

## Update

# General Aviation in China

The roots of China's modern General Aviation ("GA") industry can be traced back to 1951, when the General Administration of Civil Aviation of China (CAAC) used Curtiss-Wright C-46 aircraft to conduct pest-control missions in Guangzhou. GA grew at a steady pace until the start of the Cultural Revolution in the mid 1960s. GA returned to a growth mode in the mid 1970s and has since expanded to involve dozens of departments and industries.

The industry reached a turning point in 1996 when the CAAC promulgated "The Decision by the CAAC on Issues Regarding the Development of General Aviation." This legislation emphasised the need for coordinated development of the national economy, society and civil aviation sector; recognised the importance of GA; and outlined specific policies and measures to promote GA. It also marked the start of a new phase in the industry's development.

In November 2010, China's central government announced plans to open up low-altitude airspace for general aviation purposes. This new change in policy should propel the rapid growth of the GA industry in China in the near future.

At present, GA exists only on a relatively limited scale in China. Estimates put the number of GA aircrafts at about 700 nationwide. Most of these 700 aircrafts are involved in agricultural and utility operations as well as being used for flight training. Business, personal and sport aviation make up a very small percentage of GA operations in China.

There are fewer than 150 civil-use airports currently open for operation, with about 100 more planned to be completed by 2020. All of these

airports are primarily air-carrier facilities, and access by GA aircrafts is subject to onerous restrictions and limitations.

China's airspace is tightly controlled by the People's Liberation Army Air Force, and access is reserved for official VIP, military and air carrier flights. GA flights are accorded a low priority and obtaining clearance to operate a specific flight may take days, if not weeks.

There is now a surging demand for business and personal aircrafts in line with China's burgeoning economy and travel needs. Businesses and growing upper and middle classes are becoming aware of the benefits of GA as a mode of transportation and the pleasure of GA as a fulfilling hobby.

Official awareness of the potential benefits of GA is also growing. Recently, the CAAC adopted a body of regulations governing GA operations which are similar to regulations that are in place in the USA. There are plans to liberalise GA access to airports and airspace, although the extent and implementation of such plans remain unclear at the moment.

Drawing on the experience of countries with mature GA industries, the CAAC is now using policy levers

to drive the next wave of growth in China. This includes:

- Implementing a pilot program of reforms in Northeast China and exploring the programme's expansion into other parts of the country
- Fostering closer international exchanges and cooperation
- Encouraging contributions from industry associations
- Formulating and refining GA regulations and policies
- Simplifying the process for establishing a GA operating company
- China Aviation Industry Corporation I and II (AVIC I and II) merged, and AVIC General Aviation Company and AVIC Helicopter Company were established to better serve GA customers in domestic and international markets
- Reviews designed to lower operating costs (e.g., takeoff, landing, and handling fees) for GA operating companies and reduction of import duties and value added taxes on GA aircraft and parts are ongoing

With the right development catalysts, the GA sector is expected to grow at approximately 20 percent annually, generate RMB 7 billion of annual output, create 43,000 jobs and deliver a range of indirect benefits.

In summary, China represents a very large frontier of untapped potential for the GA industry. Restrictions, limitations, and other obstacles to the development of GA within the country are gradually being eased as demand and awareness increase. Infrastructure is being built and access is becoming more readily available. The future holds great promise for the GA industry in China.

#### **Further information**

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