

China plans to consolidate aircraft industry

China intends to consolidate the domestic aircraft industry. There is likelihood that after AVIC I is merged with AVIC II into one company, IPO will be launched. At present, the government plans to invest about six billion dollars in the project.

The merger is preconditioned by several factors. First, China wants to have a part in the world's civil aircraft market. The country will have started production of 150-seat commercial planes by 2020. It will probably use Brazilian regional jet technology: AVIC II launched a joint venture with Brazil's Embraer. Secondly, China hopes to reduce its dependence on foreign producers. The new regional jet, ARJ21, is expected to occupy 60% of the domestic market. Thirdly, the country considers intensification of aircraft industry development in Russia. The Chinese aircraft industry lags behind Boeing and Airbus technology, yet it may compete with Russian-produced airliners.

According to various estimates, the Chinese civilian aircraft market will be worth 200 billion dollars before 2028. Supposedly, development of Chinese aircraft industry will not benefit Boeing, Airbus, and the United Aircraft Corporation.

By Kirill Lebedev