

**Passing of the torch in aviation financing
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(Translated by Calyon)

Dominated by the United States starting in the 1960s, followed by Japan in the early 1990s, the aviation financing market has largely been controlled by European and Chinese banks in the past decade.

- **1960s – 1980s: U.S. banks lead the way**

At the time, the U.S. banks' dominant position in aviation financing reflected the dynamic growth of the U.S. aviation industry, as Boeing, McDonnell Douglas and Lockheed Martin were the world's leading aircraft manufacturers.

This year celebrating the 40th anniversary of its first aviation program, Airbus had not yet been created. The company was initially founded in 1969 through an agreement signed by French president Charles De Gaulle and German chancellor Konrad Adenauer, but it did not sell its first plane, the Airbus A300, to Korean Air, until 1975. At the time, Calyon's predecessor company financed this first European export credit. Compared with the giant Boeing, however, Airbus remained a small-time player.

- **1980 - 1990: the Japanese take the leading role**

The Japanese banks' rise to prominence in aviation financing in the 1980s coincided with Japan's rise in the global economy and, more generally, that of Southeast Asia's new economic dragons. These Asian companies introduced new working methods such as Toyotism in the automotive industry and innovative consumer electronic products such as the Sony Walkman, which were exported to Europe and the United States.

The economic boom led to one in air transportation and the birth of new carriers eager to purchase new aircraft.

- **1990-2009: the Europeans and Chinese play a greater role**

The 1990s and 2000s saw a shuffling of the deck among the global players. The torch was passed to European and Chinese banks in aviation financing. This change reflected the industry's new organization and the emergence of China as a global economic giant.

Airbus, which had developed several aircraft product lines (the A320, A330-340 families) and began working on its A380 super jumbo jet, was for several years neck and neck with Boeing, the last of the U.S. manufacturers.

Lockheed exited the civil aviation sector to focus on defense, and McDonnell was acquired by Boeing. Meanwhile, Airbus climbed to new heights, seizing market leadership from Boeing in 2005 and launching the A380, the European successor to the B747.

Meanwhile, Europe also saw the emergence of low-cost carriers such as Ryanair and EasyJet. These companies broke into the tightly controlled air transportation market and invented a new business model. Moreover, Air France, which had long been considered a

weakening in air transportation, made a vigorous comeback. Through its acquisition of the Dutch carrier KLM in 2003, it established the world's largest air transportation company.

During this period, the U.S. carriers began losing altitude, as they were less able than their European and Asian counterparts to rebound from the air transportation crisis following the 2001 terrorist attacks in the United States. They were further buffeted by the 2008 economic crisis, and most filed for Chapter 11 bankruptcy protection. Since these carriers are on shakier financial ground and have older aircraft fleets, some will have a hard time bouncing back and could disappear altogether.

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