

CLM Analysis  
 HD **China** National Aviation Fuel Seeks Investments in Europe  
 BY By ROBERT WALL  
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**China** National Aviation Fuel Group Corp. (CNAF.YY), **China**'s largest provider of jet fuel to airlines, is seeking investments in Europe amid a push to expand globally and become less reliant on its home carriers.

The **company** is ready to strike deals to gain access to a wider number of airports in Europe, Chairman Sun Li said in London.

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The **company** wants its **China** Aviation **Oil** (Singapore) Corp. (G92.SG) unit, that oversees the non-**China** activities, to boost its sales contribution to 40% by 2020 from 23% today, he said in inaugurating the **company**'s new European office.

**China** Aviation **Oil** has been betting that the growth of **Chinese** carriers abroad will drive expansion of its own foreign presence. The **company** last year operated at 30 airports outside its domestic market, up from only three in 2010. It supplies fuel at 180 airports in **China**.

"Investment is one of our core business goals," CAO Chief Executive Meng Fanqiu said. The **company** is seeking to acquire trading **operations** while also investing in airport refueling assets overseas.

CAO also wants to build jet fuel supply and trading ties beyond **Chinese** airlines. The target for the new European operation is to grow that customer base within a year.

The push overseas comes as **Chinese** aviation growth rates have moderated, although domestic capacity growth in March still grew 9.7% year-over-year, with traffic up 5.2%, according to the International Air Transport Association.

CAO, owned to 51% by **China** National Aviation Fuel Group, with BP PLC (BP, BP.LN) holding a 20% **stake** and the rest traded in Singapore, is considering setting up an office in Australia next year. The European operation also will serve as a hub to build ties into the Middle East, Mr. Meng said.

CAO, which also trades other **oil** products beyond jet fuel, saw first quarter sales this year rise 6.5% to \$4 **billion**. The **company** also is seeking to expand its non-jet fuel activities, with the gas **oil** activities also poised to grow in Europe.

As airlines explore the potential to use of bio-jet fuel amid a global push to curb carbon dioxide emissions, CAO said it would monitor how the market evolves and "seek market entry opportunities." Europe has been leading a push to expand emissions trading to airlines.

Write to Robert Wall at Robert.Wall@wsj.com

CO bp : BP PLC | cnafgc : China National Aviation Fuel Group Corporation | cnaosi : China Aviation Oil (Singapore) Corporation Limited | chain : Civil Aviation Administration of China  
 IN i13 : Crude Oil/Natural Gas | imark : Marketing | i1 : Energy | iadv : Advertising/Marketing/Public Relations | ibcs : Business/Consumer Services | i1300003 : Crude Petroleum Extraction | i14 : Petroleum/Coal Products | iextra : Natural Gas/Oil Extraction | iindstrls : Industrial Goods

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