

## Ukraine Crisis: Air Lease Corporation To Write Off Over \$800 Million in Aircraft Stuck in Russia

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**LONDON** – According to [Airlinsight](#), Air Lease Corporation (ALC) will write off over \$800 million in aircraft assets that are currently stuck in Russia.

It is understood that the \$802.4 million figure represents 21 owned and six managed aircraft.

Such aircraft belong to non-state-owned carriers in Russia, but in the light of such aircraft being nationalized, this does come as no surprise.

## ALC's Statement...

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In a statement, ALC said the following on the write-off:

"In response to the sanctions (on Russia), the Company terminated the leasing of all aircraft leased to Russian airlines."

"The Company has determined that it is unlikely that the Company will retain possession of the aircraft that have not been returned and that remain in Russia".

"The Company does not expect that the write-off of these assets will result in material future cash expenditures for the Company."

ALC also added that it is pursuing insurance claims on a vigorous basis.

## Similar Situation to AerCap...

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Unsurprisingly, ALC has undergone the same actions that competitor AerCap has done, [with the leasing giant filing a \\$3.5bn insurance claim for aircraft stuck or stolen in Russia back in March](#).

At this stage, it seems that AerCap has taken more of a hit than ALC regarding those aircraft, but the situation still remains the same.

It is also unclear whether both companies will have the insurance claims accepted or not, especially with the Ukraine Crisis potentially being labeled as "an act of God" because of how unlikely it would be on an everyday basis.

However, with [Russian aircraft manufacturers beginning aircraft production to replace such Boeing & Airbus aircraft](#), the return of the leased jets could be a lot sooner than we think.

## A "Return to Lessor" Could Still Happen...

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The United Aircraft Corporation (UAC) has begun production of 20 Tupolev TU-214 aircraft as part of a production program that will replace Boeing & Airbus aircraft.

According to UAC's CEO, Yuri Slyusar, production is going to scale up substantially:

"We are to scale up [serial production] shortly. We have already started production of twenty Tu-214 airplanes", the CEO said to TASS.

It is understood that the TU-214 program in particular has been set up to last the next couple of years.

Slyusar also added that it aims to increase the production rate for the Ilyushin IL-96 long-haul aircraft as well as for the IL-76 transport jet.

With Russia looking to replace Western-manufactured aircraft with their own, this is another indication of the dire straits Russia finds with the West politically.

Even so, the only reason that UAC would ramp up production is that Russian carriers are looking to get rid of such Western aircraft as a political move.

Because, otherwise, this sort of motion wouldn't make sense.

Three weeks ago, [President Putin signed into law that all leased aircraft belong to Russian carriers](#), in a massive nationalization-based move.

This was of course based on the [leasing companies in the West being on the brink of losing up to \\$10bn worth of assets](#).

## Overall...

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The question should be not if the lessors will get the aircraft back, but when.

Evidence that substantiates this view is through the idea that Russia will eventually become dependent on its own-built aircraft rather than relying on the U.S & Europe for its aircraft choices.

From a purely cynical perspective, the insurance companies may not accept the claims, especially if there is a small chance that these aircraft would be returned.

But of course, this is all dependent on how far the Ukraine Crisis will go. Once we see the end, then maybe we see the return of these aircraft eventually.

### About the author



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James is a passionate AvGeek based in Manchester, U.K who has been actively spotting for years. James is the Editor-in-Chief for the company.

