



U.S. – China Civil Aviation Export Compliance

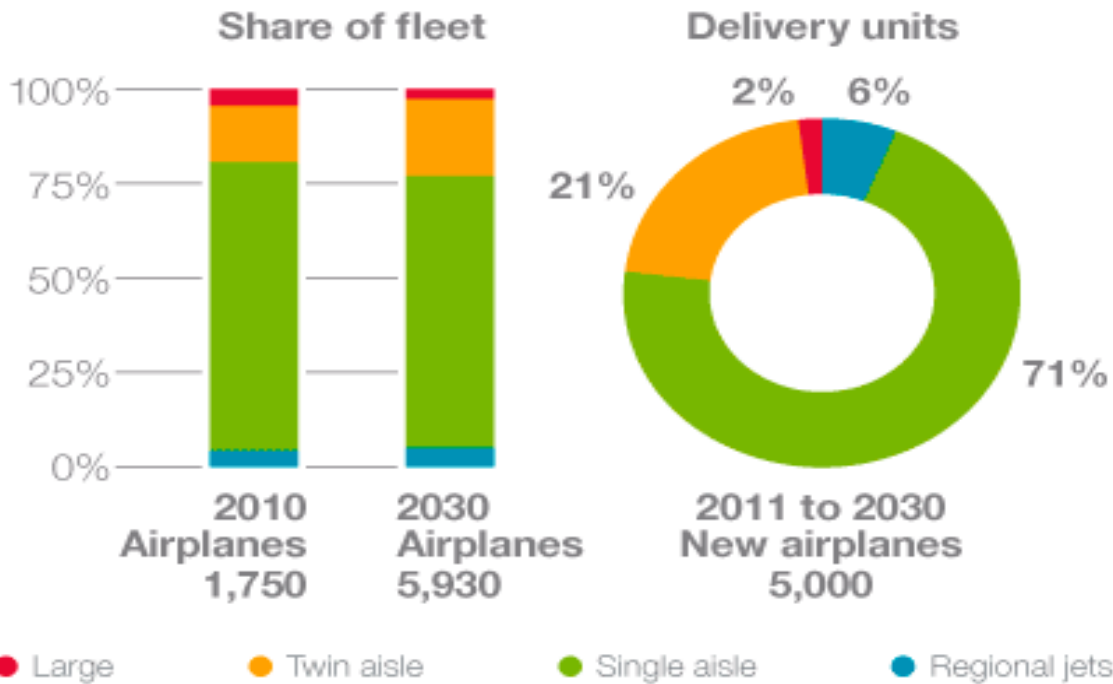
High Technology Working Group
Public-Private Sector Dialog
September 26, 2011



China Market Outlook

China

Market value: \$600 billion



Current Market Outlook
2011-2030





Boeing presence in China

- △ Boeing simulators
- Field service base, at airlines
- Training and technical support: Safety, flight, maintenance, technical, air traffic, regulatory
- Production
- Training, lean, quality support

Xi'an

- 737 vertical fin
- 747 trailing edge wing ribs
- 747 floor beams for mods
- 747-8 inboard flaps
- GE, P&W, RR—parts
- Boeing resident team

Chengdu

- 787 rudder
- 737 forward entry doors
- 737 over-wing exits
- 747-8 ailerons, spoilers
- 747-8 horizontal stabilizer subassemblies
- Boeing resident team
- GE, P&W—parts

Chongqing

- 747 aluminum forgings

Guanghan

- Civil Aviation Flying College
- 737 simulators donated by Boeing
- Pilot training
- Faculty development

Hong Kong

- Boeing Capital Corp.
- HK University of Science and Technology R&D
- Aviall Services Center
- Integrated Materials Management
- HAECO 747-400 COS Prog

Guiyang

- SNECMA—engine blades

Sanyuan

- 747 titanium forgings

Baoji

- Titanium

Langfang

- 737, 777 wire harnesses by Fokker—Elmo

Beijing

- Boeing China, Inc., Headquarters
- Boeing China Service Center
- Advanced air traffic systems
- China Distribution Center
- Airline support team
- Jeppesen Sales and Development
- US-China Aviation Cooperation Program
- Executive development programs
- Regulatory development
- Lean manufacturing, quality training
- Asian supplier conferences
- Tsinghua University R&D
- Boeing Technology Center
- Aviall Call Center

Harbin

- 787 wing-to-body fairing panels, vertical fin parts
- GE—parts

Qingdao

- Chinese Academy of Sciences—biofuels research

Shenyang

- 737 tail section
- 787 vertical fin leading edge
- GE, RR—parts

Tianjin

- Civil Aviation University
- Boeing virtual library
- 737 simulator donated by Boeing
- Maintenance training
- Jeppesen Pilot Training
- Boeing Tianjin Composite Co., Ltd.
- 737, 747, 767, 777, 787 composite panels, parts
- Goodrich, Fisher—parts

