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**RESEARCH:**

**DIAMOND AIRCRAFT  
OWNERSHIP SHIFTS FROM  
EUROPE TO ASIA.**



# Research: Diamond Aircraft ownership shifts from Europe to Asia.

Diamond Aircraft, the manufacturer of the Diamond DM-40, has been purchased by Wanfeng Aviation, a major player in China's general aviation sector. This acquisition comes after Wanfeng Aviation acquired a 60% stake in Diamond Canada just a year ago, marking a substantial change in the general aviation industry.

Diamond Aircraft has been at the forefront of technological innovation in the general aviation sector, introducing groundbreaking concepts to an industry that has seen limited technological progress over the last fifty years. They have pioneered advancements such as composite design, synthetic vision displays, and diesel engines, setting new standards for forward-thinking in aviation.

Seen as a strategic business decision, Diamond has faced challenges in securing adequate financial resources to fully support its ambitious development goals. Wanfeng's acquisition provides the necessary momentum to advance these initiatives, facilitating the creation of cutting-edge aircraft for the general aviation sector, which has been grappling with technological stagnation.

Christian Dries, the departing CEO of Diamond, emphasized the significance of the acquisition on December 23rd, stating, "Diamond is my life's work. To ensure a prosperous long-term future, finding the right partner was crucial. Wanfeng, under the leadership of Mr. Bin Chen, shares my vision for the future of general aviation, investing strategically with a long-term outlook and possessing the resources to make this vision a reality. With our successful partnership in Diamond Canada over the past year, I am confident that Diamond is in capable hands."

The acquisition is seen as expected within the aviation sector, considering China's position as the largest and most rapidly expanding market globally. Diamond, renowned for its DA-40 primary training aircraft, is well-positioned to satisfy the increasing demand in China. The country experiences annual aviation growth rates of around 15% and is home to one-seventh of the world's population. Meeting this growing demand for light aircraft is critical to address the expanding market needs in China.

The acquisition of general aviation assets by Chinese entities began early in the 21st century, as reported by the Rand Corporation. Examples include the purchase of Brantly Helicopter in 2007, initially garnering minimal interest due to Brantly's perceived inactivity in the aviation sector. However, the acquisition of Teledyne by the Aviation Industry Corporation of China (AVIC) attracted greater attention. AVIC, boasting nearly half a million employees and ranking 162nd in the Fortune Global 500, represents a significant presence despite being less than a decade old. Its status as a state-owned holdings corporation underscores its substantial influence in the global aviation industry.

The timeline of acquisitions in the general aviation industry reveals a methodical expansion. AVIC and China Aviation Industry General Aircraft (CAIGA) acquired Cirrus Aircraft in 2011,

and Zhuhai Hanxing General Aviation Company, Limited purchased Tom Hamilton's Glasair Aviation, continuing this trend. The purchase of Mooney International Corporation by Henen Meijing Group, a Chinese real estate mogul, is notable due to Mooney's esteemed status in the industry despite ongoing financial challenges.

Chinese acquisitions and mergers in the aviation sector often coincide with economic downturns in the U.S. General aviation, seen as a luxury in the West, tends to be considered discretionary during economic declines. For example, private aircraft ownership may be sacrificed when individuals face financial challenges like mortgage payments. According to the Rand Corporation, many significant Chinese investments in U.S. industries align with the housing crisis and subsequent economic downturn around 2009. Western investors, constrained by limited capital during this period, were hesitant to invest in industries with uncertain returns, including aviation.

In contrast, Chinese investors saw an opportunity to acquire struggling industries, with aviation being particularly attractive. With economic interests spanning the Pacific Rim, aviation became strategically important for China. By purchasing established American manufacturers and funding their operations with Chinese capital, China secured market dominance from a distance. This strategy allowed China to benefit from Western sales while maintaining exclusive access to the product. Although Diamond will continue selling to Western customers, China now holds exclusive access to the product line and production.

The current state of general aviation reflects decades of stringent regulation that have hindered technological progress. While pilots carry advanced computers aboard space shuttles, they often rely on outdated 'steam gauges' for aircraft instrumentation, despite the availability of smartphone software for synthetic vision and precise navigation. Aircraft engines also lag far behind automotive counterparts in terms of technological advancement.

Amid these challenges, China has shown a keen interest in acquiring struggling aviation companies. However, such acquisitions often come with conditions and expectations attached.