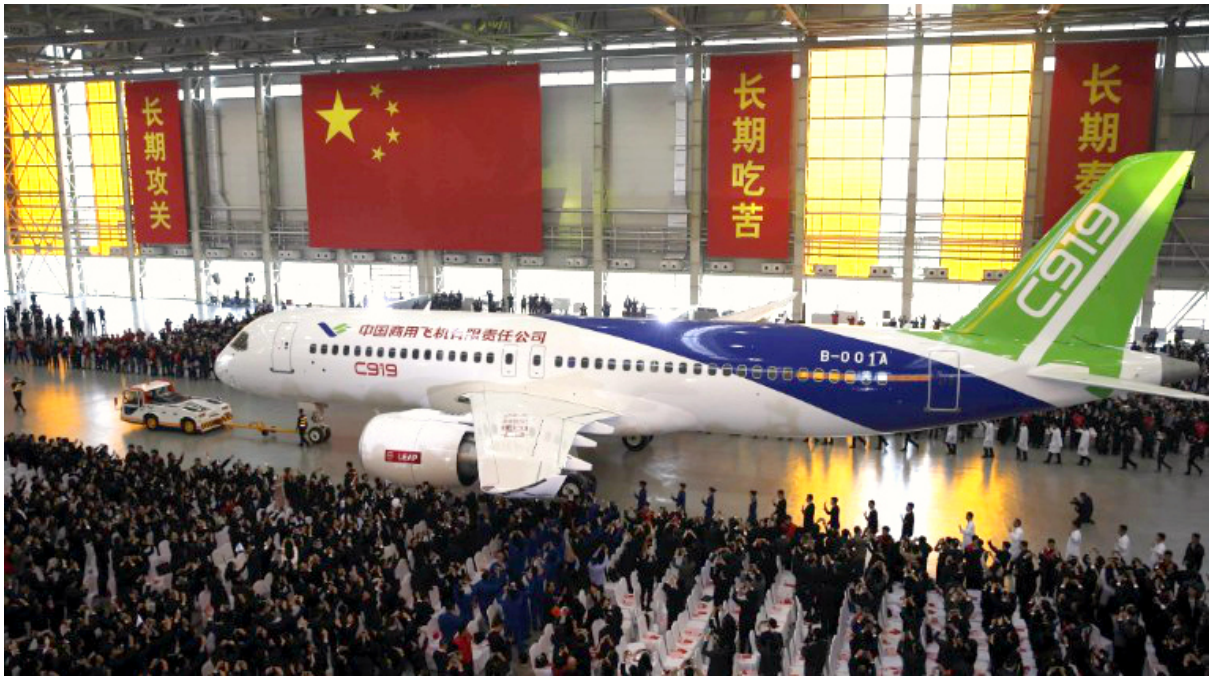
The Hidden Costs of Operating to China

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China has always been challenging to operate to. Handling rates are prohibitively expensive, half the country's airways are closed to foreign operators, and slots and parking at the major airports can often be impossible to obtain.

But often the most frustrating thing about operating to China is just trying to work out what all the different charges are for. If you receive a big bill post-flight from a company called Tong Da Air Service, unfortunately it's not a scam! These guys are the government-appointed agency in China who are responsible for collecting all the NAV fees for flights by foreign operators.

TONG DA AIR SERVICE

ADDRESS: B-7-D, FUHUA MANSION, NO.8 CHAOYANGMEN NORTH STREET,
DONGCHENG DISTRICT, BEIJING, CHINA
POSTCODE: 100027
TEL: +86 10 6554 6588/6388 FAX: +86 10 6554 6168
E-mail: tongda@tdas-intl.com

Dear Sir/Madam,

It is governmentally confirmed that the Tongda Air service is authorized by the Air Traffic Management Bureau of the General Administration of Civil Aviation of China to collect the en-route charge, the compensation charges and the service charge. And on Jan-01 2011, CAAC Settlement Center authorised Tongda Air Service to charge the Terminal Navigation Fee for all non-scheduled foreign civil aircraft.
Charges:

Invoice No. TDAS/******

It's important to know in advance what you will get charged here, as it's not totally clear without doing a bit of digging – and your handling agent will likely not include all these complicated fees when they provide you with handling quotes!

For NAV fees in China, you will always get charged for four separate things:

- En-Route Charge.
- Terminal Navigation Charge.
- Compensation Charge (the fee paid to the government for the permit)
- Service Charge (Tongda Air's charge for obtaining the permit)

