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PM signs \$75m aviation deal in China

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An aviation agreement between Beijing Aviation and Hamilton-based Pacific Aerospace is expected to boost the New Zealand company's manufacturing of planes from 12 a year to 200.

Prime Minister John Key signed the \$75 million agreement between Pacific Aerospace and Beijing General Aviation, which follows a move by China to open up its aviation industry to allow private citizens to own planes.

Speaking in Beijing, Pacific Aerospace chief executive Damian Camp said it was a large step for the company.

"We've been around for 65 years and this will be the biggest thing we've done. It's accessing probably the largest aviation growth market in the world. This is the ultimate day."

He said to break into the China it was critical to have a strong partner in China, as well as to base manufacturing there. He said the registered capital of the joint venture was about \$75 million. Pacific Aerospace would have a 49 per cent interest in it and its contribution was partly cash and part intellectual property.

Mr Camp said there were about 2000 general aviation aircraft registered in China, compared to 8000 in New Zealand. The rates in China were expected to grow by up to 30 per cent over the next few years. He said up to 200 extra planes could be manufactured under it a year.

He said the company's long history and plane types had helped it. The company's P750 10-seat turbo-propelled utility aircraft as well suited to the Chinese operating market because it could be used for a range of roles from sky-diving and firefighting to top dressing.

Mr Key said it was a further sign of the broad relationship New Zealand and China had in an area in which many aviation companies were trying to into the market.

"New Zealand has a strong history in aviation. With a small population and hilly country, it was one of the first countries to pioneer the use of planes for roles included emergency rescue, agricultural spraying, surveying, and fire fighting."

He said the partnership was significant – the annual sales of Beijing Automotive Corporation amounted to one third of New Zealand's GDP. Beijing Automotive is the parent company of Beijing Aviation.

Plans to open an aviation park would also allow New Zealand to showcase its aviation services and technology.

Pacific Aerospace has also been looking into the Russia market, and Mr Camp said the delay to New Zealand's free trade talks because of the Ukraine situation was a blow.

However, he said it would also impact on competitors in the United States and there was still potential for growth in the market.

Pacific Aerospace will also host Prince William in Hamilton during the Royal visit next month. Mr Camp said they expected to take him up in a plane. The visit was because of Prince William's interest in aviation as a former RAF pilot.



File photo / NZ Herald