NEW REPORT: Chinese Investment in U.S. Aviation


Timeline of Chinese Investment in U.S. Aviation

![Timeline of Chinese Investment in U.S. Aviation](image)

Key Findings:

- China uses a whole-of-government approach, devoting significant financial and personnel resources, to create a globally competitive aviation industry. Strengthening its commercial aviation industry broadly supports Chinese military aviation in general terms (e.g., larger talent pool, scales of efficiency, greater supply chain options). However, not all commercial aviation technology is transferable to military aviation because some civil technology does not include specific military needs such as stealth, advanced forms of radar, and supersonic engines.

- Over the past decade, Chinese investment in U.S. aviation has led to 12 mergers and acquisitions, 3 joint ventures, 5 additional agreements, and 4 failed deals. These transactions have grown in scope and quantity but are limited to smaller general aviation companies with technology not particularly relevant to commercial or military aircraft. The main benefits would be on the business-process side, such as international marketing, achieving Federal Aviation Administration safety certifications, and product support.
While China’s policies and tariffs on aircraft may compel domestic airlines to purchase and operate them, in the near term U.S. competitiveness is unlikely to be threatened because China’s large commercial aircraft—the C919—may face further production delays and operate less efficiently than existing aircraft. As Chinese aircraft improves efficiency and achieves U.S. or European certification, the competitiveness of U.S. aircraft could be negatively affected first within China, and then abroad.

C919-related joint ventures between foreign companies and the Commercial Aircraft Corporation of China (COMAC)—particularly the transfer of engine or avionics technology—and future Chinese large commercial aircraft designs, such as wide-body aircraft co-development with the Russians, raise concerns.

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