

Keep up the pace

Joint venture supports Chinese market growth

By R. JEFFREY WOOD

Powered by a burgeoning economy and a rapidly expanding middle-income population segment, China will become the largest commercial aviation market outside the United States by 2025.

To support the demand, China will take delivery of 2,880 new airplanes over the next 20 years, according to the 2006 Boeing Current Market Outlook.

Boeing and two joint-venture partners took the first in a series of steps planned to help China prepare for that future, with a ceremonial groundbreaking in October for Boeing Shanghai Aviation Services Company, Ltd. This joint venture marks another example of Boeing's commitment to help airlines in regions with rapidly growing economies meet their rising demand for air transport services. By partnering and sharing its integration expertise, Boeing strengthens its airline customers and the commercial airplane market.

Originally conceived in 2002, Boeing Shanghai Aviation Services is a maintenance, repair and overhaul (MRO) facility located at Shanghai's Pudong International Airport. The joint venture will draw on the in-country work force to hire employees who have the skills necessary for servicing and updating airplanes.

Initially, Boeing Shanghai Aviation Services will offer Boeing customer airlines line maintenance, overnight maintenance checks and repair of deferred maintenance items. Construction begins in 2007 on the first of two hangars that will allow the joint venture to expand services to include heavy maintenance, interior modifications and passenger-to-freighter conversions.

Jim Brunke, Boeing vice president of Global MRO Services, said the facility brings together the capabilities, technologies and innovation needed to support the region's growing economy and air-transport market. "Boeing's role in the joint venture is to provide engineering expertise and a deep understanding of aircraft maintenance. We're committed to help eliminate constraints to commercial aviation growth," Brunke said.

Tim Premseelaar has been appointed Boeing Shanghai Aviation Services chief

executive officer to lead the multinational team. "The team brings energy, knowledge, experience, and dedication that will bolster Boeing's strong reputation in China and serve our customers well," Premseelaar said.

Joint venture partner Shanghai Airport Group brings extensive experience with large-scale airport operations and infrastructure, as well as established relationships with local and state regulatory authorities. The group, under the auspices of the Shanghai Municipal Government, manages and operates Shanghai's Pudong and Hong Qiao international airports. Shanghai Airport Group Chairman and President Wu Nianzu said Boeing Shanghai Aviation Services will promote efforts to establish Shanghai as an aviation hub serving 110 million passengers by 2015.

Joint venture partner Shanghai Airlines Company, Ltd., contributes experience in airline flight and maintenance operations. "Shanghai Airlines and Shanghai Airlines Cargo International will serve both as partners in the joint venture and as customers, providing a stable business base to the MRO," said Zhou Chi, chairman of Shanghai Airlines Co., Ltd. ■

richard.j.wood@boeing.com

Construction on the Boeing Shanghai Aviation Services facility will begin in 2007 and is estimated to take up to two years. Plans call for a four-bay hangar, with each bay capable of housing widebody airplanes, as depicted in this illustration.

