GE Teams With China To Battle Boeing, Airbus

NEW YORK (AP) — General Electric's (NYSE:GE [1]) aviation unit is teaming with Aviation Industry Corp. of China to develop and market electronic systems for commercial aircraft customers, including the C919 narrow-body aircraft that China hopes will compete with jets made by industry giants Boeing (NYSE:BA [2]) and Airbus.

The goal is to launch the new China-based company by mid-2010, subject to regulatory approvals. GE Aviation provides jet engines, parts and systems for current commercial and military aircraft, and the AVIC joint venture will offer electronics and services for future commercial aircraft programs. GE has more than 12,000 employees currently based in China.

Financial terms of the partnership weren't disclosed. The signing of the deal came as President Barack Obama landed in Shanghai, kicking off his first trip to China, the world's third-largest economy and the biggest foreign holder of U.S. debt.

The joint venture will create 200 jobs in the U.S., said Lorraine Bolsinger, president and CEO of GE Aviation Systems, in announcing the deal in Beijing on Sunday.

"Our participation has the potential to grow high-tech jobs in the U.S., in addition to creating bilateral industrial cooperation with China," she said. "Our immediate focus is to jointly bid the best, competitive solutions to compete for the COMAC C919 narrow-body aircraft program and then get ready for the next generation of Boeing and Airbus products."

Bolsinger noted that China is the world's fastest-growing aviation market.

China in September showcased the C919, its newest and biggest commercial jetliner that the nation is betting can boost its fledgling aviation industry to compete with Western rivals. The narrow-body, single-aisle C919 is scheduled to take its maiden voyage in 2014 before being delivered to buyers in 2016.

The project is a major first step by China toward developing homegrown commercial planes, along with the research and technology capabilities, for its fast-growing domestic market rather than relying on foreign companies. It would also pave the way for international expansion.

Also in development by Shanghai-based COMAC is a 70 to 110-seat ARJ-21 passenger jet, designed for the local market. Last year, GE Commercial Aviation Services signed a deal to order 25 of ARJ-21s. GE is supplying the engines for the project.

Fairfield, Conn.-based General Electric last month reported third-quarter profit

growth in part because of strong global sales of aircraft engines. The company's aviation business saw equipment orders rise 93 percent as it benefited from solid demand in China, Eastern Europe, the Middle East, Brazil and other countries that are buying fleets of airplanes.

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