

U.S. DEPARTMENT OF COMMERCE

International Trade Administration

Aerospace Supplier Development Mission to China

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is organizing an Aerospace Supplier Development Mission to China from November 7-17, 2010.

The 2010 Aerospace Supplier Development Mission to China is being developed due to a successful similar trade mission to China in 2008 and due to continued requests from many small and medium-sized enterprises (SMEs) supplying the aviation industry. It is intended to include representatives from a variety of U.S. aerospace industry manufacturers and service providers, and it will introduce these suppliers to end-users and prospective partners whose needs and capabilities are targeted to each U.S. participant's strengths. Participating in an official U.S. industry delegation, rather than traveling to China on their own, will enhance the companies' ability to secure meetings in China. The mission will include appointments and briefings in Beijing, Shanghai, Xi'an, and Guangzhou, some of China's major aerospace industry hubs, as well as participation in Airshow China in Zhuhai to conclude the mission. The mission participants will have opportunities to interact extensively with CS China aviation specialists to discuss industry developments, opportunities, and sales strategies.

COMMERCIAL SETTING

The Chinese aerospace sector ranks among the world's most dynamic, going far beyond the country's massive investment in aircraft (mainland carriers anticipate reaching 4,000 by 2025). Chinese aerospace companies have rapidly developed into serious players in the industry's global

value chain. Chinese aerospace firms, including those linked to U.S. and European “primes,” now frequently make their own sourcing decisions, participate as “risk sharing partners” in new airframe and engine development programs, or take on the role of first-tier suppliers on Chinese programs.

The evolution of China’s aerospace industry is part of a broader industry trend toward supply chain consolidation and lean manufacturing. Many traditional Tier 1 supplier responsibilities are being pushed down the supply chain to second- and third-tier suppliers. As the larger firms move into aerospace system integration, the lower-tier suppliers have little choice but to globalize themselves. This involves supplying China with products and services that might historically have been provided to U.S. and European suppliers that have since shifted production. In many cases, once established in China, the first-tier firms require their supply chain partners to begin dealing directly with Chinese members of the supply chain. While extremely challenging for SME suppliers, these new relationships bring an added benefit – the opportunity for additional sales with other aerospace companies doing business in China.

China Aviation Industry Corporation I and II (AVIC I and II), conglomerates of hundreds of companies, control the country’s aerospace industry. Over the years, the main AVIC companies have formed joint-venture companies with key Western aerospace partners. The larger AVIC companies also have so-called “foreign divisions” engaged in manufacturing, design and engineering for Western customers on a semi-autonomous basis.

MISSION GOALS

The goals of the 2010 Aerospace Supply Chain Development Mission to China are threefold: 1) to introduce U.S. companies to Chinese joint-venture groups and Western original equipment manufacturers (OEMs); 2) to explore supplier opportunities under other aerospace programs (including

Chinese programs and Western programs with Chinese firms “risk sharing”); and 3) to facilitate an effective U.S. presence at Airshow China.

MISSION SCENARIO

The mission’s first stop is Beijing, home to AVIC’s headquarters and the China National Aero-Technology Import and Export Corporation (CATIC), AVIC’s trading and purchasing division. The second and third stops are Shanghai and Xi’an, home to Xi’an Aircraft Industry Group and the Yanliang National Aviation High-Tech Industrial Base. The fourth stop, Guangzhou, provides the opportunity to focus on Guangzhou Aircraft Maintenance Engineering Company Limited (GAMECO) as an example of a maintenance/repair/overhaul operation and a meeting with MTU Zhuhai.

The mission will conclude in Zhuhai, at the China International Aviation and Aerospace Exhibition (known as Airshow China), the only Chinese aerospace exhibition endorsed by the Chinese central government. The last Airshow China, in 2008, marked the largest ever in the show’s history. It attracted 600 exhibitors from 35 countries, showcased 58 aircraft including the Airbus A380 and turned out over 90,000 trade visitors along with 200 media units. CS Guangzhou will provide entry to the trade show and will help facilitate the U.S. companies’ participation in the American Product Literature Center.

Matchmaking efforts will involve coordination with the American Chamber of Commerce in China’s U.S.-China Aviation Cooperation Program (ACP), a public/private partnership promoting technical, policy and commercial cooperation between the two countries’ aviation sectors, and with other relevant groups. CS Guangzhou will help facilitate walk-in meetings for mission participants with the Chinese exhibitors at the air show. U.S. participants will be counseled before, during, and after the mission by U.S. Export Assistance Center trade specialists, primarily by members of the Aerospace and Defense Technology Team, as well as participate in the American Product Literature Center at Airshow China, allowing them to display their company brochures and materials.

