

DEVELOPING CHINA'S GENERAL AVIATION

Si Rui,
General Manager,
Department of Strategic Planning

Interview by Anthony Lam

Eastern General Aviation (EGAC), a subsidiary of China Eastern Airlines was developed from China General Aviation, which in turn was developed from the No. 1 Civil Aviation Flying Corps, established in 1952. The company's mission is to develop China's general aviation business.

Since 1998, EGAC's scale and footprint has changed after a series of reforms and adjustments in the market. Currently, the company is focused on offshore oil and gas exploration, and an anticipated expansion of its aircraft management business. Although the company offers some land-based services, EGAC focuses mainly on offshore operations, located mostly in the Bohai Sea area, with bases in Tianjin and Shandong. With more than thirty years of experience, the company is confident that it fully meets its customer's requirements, especially with its offshore oil & gas services and risk management capabilities.

"Although the Bohai Sea area has relatively low oil and gas production compared to the South China Sea, our operational and safety management control capabilities are on par with international operation standards," said Si Rui, EGAC's General Manager, Department of Strategic Planning. "Our services include aerial mapping, security patrol and protection of oil and gas pipelines for energy companies; emergency rescue, aerial forest fire protection, aviation touring, and aircraft management."

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For offshore oil and gas services, EGAC's major competitors are Zhuhai Helicopter Company and COHC (CITIC Offshore Helicopter Co., Ltd.). While safety is fundamental, advanced safety concepts and a culture of safety management are equally important. Since the late 1990's, EGAC has been cooperating with international oil and gas suppliers, and integrating their systems knowledge and concepts into its own safety culture.

"Zhuhai Helicopter and COHC compete with each other, and each has subsequently carved out its own market share in the South China Sea. If EGAC were to enter the fray, it would mean greater stress and risks. From the viewpoint of the customers, the goal is to achieve a competitive balance in offshore oil and gas supplies. Alternately, customers do not want to see a monopoly in this market so, while keeping a healthy level of sufficient competition, the three companies pursue excellence in our respective competitive advantages. The present competitive environment enables us to avoid price wars. Compared with Zhuhai Helicopter and COHC, we do not have an advantage in scale, but we can continue to pursue excellence in our own market segments," says Si.

When asked about their heritage and operational culture, Si remarked that in 1999 EGAC recruited experienced foreign captains, who trained their pilots as they conducted operations. It was during this period that they

were introduced to an advanced concept of flight safety and standards.

"Since 2000, in order to standardize operations, we ensured that each pilot receives overseas simulator training twice a year. Now that there is a simulator training center in Zhuhai, most of our pilots are trained domestically. Because some aircraft types are still not available in China, a small number of our pilots are still trained overseas," said Si, who continued, "Since 2010, we adopted the EVXP system, an enhanced health and usage monitoring system, to improve our safety management. EVXP indicates whether the operations made by the pilots during a flight comply with standard procedures. Additionally, we have adopted the HUMS system for our helicopters, another primary measure for us to monitor flight quality. In 2012, we received Safety Management System (SMS) certification, a first for any general aviation company in China."

The journey to developing China's General Aviation industry is no easy route. Si noted that EGAC has faced stressful times. "The key challenges we are facing include reduced petroleum revenue and the contradiction in available human resources, such as pilot and maintenance personnel. In terms of numbers, we have a relatively large number of maintenance personnel, but the portion of high-tech trained staff is still relatively low. Another issue is the need to renew the fleet with new aircraft. All of these issues have some impact on us," noted Si.

In addressing these challenges, expansion is not seen as a competitive advantage to pursue. "We will wait for an upturn in the market, while continuing to pursue excellence in all we do. Further, during this down period, we will increase our investment in training to resolve the issues in our human resource structure. Finally, we aim to become an integrated service provider with advanced technology, so we are enhancing our management and flight training business, and initiating market-oriented reforms for our maintenance personnel," said Si.

EGAC has developed their thirteenth five year plan. In the next five years, it has to replace older aircraft in their fleet with new ones, and enlarged the fleet from 13 to 16 aircraft. Additionally, the company aims to further expand their leasing business. "We estimate that, five years from now, the total quantity of our fleet, including aircraft we acquire, lease, and manage, will reach a total of twenty-four or -five. On a side note, I expect the petroleum business to continue to linger at a low point in 2016. So we'll have to watch out for that," Si noted.

With China on the forefront of a booming general aviation market, EGAC and other players are keeping a keen eye on easing regulations and investment opportunities. With enough patience and dedication from the players, China's general aviation is set to rival that of other developed countries soon - perhaps just over the horizon.

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