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China Aviation Industry – Part 1

The United States exemplifies how general aviation supports aviation as a whole. The complete American aviation industry includes manufacturing, sales, parts maintenance, logistic services, military aircraft, and space, accounting for considerable percentage GDP. Aviation-related exports help balance the country's soaring trade deficit, with one 747 selling for more than one billion RMB, for example, offsets the disproportionate volume of Chinese imports.

Meanwhile, despite a recession, the aviation industry is booming in China. What bottlenecks growth here however, is a lack of pilots. Although flight schools have been rapidly developing with the support of domestic airlines, in the long term, it remains unclear as to whether pilots emerging from general aviation can fill this vacancy. Besides pilots, the aviation industry also needs a full range of personnel in management, training, sales and marketing, planning, accounting, financing, insurance, and other ancillary sectors to sustain the Industry as a whole.

It is estimated that the Chinese aviation market needs at least 10,000 more professionals. Training schools cannot fully equip students with practical experience, but the proper development of a healthy general aviation sector may just fill the gap.

Therefore, we hope that the China can follow the steps that it has done in other industries to sustain a developed aviation industry, i.e., not just the largest aviation importing country of the world, also the largest exporting.

But the aviation industry needs a range of technical resources and industry levels, which cannot be obtained overnight. OEM production, developing general aviation activities, opening the market, and research and development in small- and medium-sized aircraft can be the only way to do this. Opening the general aviation market also brings its own set of conveniences for the rest.

China's landmass is vast, with well-constructed highway and railway facilities, but demands for the delivery of lightweight and high-priced goods, time-sensitive business, reliable transportation, and high-end tourism can not be satisfied solely by ground transportation. Highway and railway networks, moreover, are not cost-effective to reach remote townships, and in such cases small general aviation airport networks may be more effective.

With attention to aviation trends and issues in the industrialization process, China needs to re-plan its laws and regulations before opening up GA. During the initial development stage, a thorough understanding of the problems and successes encountered by GA developed countries can give China the foresight to anticipate potential difficulties In our own projects.

Industrial aviation products are often high quality, but attention to safety is complicated by production processes' distribution across different regions and countries, guided by different polices, regulations, market ecologies, designs, manufacturing styles and other factors. Branding, unfortunately, builds reputations orthogonal to the real record (e.g., Boeing is often talked about as too expensive or

conservative, whereas Airbus is often talked about as advanced, even romantic).

What kind of products should be explored for domestic markets? At same time, what kind of overseas markets should be considered? Low-end markets or high-end markets? Developed or developing countries? Such prepositioning is important in early developmental stages. After sketching a picture of general aviation, we can envision what sort of problems GA may have in the future.

Starting Markets and Supply Chains

Commercial aviation markets include: manufacturing, manufacturing services, aircraft sales, MRO, FBO (upper and lower customer service business base, services programs including refueling, flight planning, car rentals, delivery centers, etc.), financing, insurance, flight schools, other aviation-related training institutions, land exploitation, airports, aircraft and engine maintenance, hangars, and other related industries (resorts, air parks, etc.).

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