Participation in the Aerospace Supplier Development Mission to China will include the following:

- Pre-travel briefings/webinar on subjects ranging from Chinese business practices to security;
- Pre-scheduled meetings with potential partners, distributors, end users, or local industry contacts in Beijing, Shanghai, Xi'an, Guangzhou, and at Airshow China in Zhuhai;
- Transportation to airports in Beijing, Shanghai, and Xi'an;
- Coach class airline tickets: Beijing to Shanghai, Shanghai to Xi'an, Xi'an to Guangzhou;
- Bus transportation from Guangzhou to Zhuhai;
- One Airshow China entry pass per company representative;
- Participation in the American Product Literature Center at Airshow China;
- Participation in industry receptions at Airshow China;
- Meetings with CS China aviation industry specialists in Beijing, Shanghai and Guangzhou;

PROPOSED TIMETABLE

Sunday, Nov 7, 2010 BJ	<ul style="list-style-type: none"> - Participants arrive in Beijing on their own schedule - Afternoon briefing at Hotel
Monday, Nov 8 BJ	<ul style="list-style-type: none"> - Pre-scheduled matchmaking appointments, focusing on contacts at AVIC 1 and CATIC - Briefing on Civil Aviation Administration of China (CAAC) standards and regulations - Roundtable with the ACP
Tuesday, Nov 9 BJ-SH	<ul style="list-style-type: none"> - Meetings with Air China, AMECO - Afternoon flight to Shanghai
Wednesday, Nov 10 SH	<ul style="list-style-type: none"> - Meetings with Shanghai Aircraft Manufacturing Co, Ltd and COMAC - SAM Tour - Industry briefing at CS Shanghai - Meeting at Honeywell China Aerospace Academy (TBC) OR Shanghai Pratt&Whitney Aircraft Engine Maintenance Co., Ltd. - Meeting at Boeing Shanghai Aviation Services Co, Ltd

Thursday, Nov 11 SH-XA	<ul style="list-style-type: none"> - Morning flight to Xi'an, arrive Yanliang in early afternoon. - Visit Yanliang National Aviation High-Tech Industrial Base in the afternoon
Friday, Nov 12 XA	<ul style="list-style-type: none"> - Visits to Xi'an Aircraft Industry Group
Saturday, Nov 13 XA	<ul style="list-style-type: none"> - Trip to Teracotta Warrior site; other sightseeing
Sunday, Nov 14 XA-GZ	<ul style="list-style-type: none"> - Sightseeing cont'd - Afternoon flight to Guangzhou
Monday, Nov 15 GZ-ZH	<ul style="list-style-type: none"> - Networking breakfast with the American Chamber of Commerce - Meeting with GAMECO's Procurement Department and China Southern Airlines' Procurement Department, with technical tour of the facilities - Meeting with China Southern Airlines - Bus trip to Zhuhai (approx 2 hours)
Tuesday, Nov 16 ZH	<ul style="list-style-type: none"> - Attend Airshow China opening ceremonies - One-on-one appointments and show visits - APLC show
Wednesday, Nov 17 ZH	<ul style="list-style-type: none"> - Breakfast meeting with Consul General in Zhuhai - One-on-one appointments and show visits <p>4 pm: Mission ends</p>

PARTICIPATION REQUIREMENTS

All parties interested in participating in the Aerospace Supplier Development Mission to China must complete and submit an application for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. The mission will open on a first come first served basis to a minimum of 12 qualified U.S. companies.

Fees and Expenses:

After a company has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee will be \$5,100 per SME (less than 500 employees) plus \$800 per additional company representative; or \$6,000 per large company (more than 500 employees) plus \$800 per additional company representative.

Expenses for lodging, some meals, incidentals, and travel (except for in-country arrangements previously noted) will be the responsibility of each mission participant.

Conditions for Participation:

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

Selection Criteria for Participation:

Selection will be based on the following criteria:

- Suitability of a company's products or services to the mission's goals
- Consistency of the company's goals and objectives with the stated scope of the trade mission
- Timeliness of company's signed application and participation agreement
- Timely and adequate provision of information on company's products/services and market objectives, in order to facilitate appropriate matching with potential business partners

Any partisan political activities (including political contributions) of an applicant are entirely irrelevant to the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.ita.doc.gov/doctm/tmcal.html>) and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will begin immediately and conclude no later than September 10, 2010. Applications received after that date will be considered only if space and scheduling constraints permit.

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