Boeing 20-Year Forecast Sees Strength in Air Cargo

Despite the worst decline in modern history of the air cargo industry last year, Boeing [NYSE: BA] projects that world air cargo traffic will expand at an average of 6.4 percent during the next two decades. The projection is a key conclusion reported in the Boeing World Air Cargo Forecast 2002/2003, which debuted today at International Air Cargo Forum and Exposition 2002 at the Hong Kong Convention and Exhibition Centre.

"Signs of recovery have emerged during the first half of 2002, signaling a reversal of the effects of the economic slowdown that began in late 2000 and the Sept. 11 attacks," said Kent Fisher, Boeing Commercial Airplanes vice president -- Marketing. "Asian air cargo markets will continue to lead the world in average annual growth rates."

Fisher introduced the World Air Cargo Forecast at the Air Cargo Forum, a biennial meeting hosted by The International Air Cargo Association. The Boeing report is widely acknowledged as the leading industry forecast of worldwide air cargo traffic growth and freighter aircraft demand.

Even prior to Sept. 11 last year, the air cargo industry was in a state of recession, Fisher noted, due to an overall U.S. slowdown that began in late 2000, coupled with a similar downturn in Europe and the reduction of information technology/high-tech equipment sales. The situation was compounded by Sept. 11 events and the resulting increased security costs for air logistics.

World air cargo traffic decreased by 5.9 percent during 2001, after a robust 7.1 percent growth in 2000. Boeing anticipates modest growth in the low single digits for the full year 2002.

World air cargo traffic is expected to triple during the 20-year forecast period, and the world freighter fleet will increase from 1,775 to 3,078 airplanes, with the greatest growth in widebody freighters.

Fisher said that the industry is projected to add 2,531 freighter airplanes during the 20-year period, including 1,228 airplanes for retirements and 1,303 for growth. More than 70 percent of the freighters entering the fleet will come from passenger/combi-to-freighter modifications, and 681 will be new production freighters.

"An important addition to this year's forecast, for the first time, is the inclusion of quantitative data for domestic China, which will be the fastest growing market in the world, averaging 10.3 percent growth per year," Fisher said. "Although we expected to see a lower world growth rate than indicated in our forecast from two years ago, the inclusion of China's strong trends, as well as the reduced business base in our 2001 starting year, results in an overall growth rate that is equivalent to our earlier projection."

All previous world cargo forecasts, from all sources, have included only qualitative information on the China market.

Compared to the world average annual growth rate of 6.4 percent per year, intra-Asia will average 8.4 percent, North America-Asia will average 7.5 percent and Europe-Asia will average 7 percent. The more mature markets of North America and intra-Europe and routes linking Europe to Southwest Asia, the Middle East and Africa will experience below-average world growth rates.

Fisher noted that Boeing airplanes will continue to comprise a significant majority of the additions to the world air cargo fleet. In addition to producing the only complete line of new production freighters, more than 70 percent of the existing world jetliner fleet consists of Boeing airplanes, including the models built in Long Beach, Calif.

The greatest increase in the world air cargo fleet will be in widebody airplanes, models such as the Boeing 747, 767, MD-11 and DC-10. This airplane category ultimately will represent nearly 60 percent of the fleet, compared with 39 percent today, and more than 90 percent of total freighter capacity, compared with about 75 percent today.

Boeing has published the World Air Cargo Forecast as a standalone document since 1986.

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