



Economy / China Economy

China's local government debt woes ground ambitions of regional airlines as overdue subsidies mount up

- Regional carrier Joy Air has filed three lawsuits since the start of the year against three local governments, with two concerning overdue subsidies
- Local governments named in Joy Air's lawsuits among the most indebted in China

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While China's aviation market is one of the fastest growing in the world, a series of lawsuits against local governments and local-government backed entities this year over millions of yuan worth of overdue subsidies have dampened the ambitions of its regional airlines.

Domestic tourism has been a [bright spot for China's economy](#) this year, but smaller regional airlines have yet to benefit, while they are also facing increasing competition from the sprawling high-speed railway network.

"The importance of regional aviation cannot be neglected as it connects communities across various city pairs, but with rapid growth of high-speed railway across China, this does pose a threat to regional airlines," said Mayur Patel, head of Asia at OAG Aviation.

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