systems.

Jiangxi Changhe to supply parts for Schweizer helicopter

江西昌河飞机公司为西科斯基直升机提供部件

New York-based Schweizer Aircraft selected Jiangxi Changhe Aircraft Co. to supply airframe components and assemblies for the Schweizer 300CBI helicopter.

Schweizer Aircraft is a unit of Sikorsky Aircraft. In June, Sikorsky and the China



Carey Bond (seated left), vice president of Sikorsky and Wang Bin (right), general manager of Changhe Aircraft Co. sign the agreement on the development and manufacture of civil helicopters.

Aviation Industry Corporation II (AVIC II) signed a memorandum of agreement on the development and manufacture of civil helicopters. AVIC II is the parent company of Jiangxi Changhe.

"Sikorsky is committed to investing in China and developing additional strategic partnerships with AVIC II," said Carey Bond, Sikorsky vice president for corporate strategy and advanced programs.

Schweizer 300CBI helicopters are used worldwide for training, transportation, aerial photography, and airborne patrol.

"Adding Changhe to the supply chain will enable Schweizer to increase its production rate, better meet customer requirements and provide additional customer value for a world-class product," said Bond.

Under the June agreement, Sikorsky and AVIC II agreed to discuss helicopter manufacturing, assembly, flight test, engineering design and analysis, and new product development in the light, intermediate, and medium classes.

"AVIC II and its subsidiaries have excellent design and manufacturing capabilities, and Sikorsky is proud of this partnership," Bond said.

China Eastern to deploy 5 ERJ145

东航武汉公司将引进5架ERJ145发展支线航空

China Eastern Airlines in Wuhan will deploy five ERJ145 aircraft from November to June for its new regional flights. Zhao Yuhua, general manager of the Wuhan branch, said the implementation guidelines for the Air Transport Integrated Reform

Experiment in Wuhan which were signed recently will be favorable to China Eastern Airlines. The airline signed an agreement to purchase the aircraft from Embraer. The first aircraft will arrive this November.

The regional jets are being manufactured

by Harbin Embraer Aircraft Industry Co. Ltd. The production of the ERJ145 is a joint venture between Embraer and a Chinese manufacturer with the aim of selling the aircraft to the domestic and international markets.

News Briefs

China's National Development and Reform Commission approved several projects for civil aviation development in southwest and northwest regions and air traffic management. It approved project proposals of Chengdu and Xi'an regional air traffic control centers to improve airspace capacity and air traffic control. Flights in southwest and northwest China are expected to increase with the implementation of the plan to develop West China. Chengdu and Xi'an will establish regional control center buildings where ATC equipment will be deployed according to projected operational needs by 2015. These include establishing an ATC automatic main system, training system, voice recording, communication transmission and VHF remote control system.

Minister Yang Yuanyuan and Vice Minister Wang Changshun of the Civil Aviation Administration of China held talks with Sang-Ho Chung, Korean assistant minister of construction and transportation, and head of the Civil Aviation Safety Authority on enhancing cooperation on new technology application and aviation safety. Yang and Wang thanked the Korean delegation for providing the ICAO standard and suggestions management and implementation system (SMIS), which was developed by the Korean Civil Aviation Safety Authority.

On September 18, Minister Yang Yuanyuan of the Civil Aviation Administration of China met with Jerzy Polaczek, Polish minister of transport and construction. They discussed enhancing civil aviation cooperation between China and Poland and the opening of direct flights.

On September 18 Minister Yang Yuanyuan of the Civil Aviation Administration of China met with James Hughes-Hallett, president of John Swire & Sons Ltd., and Christopher Pratt, president of Swire Pacific Ltd. Among the topics discussed was the cooperation between Air China and Cathy Pacific Airways.

The Dalian Air Traffic Management Center under the Civil Aviation Administration of China finished testing the implementation of full radar control for the A326 air route. Starting in March next year, all flights within the Dalian control area will implement full radar control. From 1996 to 2005, the flight flow within the Dalian control area has increased. The annual regional flight flow has reached 144,340 flights in 2005 from 44,266 flights in 1996. The daily peak reaches 594 flights. Annual growth rate is at 10 percent.

Hanjin Group's Korean Air and Tianjin Binhai International Airport signed a contract on October 12 for the construction of a new airfreight station. The new station will occupy an area of 200,000 sq. m. with an annual cargo throughput of 500,000 tons. Construction begins next year. Hanjin Group possesses container ships, routes and advanced logistics network all over the world. It owns Korean Air and Huahan (Tianjin) Container Co. Ltd. in China.

The first China-made Doppler weather radar for civil aviation was tested at the Weather Center of Shenyang Air Traffic Management operation center after four months of construction.

A meeting was held by the Northeast China Air Traffic Management Bureau to introduce the radar, which was developed by Chengdu Jinjiang Electronic System Engineering Co.

The participants were taught about the construction, management and operation of the radar.

The Aviation Management Exchanges-China (AME-China) program held its 14th training course in Tianjin for 20 middle and senior leaders in charge of aviation safety and quality control of the Civil Aviation Administration of China, airlines and aircraft maintenance units.

The program was launched in 1999 by United Airlines and the Civil Aviation University of China to provide training on civil aviation safety and management.

The current training course focused on Development Direction of Aviation Safety Management and Quality Control System, and lectured by senior teachers from United Airlines and Purdue University.



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