

# REGIONAL REBUILD

Chinese airline consolidation is having a knock-on effect throughout the Pacific region as maintenance firms cast their nets further afield

ANDREW DOYLE / SINGAPORE



Air China's expansion will affect the country's overhaulers, which will have to restructure to serve the three new airline groupings

**T**he Asia Pacific aircraft maintenance sector will be heavily affected by the continuing consolidation of China's airline industry, while players elsewhere in the region are stepping up co-operation with foreign partners or making their own acquisitions in Europe and the USA.

It appears China's overhaul providers will eventually have to engineer a radical restructuring of their own sector to adapt to life serving the three main airline groupings that will result from the consolidation enforced by government. However, few industry officials are willing to predict precisely how this will occur.

Beijing-based Ameco, a joint venture between Air China and Lufthansa, concentrates on the Boeing types which make up the bulk of the Chinese flag carrier's fleet. Air China's three A340-300s – its only Airbus – were recently returned after being operated on lease by Cathay Pacific Airways.

Ameco is adding Boeing 777 and Next-Generation 737 approvals, as the earliest examples of these models approach their first heavy maintenance checks.

Although the impending merger of Air China with China Southwest Airlines and Zhejiang Airlines will effectively create a larger "anchor" fleet for Ameco, the operators will in fact bring a diverse mix of Airbus and Boeing types to the enlarged grouping. This could leave Boeing-specialist Ameco facing some tough questions as to whether it will be worth adding the capability to work on Airbus aircraft as well. "The maintenance, repair and overhaul (MRO) providers have to think about their own consolidation," says Ameco general manager Walter Heerdt.

Under the airline consolidation plan, principal carriers Air China, China Eastern and China Southern Airlines will take over seven other Civil Aviation Administration of China-administered airlines, creating three groups, each with around 50 billion yuan (\$6 billion) in assets and around 150 aircraft. Air China will take over China National Aviation Airlines and China Southwest; China Eastern will take over China Northwest Airlines and Yunnan Airlines; and China Southern will take over China Northern Airlines and Xinjiang Airlines. China Eastern has already taken over Great Wall Airlines as part of the process.

Taikoo (Xiamen) Aircraft Engineering (TAECO) is not linked to any of the big three Chinese airline groupings and should remain relatively unaffected. China Southern-linked GAMECO, however, will be forced to adapt.

Meanwhile, GAMECO may soon lose Lockheed Martin as a major shareholder, as the US company looks to unload its stake.

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