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## China Business

Jun 5, 2010

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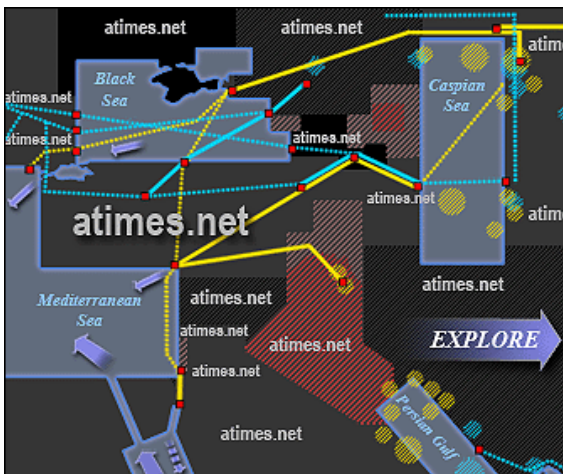


### Long march to open China's airspace

By Muhammad Cohen

HONG KONG - Slowly but surely, China's vast airspace is opening up to private aviation. The sector has grown at a double-digit pace since 2000, and flight approvals that used to take six days can now happen in as little as three hours. But it's still a long way from travel on demand that can make private jets an efficient business tool and allow private aviation to take off in China.

The latest development, a new airspace law that would consolidate fragmented regulations, highlights both the civil



authorities' readiness to open China's skies and the military roadblock standing in the way. "We are confident - everyone in the industry is - that things will move ahead," Jolie Howard, director of business development for TAG Aviation in Hong Kong, said. "But it will take time."

That industry confidence is a key factor behind the Asian Business Aviation Association (ABAA) mounting its first major show of business aircraft in Macau next week. The Asian Business Aviation show and conference will run from June 10-11, with private planes on display from at least six international manufacturers.

#### Just-in-time later

"Business aviation is a just-in-time service. When flights can be planned in the same day, it would mean end-users would do more flying in China," ABAA chairman Chuck Woods said. But Woods, chief executive officer of Macau-based Jet Asia, which runs charter jets for Macau casino executives and high rollers, was quick to point out that same-day flying remains pie in the sky for much of mainland airspace.

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"If you are registered in Hong Kong or Macau, you're supposed to get quick action," Woods said, but it doesn't often happen. He notes that offices of the Civil Aviation Administration of China (CAAC) that receives and reviews applications for flight and grants permission are closed on weekends.

"Nothing official has changed, but CAAC is moving more quickly and efficiently," TAG Aviation's Howard said. "Approval can be as quick as one day." Flight permission times vary by region and "change will take a number of years, [but] if they want to make it happen, they can."

Professional associations such as ABAA, foreign trade delegations and governments have long been pressing China to make it easier for private jets to fly. Wealthy Chinese rich enough to buy jets have added their voices to the chorus. "Some pretty influential people now own aircraft," Jason Liao, ABAA vice chairman and China business aircraft sales director of Lear jet manufacturer Bombardier, said.

Liao, who led a study team for a 2008 report by the US-China Aviation Cooperation Program (ACP), put the direct economic benefits of general aviation to China's economy at 9.6 billion yuan (US\$1.4 billion) and 60,000 employees, following 15 years of double-digit growth. In the US, general aviation - everything that's not a commercial airline or military flight - contributes US\$150 billion to the economy and supports 1.5 million jobs. Liao's report cited airspace restrictions along with a 22% tax rate for imported aviation equipment as key impediments to realizing China's business aviation potential.

### **Unfriendly skies**

Since the founding of the People's Republic of China (PRC) in 1949, mainland airspace has been under the control of the People's Liberation Army (PLA). With the military in charge, private aviation remained an afterthought. Airspace limits have even squeezed commercial airline traffic. Efforts to loosen the PLA's grip on China's airspace have been gathering momentum for years.

Merged into the newly formed Ministry of Transport in 2008, CAAC is charged with regulating China's airspace, overseeing civil aviation operators, and commercial airline flights. Before reforms, CAAC also operated China's state-owned domestic airline services. CAAC rules for the operation of "small aircraft commercial transport operators" took effect in 2006, but rules for implementing the 141-page policy have not yet been issued.

In 2007, CAAC announced plans to categorize airspace by international standards to open the skies to private aircraft by 2010. "Adopting airspace categories can ensure that the different demands of public transportation aviation, general aviation, and military aviation can all be met," CAAC said in a China Daily article. The newspaper report noted, "In places like east China's Zhejiang province, where many people are rich enough to buy a small private jet, to get a plane airborne is more difficult than paying for it."

### **Plane speaking**

The next step CAAC proposes is a comprehensive airspace law. The deputy director of CAAC's policy and law department, Ma Zheng, said the country's first airspace law will stipulate that every Chinese citizen enjoys the right to airspace, Nanfang Daily newspaper reported last week.

According to Ma, the airspace law would consolidate more than 150 separate civil aviation rules and regulations to foster the development of private aviation. The article reported that consultations on a draft of the law were completed in January and that study teams will be dispatched to the European Union, Russia and the US to study their airspace regulations.

The regulatory changes underline that China's civil authorities

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are committed to opening the skies to private aviation. The need to take so many steps to make progress indicates that there remains powerful resistance to change from the military.

"The last changes happened on paper four years ago, but practice is catching up," said Liao. "Right now, officially you need to apply one day ahead, but approvals can be as fast as three hours."

Liao noted that there's a difference between domestic and international flight operators: Hong Kong and Macau are still considered international operators so they may experience longer wait times than mainland operators. "But it's getting better," he said.

The number of mainland airports providing ground support especially for business jets is also growing, said Liao. So-called fixed-base operations (FBOs) are now available in Beijing and Shanghai, with a Chengdu FBO under development.

TAG Aviation's Howard sees the new aviation law proposal as another positive development. "It's another step in opening up the skies," she said. "But things may not happen as fast as some people want."

*Former broadcast news producer **Muhammad Cohen** told America's story to the world as a US diplomat and is author of [Hong Kong On Air](#), a novel set during the 1997 handover about television news, love, betrayal, financial crisis, and cheap lingerie. Follow [Muhammad Cohen's blog](#) for more on the media and Asia, his adopted home.*

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