New Challenges for China in Aircraft Financing

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Historical Review of Aircraft Financing in China

- Throughout the 1950s, all of China’s aircraft were purchased from the Soviet Union.
- In the 1960s, the British aircraft “Intuition” entered China.
- In 1973, China purchased 5 Boeing 707s, and 5 additional Boeing 707s in the years that followed.
Historical Review of Aircraft Financing in China

- Since the 1980s, large numbers of new types of aircraft which included Boeing series, Airbus series, and McDonnell-Douglas series increased rapidly in Chinese airlines.
Historical Review of Aircraft Financing in China

- Aircraft leasing in China emerged in the early 1980s
- China’s aircraft financing had been obtained in different countries and regions
- Aircraft leasing structures were normally designed and operated by foreign companies
The Development of the Chinese Financial Leasing Industry

- Domestic Chinese commercial banks and financial institutions have not been massively involved in China’s aircraft financing transactions.
- Since 2006, both domestic and foreign commercial banks have been approved to establish financial leasing companies in China.
The Development of the Chinese Financial Leasing Industry

- 5 Banks have been approved to set up financial leasing companies
- A number of leasing companies with aviation enterprise background have been set up
The Development of the Chinese Financial Leasing Industry

- The China Development Bank will inject over 7 billion yuan into the Shenzhen Financial Leasing Co., Ltd.

- Bank of China has paid 965 million U.S. dollars in cash to wholly own the Singapore Aircraft Leasing Enterprise and renamed it BOC Aviation.
The Proposed China Financial Leasing Law

- The absence of a specific financial leasing law
- The Supervision of the financial leasing industry
- Taxation
Thank You