

Aviation market consolidates for large jet building

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China began the restructuring of its aviation industry by consolidating the two leading state-owned aircraft designers and producers.

China aviation industry group corporation will emerge after the re-merging of the China Aviation Industry Corporation I (AVIC I) and the China Aviation Industry Corporation II (AVIC II), two state-owned enterprises spun off in 1999 from the former Aviation Industries of China, Xinhua learnt from the sources with the two companies on Monday.

AVIC I elevated China into the world's fourth country to develop its own advanced fighter aircraft - the "Jian 10" last year.

The preparation group, led by AVIC I's general manager has been approved by the government and the new company is expected to be officially inaugurated in July.

No further detail was available about the new company.

Experts with the Development Research Center of the State Council (DRC) said the mergers of the companies represented the launch of a new round of strategic restructuring of the aviation industry after China's first ever large-passenger-aircraft company was established in Shanghai in May.

The current model is not conducive to integrating resources and gives rise to redundant projects. China should concentrate its resources in scientific research and manufacturing if it wants to catch up with leading aviation development in western countries, the DRC expert said.

The industrial manoeuvre was intended to concentrate preponderant resources of both companies and prepare the industry for the production of large jets, the Shanghai Securities News reported earlier.

The stock shares in the newly-established commercial large-passenger-aircraft company and the Airbus's Tianjin plant, originally owned by the two companies, will also consolidate to give the new company a bigger say in those corporation projects, an official with the AVIC II said.

With 240,000 employees and aggregate assets of more than 100 billion yuan, AVIC I is the parent of 47 industrial enterprises, 31 research and development institutes, provides 90 percent of the aviation weaponry systems of the People's Liberation Army and has produced over 15,000 aircraft in 20 projects, 50,000 aero-engines and more than 10,000 missiles, according to company statistics.

The maiden flight of ARJ11, China's first 90-seat regional jet with Avic I holding the intellectual property right, widely viewed as a step closer to large aircraft, is scheduled for this year.

The smaller AVIC II boasts a total asset of 31.5 billion yuan (\$4.56 billion), with its aero production covering a wide rang of military and civilian vehicles including helicopters, trainers, general aircraft, unmanned aerial vehicles, engines and airborne equipment.(China Daily)

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