

Jinggong Global Jet plans expansion



By Alud Davies
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Early in 2013, Global Jet Luxembourg began talking to Jinggong General Aviation about forming a joint venture.

Although Hangzhou-based Jinggong was mainly focussed on general aviation, it saw potential in the business aviation market in China and, in Global Jet Luxembourg, it found a European based operator that was looking to enter the country.

Getting a Part 135 certificate for a joint venture in China can be a long and tricky process. So, after agreeing to form the JV, the decision was made for Jinggong to begin the application process and build up the company.

That process lasted for more than a year, with the AOC finally being received towards the end of 2014. Franck Dubarry was sent from Global Jet's Luxembourg headquarters to oversee the formation of the joint venture, and now serves as Jinggong Global Jet's CEO. Having worked for Global Jet for over 10 years, Dubarry had been the chief of operations for the firm before being sent out to China.

"The process (of getting the Part 135 certificate) is long. Not only to do the paperwork, but you have to win the trust of the civil aviation authority, you need to prove that you are capable. It is not like in Europe where you put together your case, it gets rubber stamped and then you fly. It is not like that here. You have to do that, but the relationship is very important to get the stamp in the end". Says Dubarry.

Once the 135 certificate was received, the joint venture was formed, with some of the shares transferring to across to Global Jet. Under current Chinese government rules, the majority of shares in a joint venture need to remain with the Chinese company, although the foreign participant can own up to 49%. Global Jet does not currently have that much, but the company says that it will do so soon.

The company currently operates two business jets, a Dassault Falcon 2000EX and a Falcon 7X. One of the Falcons is under management, and Dubarry says that he would like to see Jinggong move more towards aircraft management.

Although the company has seen an uptick in charter business, he says that there are still some issues with chartering an aircraft, especially the market price for hourly rates.

This sentiment is echoed by almost all charter operators in China, who say that the hourly rate for charter is lower than other regions around the world. They are keen to point out that whilst the hourly rate might be lower, airport charges are higher, which helps balance out the price discrepancies.

The plan, says Dubarry is to gradually grow the management of the company, with the aim of having a minimum of 20 aircraft by the end of 2022. Although the company currently has an all-Dassault fleet, Dubarry says this was not by design. The company had leased a Falcon 2000EX from Dassault to begin operations, but the Falcon 7X was added under a management contract at the end of 2016. Both aircraft fly from the company's base at Xiaoshan International Airport.

"We are entirely open for all types. The fact is that we have two Dassault types, because we had one since day one, and also because one of our owners had on. They could be Gulfstream, they could be Bombardier, we are totally qualified for all types. From the Airbus to the BBJ to the Bombardier, we can take all. Our technicians are all Part 145. If we have a Gulfstream coming, and it's true we do have one coming by the end of the year. We will be qualified for Gulfstream maintenance as well."

Hangzhou, in eastern China's Zhejiang province, is one of the fastest growing cities in China. Its GDP ranks it as the second highest in the country for provincial falling just behind Guangzhou. It is also home to many tech companies, including Chinese internet giant Alibaba.

"Hangzhou is in one of the richest provinces in China" says Margaret Ma, chairman of Jinggong Global Jet. "There are a lot of millionaires living in the area. Jack Ma is based in Hangzhou. After Guangdong, Zhejiang province has the most private enterprises, which make up about 70% of the companies there. And now the government has introduced new regulations saying that the government officials cannot use private jets, so private enterprises help us. In Hangzhou there are a lot of these people.

Hangzhou is less than 200km away from Shanghai, and Ms. Ma says that one of the other reasons that the city was chosen is that there was already any international airport there and that Shanghai itself is often too busy for business-jet flights.

Hongqiao Airport, the closest to Shanghai's city centre, is already saturated with commercial airline flights, and only gives one slot per hour to private-jet flights. Shanghai does, of course, have Pudong Airport as well, which is also heavily slot restricted.

Although access to the Shanghai airports is a major headache, another issue is that aircraft are limited to using a specific airport, depending on which direction the departure takes. If you are flying northeast from Shanghai you have to depart from Pudong, everywhere else must use Hongqiao.

"So, Hangzhou is in a great location. It is close to Shanghai, and it is possible to fly to any location from there."

Since Dubarry first came to China four years ago, the operating landscape has changed significantly, especially in the types of clients that make charter requests. The split between brokers and end users making charter requests used to favour brokers by 80%, but this has changed, and it is now evenly split 50:50. He is also seeing more companies taking an interest in flying privately.

"We see more and more companies who two years ago would never fly in a business jet. But today they are trying. So, automatically, when they try the market will change a little bit."

The growth that Jinggong has seen is mirrored across China, with Dubarry saying that during the last few years the company has been slowly preparing for growth by ensuring that all of its employees are not only trained to a high standard but trained to exactly the same standard.



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