



PENDING FINAL APPROVAL

**Aerospace Supplier Development Mission to China
Beijing, Shanghai, Suzhou, Guangzhou & Zhuhai
October 26 – November 4, 2008**

The Commerce Department's International Trade Administration (ITA) Aerospace & Defense Technologies Team and the U.S. Commercial Service China Transportation Team (CS China) will organize an **Aerospace Supplier Development Mission to China** from October 26 - November 4, 2008. The goals of the **Aerospace Supply Chain Development Mission to China** are to:

- introduce US companies to Chinese joint-venture groups and Western OEMs operating in China;
- explore supplier opportunities on other aerospace programs (including Chinese programs and Western programs with Chinese firms "risk sharing"); and,
- facilitate an effective U.S. presence at Airshow China.

The itinerary is as follows:

October 26-28 Beijing: Visits to AVIC's headquarters and the China National Aero-Technology Import & Export Corporation (CATIC), AVIC's trading and purchasing division;

October 28-November 2 Shanghai & Suzhou: 1 day U.S. Aerospace Supplier Technical Sales Presentation in Shanghai and 1-on-1 visits focusing on the many AVIC companies, AVIC joint-ventures, and autonomous Western OEMs in the region; and,

November 2-4 Guangzhou & Zhuhai: visit to Guangzhou Aircraft Maintenance Engineering Company Limited (GAMECO) and participation at Airshow China in Zhuhai. Airshow China 2006 attracted some 550 exhibitors from over 33 countries and regions. This included 52 aircraft, 90,000 trade visitors and over 1500 journalists.

Background: 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 the embrace of lean manufacturing. The result is that many traditional Tier 1 supplier responsibilities are being pushed down the supply chain to the 2nd and 3rd Tier suppliers. As the larger firms become aerospace system integrators, the lower tier suppliers have little choice but to globalize themselves. This includes supplying products and services into China, ones that 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 1st 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 & II (AVIC I & II), conglomerates of hundreds of companies, control China's aerospace industry. The key AVIC companies have formed joint-venture companies with key Western aerospace partners. Larger AVIC companies also have so-called "foreign divisions" engaged in manufacturing, design and engineering for Western customers on a semi-autonomous basis.

As a participant in the Aerospace Supplier Development Mission to China, you will benefit from the following:

- Pre-travel briefings/webinar on subjects ranging from Chinese business practices to security;
- Mission briefing in Beijing;
- Pre-scheduled meetings with potential partners, distributors, end users, or local industry contacts in Beijing, Shanghai, Suzhou, Guangzhou, and at Airshow China in Zhuhai;
- Transportation to airports in Beijing and Shanghai;
- Coach class airline ticket between Beijing and Shanghai;
- Bus transportation between Shanghai and Suzhou;
- Coach class airline ticket between Shanghai and Guangzhou;
- One Airshow China entry pass per company representative;
- Participation in industry receptions at Airshow China;
- Meetings with CS China aviation industry specialists;
- Optional interpreters; and,
- On-site mission coordination.

Participation Fees: **\$5,000** per company (500 or more employees) plus \$600 for each additional company representative; and, **\$4,150** per company (500 or fewer employees) plus \$600 for each additional company representative.

Participation fee does not include airfare to/from China, hotel rooms, most meals, individual interpreters, and incidentals.

Space is limited to 10 companies.