Importantly…

En-Route Charge = **this is charged for each individual flight**

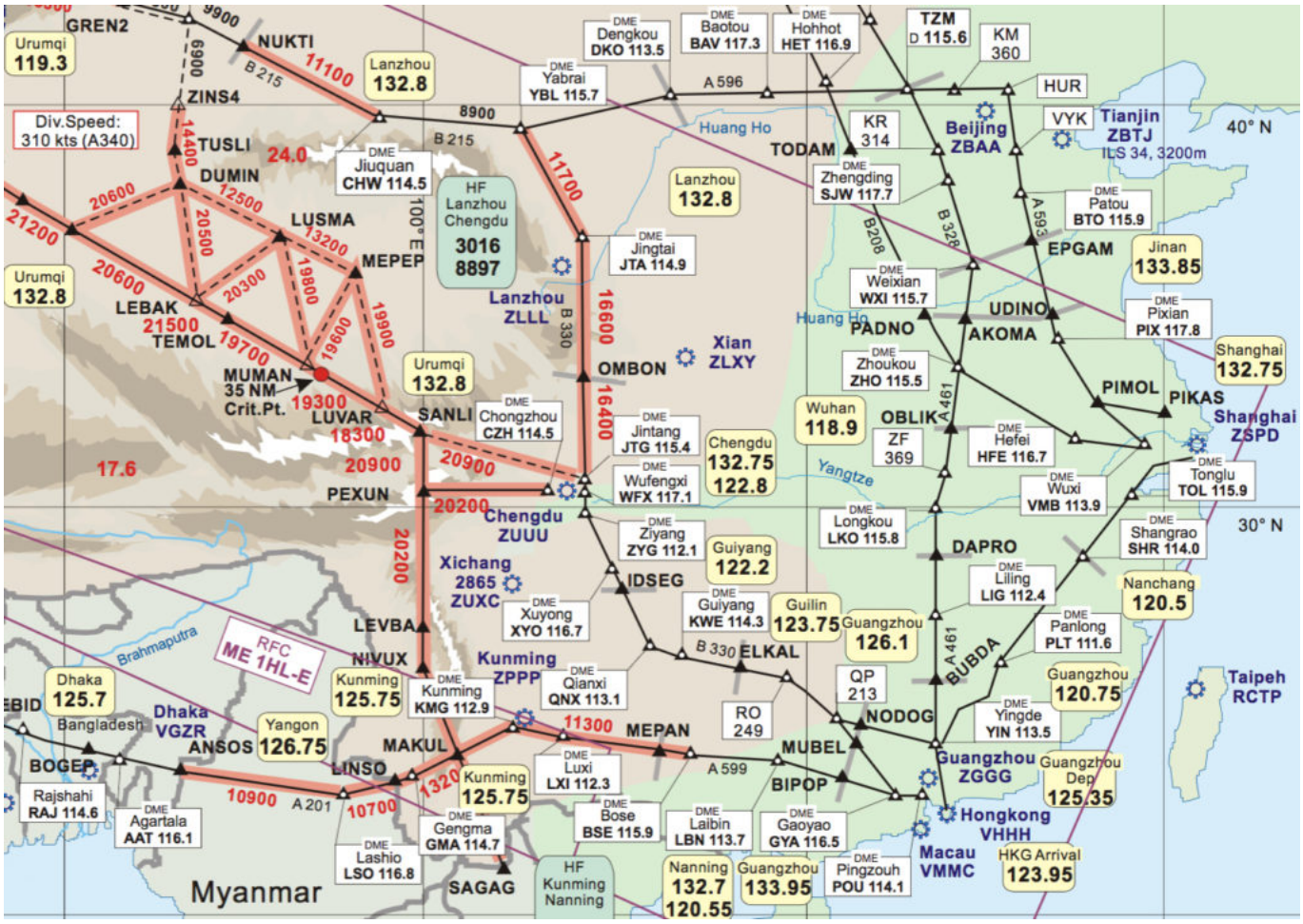
Terminal Navigation / Service Charge / Compensation Charge = **these are charged per permit,** and are always set costs.

So let's say you fly RKSS-ZBAA-RKSS: you will need to pay En-Route Charges for each sector, and one set of Terminal Navigation / Service / Compensation charges.

Similarly, if your routing involves multiple domestic flights within China, (eg. RKSS-ZBAA-ZBTJ-ZSPD-RKSS) you only need one permit to cover all those stops, which means you will only pay one set of Terminal Navigation / Service / Compensation charges. So far so good…

But let's say you fly something like RKSS-ZBAA-VHHH-ZGSD: on this routing you will effectively be

departing China when you go to VHHH, so you will need **two** permits – one for each stop in China (ZBAA and ZGSD). And because of this, you would need to pay **two** sets of Terminal Navigation / Service / Compensation charges!



So here's how you work out the 4 charges:

1. En-Route Charge

There's a very lengthy and complicated method of working this out, but the easiest thing to do is just use your flight-planning tool to tell you the answer. Most tools have this function – just make sure you click the button that says something like 'overflight costs' and find the section on the output of the flight plan that looks something like this:

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OVERFLIGHT CHARGE COSTINGS

COUNTRY/AGENCY          FIR   GCD AWY    FIR_COST  CUR        USD    X/RATE
CHINA                 ZBPE   237  278     1736.12  CNY     255.57     0.147
CHINA                 ZHWH   430  434     2712.22  CNY     399.26     0.147
CHINA                 ZGZU   435  447     2791.35  CNY     410.90     0.147
HONG KONG             VHHK    27   28        0.00  USD       0.00

TOTAL OVERFLT COSTING FOR ROUTE: MAN =                   1065.73 USD
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(Showing costs for a B737 operating from ZBAA/Beijing to VHHH/Hong Kong)

2. Terminal Navigation Charge

MTOW Charges (RMB Yuan)

Up to 25	990
26-50	1060
51-100	1060 + 21*(T-50)
101-200	1920 + 23*(T-100)
above 201	3820 + 27*(T-200)

T = the actual MTOW rounded up to the nearest tonne

So for example:
an aircraft with a MTOW of 60T = 1060 + 21*(60-50) = 1270RMB
an aircraft with a MTOW of 110T = 1920 + 23*(110-100) = 2150RMB
an aircraft with a MTOW of 210T = 3820 + 27*(210-200) = 4090RMB

3. Compensation Charge

This will always be $3000.

4. Service Charge:

This will be either $1200 for landing permit, or $500 for overflight permit.