
Donghai Airlines receives first converted B737-300 freighter

Taikoo (Shandong) Aircraft Engineering Company Ltd (STAECO) last month delivered its first B737-300 passenger to freighter conversion to its customer, Shenzhen-based Donghai Airlines in Jinan, the capital of Shandong Province. North Asia correspondent Wong Joon San attended the ceremony.

Pemco Aviation Group (Pemco), Taikoo (Xiamen) Aircraft Engineering Company Limited (TAECO) and STAECO jointly carried out the conversion using a PEMCO Kit, the first such project in the Asia Pacific region.



Donghai Airlines' deputy chief executive
freighter at STAECO's hangar in Jinan.
Photos: Wong Joon San

"Not only was this the first B737-300 freighter conversion in Shandong province, we also managed to complete the job 15 days ahead of the scheduled 100 days for the project," says Taeco chief operation officer John T. M. Chi. "In future, we hope to shorten the conversion time as the staff become more experienced."

STAECO is 53 percent owned by Shandong Aviation Corporation, 30 percent by Hong Kong Aircraft Engineering Company Limited (HAECO), 10 percent by Taeco and 7 percent by Beijing Zhong Kai.

The completed aircraft was handed over to
Donghai Airline's first B737-300 converted

officer, Song Chenren at a special ceremony held at Staeco's hangar at Jinan airport.

Pemco vice president commercial business development, Kevin Casey said the Pemco and Taeco cooperation started with talks about the conversions a few years ago. In 2004 the plans were executed with crews, including technicians, mechanics, inspectors, supervisors and engineers being sent to the US for training, for periods of between a few weeks to several months.

The staff were trained to carry out the conversion in exactly the same way as it is done at Pemco, and to ensure that the work was up to Pemco's standards.

"This is the first time Pemco has ever farmed out the conversion to a third party, and the first outside the US," said Casey.

One of the major reasons for carrying out the conversions in China, was a regulation by China's General Administration of Civil Aviation (CAAC), which limits the maximum age of an aircraft into the country for conversions to 10 years for a passenger plane and 15 years for a freighter.

"Generally, aircraft which are used for conversions are 15 years' old and above and therefore, the CAAC ruling makes it impossible for older aircraft from outside China to enter the country," Casey said. "As most of the aircraft have to come from China, it only makes sense to do the conversions in the country as it will be much cheaper."

So far, Pemco has carried out conversions of 20 different aircraft models and completed a total of about 300 conversions so far. The majority of these conversions have been narrow-body aircraft plus a few wide-bodies. Of the total, Pemco has done conversions on about 50 B737s, including two 737-200s and one 737-400, with the remainder being 737-300s.

As China is growing rapidly, manufacturing is becoming more decentralised and production is moving further into the hinterland giving rise to greater demand for freight transportation. As inland China is under-served by airlines, this is an area, which will see growth in the near future, Casey noted.

Similarly, cargo transportation demand is also likely to grow regionally with increased intra-Asian trade growth, he says. "Malaysia and Thailand are just about one to two years away before this surge in air cargo demand develops."

As for conversion prices, Casey said the retail price of a B737-300 passenger to freighter conversion is US\$2.65 million, a B737-300QC (quick change) costs US\$2.95 million and a B737-400 costs about US\$3 million. Pemco has standardised pricing for its conversions, which take about three months per project.

According to Casey, Pemco can carry out the conversions either in the US or in China, depending on the customer's request.



Pemco's Kevin Casey (right) presents souvenir to Taeco's COO John T. M. Chi to mark the B737-300 freighter conversion.

As soaring fuel costs are a big issue among airlines today, Casey said he was interested in seeing winglets being used on freighters, as it could help an airline cut down on the amount of fuel used.

"The use of winglets will not be reflected much on aircraft travelling short distances of up to 500 miles, but it will show a big difference if the aircraft is to fly 2,800 miles," he said.

He revealed that two to three airlines had already approached Pemco about the use of winglets so far. This could take the form of customers either ordering them to be fitted to the aircraft that undergo conversion, or through aircraft already fitted with winglets, which would undergo conversion in the near future. He said that Pemco is now working

with Boeing Aviation Partner to provide winglets kits and technology for aircraft conversions.

According to Pemco, airlines which understand the regional airfreight role in feeding a predominantly front-haul international air freight network, were likely to invest in the B737 regional freighters.

In addition to this role, developing economies are increasingly reliant on regional air freight to meet consumer and business demand. For example, Asian manufactured goods exported to North America and Europe, would in turn, fuel intra-Asia-Pacific air freight traffic.

Besides exports, regional freighter operators can also add additional frequencies, and use the back haul, marginally-priced “shoulder” traffic on low-yield perishable items like fish and produce, and even run charter services (Quick Change (QC) aircraft).

Casey said that QC aircraft, which are now popular in Europe, may become popular in China in the future as they allow operators greater flexibility to transport passengers as well as cargo.

Link to on-line magazine: http://www.payloadasia.com/Magazine/current/current_frames.htm