Boeing Projects China Will Surpass All Other Aviation Markets Except the United States

China will continue its rapid aviation development in the 21st century and will eclipse all other aviation markets except the United States, Gordon McHenry, Jr., Boeing Commercial Airplanes Group Marketing director told reporters in a press briefing held here today.

China's growing aviation industry will require 1,790 airplanes, or $137 billion in delivery dollars - including freighters - in the next 20 years.

"The largest requirement, nearly 70 percent, will be for single-aisle airplanes (including regional jets), such as 757s, 737s, and 717s, that will serve domestic and short-range international markets from China regional gateway cities," McHenry said. "Twenty-six percent will be for intermediate twin-aisle airplanes such as 777s and 767s, that will provide most of China's international service and serve large domestic markets. Only about six percent will be for the 747 and larger airplanes that will serve the largest transpacific and Asia-Europe markets and the most congested intra-Asia routes."

The annual forecast is based on the Boeing Current Market Outlook and its supplement, The China Forecast, covering the next 20 years from 2000 through 2019. For more than 30 years, the report has been acknowledged as the leading industry forecast of worldwide air travel growth and new-airplane demand.

McHenry said Boeing's fleet-mix forecast focuses on the evolution of airline service from the regulated era to today's more liberalized competitive environment and the specific type of routes passengers want to fly.

"While world air travel is forecast to average 4.8 percent growth per year, China's domestic market will grow at an average rate over the 20-year period that will exceed nine percent, which is higher than any other nation," McHenry said. "Nearly 80 percent of China's total, or 1,400 airplanes, will serve the Chinese domestic market."

McHenry said as network development leads to more service among existing cities. As new cities are added to the network, more airlines will serve more cities. In addition, increased flight frequencies will enhance service levels in existing city pairs.

"Internationally, we see the Intra-Asia market as China's fastest growing international market," McHenry said. "Airlines are projected to rely heavily on the single-aisle and 777-size airplanes to accommodate growth in this market to meet passenger demand for nonstop flights and service between more cities."

Flights in the China-European market will quadruple in the next 20 years. To meet the requirements for the expanding China-Europe market, in the next 20 years, 777-size airplanes will increase nine-fold.

By 2019, weekly flights in the China-North America market are forecast to grow more than five times. Larger intermediate twin-aisle, or 777-size, airplanes will be the favored airplane to accommodate the rapid growth in this market.

World Fleet Forecast

Boeing estimates the world fleet will be 31,755 jets by 2019 - more than double that of today - with two-thirds of the airplanes currently in service projected to be operating at the end of the forecast period. Additionally, the outlook estimates that 22,315 new airplanes will enter service to accommodate growth and replace airplanes that will be removed from service.

Of the $1.5 trillion Boeing projects airlines will invest in new commercial airplanes during the next 20 years, about 54 percent will be for twin-aisle airplanes. Intermediate-size twin-aisle airplanes will be the fastest growing segment of the market. In terms of investment requirements, the market for 747-size and larger jets represents 13 percent of the industry's total investment in new airplanes. Single-aisle airplanes, including regional jets, represent about 46 percent of future airplane investments.

Europe and North America will have lower growth rates, although those regions will continue to take the most airplane deliveries. Asian economies will once more experience above-average traffic growth, as deliveries to airlines in this region will increase. The Asia-Pacific region will require 34 percent of the world's airplane investment. Latin America, also recovering from an economic crisis, will experience some of the world's fastest traffic growth.

McHenry said Boeing is encouraged by the projected growth and the opportunities it represents for the complete Boeing product line -- especially in the long-range airplane market.

"Our new Longer-Range 777s and the 747X family are the perfect solutions for fragmenting, long-range markets around the world, especially in the North Pacific and Asia-Europe markets," he said. "The 777 family continues to reshape air travel, and our two new models will provide airlines with even more flexibility.

"The 747X family will build on the market success and superior economics of the 747-400, as the best choice for high-density,

long-range markets. It complements the capabilities of the 777 and the current 747-400 to satisfy the long-range marketplace."

Aviation Services Forecast

Boeing has expanded its annual market forecast this year to include the aviation services airlines need for efficient fleet operations. The total market - services plus future new airplane deliveries - is estimated to be worth more than $4 trillion over the next 20 years, according to the forecast.

"The shift from a regulated to liberalized market has increased competition among airlines and is forcing them to operate at much higher levels of efficiency to remain profitable," McHenry said. "As a result, airlines are more interested in total lifecycle costs. They are redefining their business models and looking for ways to reduce their overall operating costs by either outsourcing non-core capabilities or diversifying to bring in revenue."

Boeing estimates that the commercial aviation support services market will be worth $2.7 trillion over the next 20 years, with annual revenues considerably more than that for the new airplane market.

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