Nanjing

- SE University R&D

Suzhou

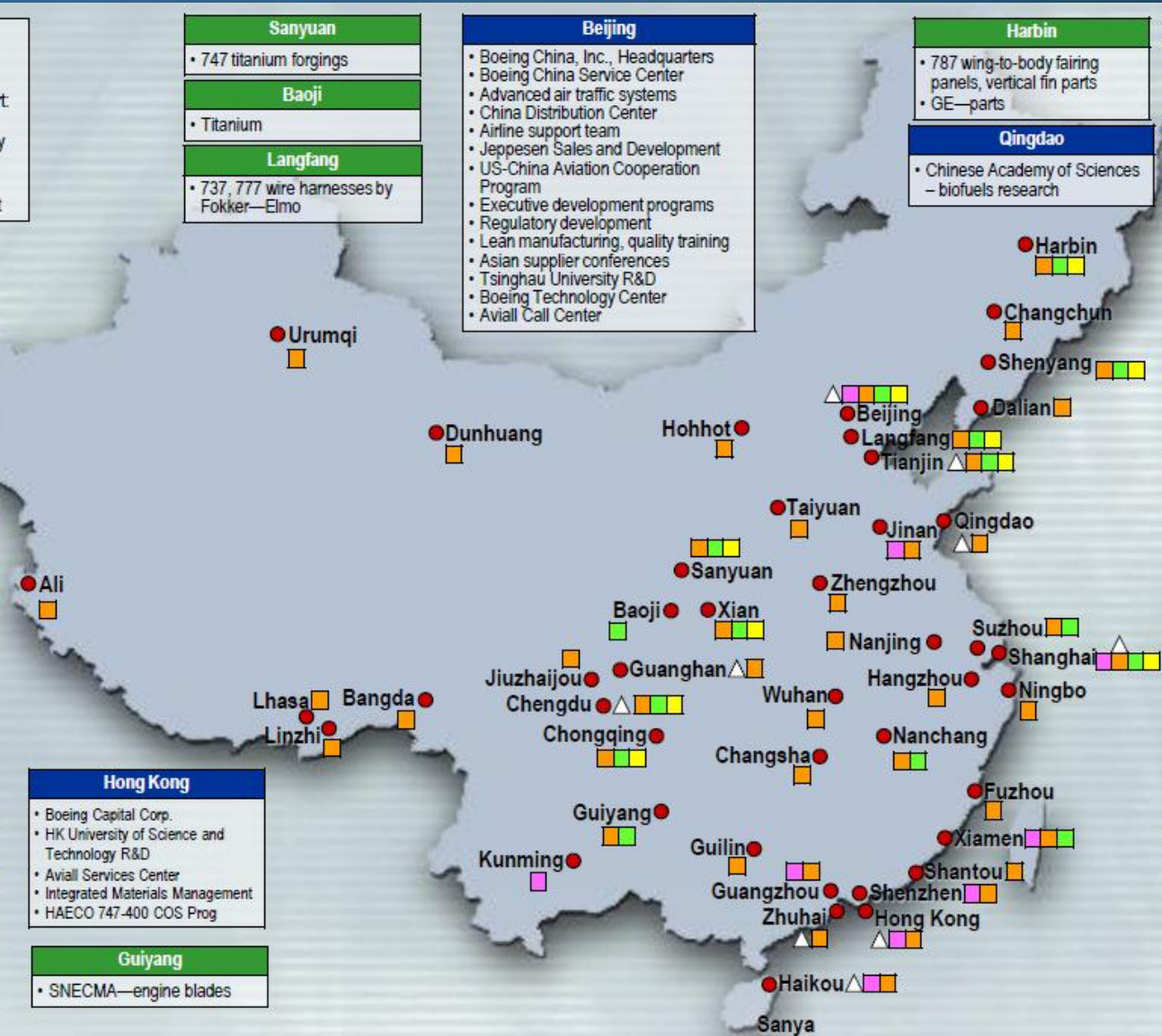
- GE, Primus, Smiths—parts

Shanghai

- 737 horizontal stabilizers
- Boeing resident team
- GE, Parker-Hannifan—parts
- Boeing Shanghai Aviation Services
- Flight Training Center (includes 787)
- Cytex engineered materials
- Airplane connectivity research with Shanghai Advanced Research Institute (SARI)
- 747-400 COS Program
- Aviall Call Center
- 777 Component Services Program

Xiamen

- 747 Boeing Converted Freighter
- TAECO JV, airplane modification, maintenance
- TALSCO LG Exchange Services
- Hamilton-Standard Qinling Aerospace—repair
- Integrated Materials Management





Commitment to Compliance

Global Trade Controls organization

- *Partner with customers for successful and compliant global trade business solutions, creating a competitive advantage for The Boeing Company*
 - **Aligned with business objectives**
 - **Over 250 employees worldwide**
 - **Focals in every business unit, as well as functions such as shipping and HR**
- **Compliance with U.S. and Chinese regulations**



Export Mechanisms

No license required

- Aircraft, parts (except certain spares licensable to all countries), operations technology, commercial parts production technology

License required

- Non-destructive test equipment, machine tools, related software and development technology

Validated End User authorization

- Boeing Tianjin Composites JV with AVIC
- 5-axis machines shipped to date



Opportunities and Challenges

U.S.

- Export control reform is an opportunity to modernize and clarify regulations to address:
 - control parameters not reflecting current technologies or foreign availability
 - vague definitions
 - interagency silos that do not promote coordination and communication
- Promote education of U.S. and Chinese industry of what requires licensing (little) and what does not (much)

China

- Education and Outreach