



Dubai Hosts 1st Middle East Seminar on the Cape Town Convention

- Unique global treaty on aircraft financing and leasing is attracting investors, helping create new global financing structures
- 50-plus nations have ratified Cape Town, reducing investor risks, widening economic benefits for stakeholders

DUBAI, Nov. 14, 2014 – In less than ten years, the unique global treaty on leasing and financing of commercial aircraft known as the Cape Town Convention has become the centerpiece of international aircraft trading and a driving force in attracting aircraft investment, aviation industry leaders reported here today.

The treaty's progress was noted by the non-profit Aviation Working Group (AWG) at its first Middle East regional seminar on the Convention, endorsed by the General Civil Aviation Authority (GCAA) of the United Arab Emirate.

The meeting's audience of airline, government and industry representatives focused on discussing ways to assess and advance the ratification of this important treaty, which came into effect in 2006.

"Cape Town is among the most successful commercial law treaties ever and is fundamentally shaping the nature of transactions around the globe," said Jeffrey Wool, the AWG's secretary general.

The treaty itself has two elements – the Convention, which deals in general with commercial transactions involving mobile assets, and the Aircraft Protocol, which relates specifically to aircraft.

In essence, Cape Town creates a framework that expands the sources for aircraft financing and reduces costs by minimizing legal risks in ratifying countries.

GCAA Deputy Director General Omar Bin Ghaleb said the treaty represents the best of what industry interests and governments can jointly accomplish.

"Cape Town is driven by the commercial objective of facilitating global asset-based finance. That objective has been met, and more countries will benefit as they ratify it. Today's event is another example of the close cooperation between government and industry needed to continue to develop the Cape Town treaty system."

To date, 53 nations, including the U.S., China, Russia, Brazil and India have ratified Cape Town.

The Dubai participants shared experiences from ratifying countries and encouraged in-process nations to complete their ratifications and implementation in order to realize treaty benefits.

“Cape Town now covers over half the world’s aircraft transactions. This strong base has allowed it to prove its merits and gives us confidence that its value to aircraft investors is significant and enduring,” said Scott Scherer, AWG co-chairman and vice president for Boeing Capital Corporation.

The Middle East has been particularly receptive to the treaty. It has been ratified by Saudi Arabia, the UAE, Bahrain, Jordan, Oman, Pakistan, Afghanistan, Turkey and, just last week, Kuwait.

“The central role the Middle East plays in international civil aviation fully justifies the importance of the treaty in the region”, said Claude Brandes, AWG co-chairman and Airbus vice president for customer financing.

In reviewing the treaty’s economic benefits, the AWG pointed to Cape Town’s role in developing new financing sources – for example, aircraft-backed bond offering traded in the capital markets - enabled by increased lender protections made available under the treaty’s umbrella.

“In 2013, international capital-markets transactions involving new and used aircraft clearly have taken off, and Cape Town’s protections tie directly into the requirements for these structures, including those of the rating agencies,” said AWG Secretary General Wool.

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