Boeing Forecasts Continuous Growth for China's Aviation Market

The Boeing Company [NYSE:BA] released its 2002 China Current Market Outlook (CMO) at the 4th China International Aviation & Aerospace Exhibitiontoday, noting a forecast of more than 1,900 new jet airplanes worth $165 billion in China for the next 20 years.

China's air traffic market is growing at 7.6 percent annually and is expected to be the largest commercial aviation market outside the United States over the next 20 years.

The domestic air traffic market in China will grow at an average annual rate of 9 percent. China's carriers are projected to add about 1,550 new airplanes to serve domestic markets, including Hong Kong and Macau, accounting for 81 percent of China's new airplanes. Single-aisle jetliners like the Boeing 717, 737 and 757 models, together with regional jets, will account for 77 percent of the airplanes delivered for the domestic market - a total of about 1,200 airplanes.

The China to Northeast Asia (Japan and South Korea) market, expected to grow at 7.1 percent, will be the fastest growing of the China-related international markets. The China to North America market is predicted to grow at 6.1 percent, while China to Europe will grow at 5.4 percent. Beijing, Shanghai, Guangzhou, Hong Kong and other large provincial cities are projected to have increased non-stop flights connecting to several major European and American cities.

"In today's competitive marketplace, passengers are asking for comfortable, low-fare, convenient flights with more frequency choices," said Randy Baseler, vice president of Marketing - Boeing Commercial Airplanes. "They want flights to be as short as possible, and they prefer non-stop service."

"The continuing evolution of the air transportation markets, coupled with a wide range of airplane sizes with intercontinental range capabilities, are allowing passenger needs to be a key factor in shaping airline networks. Airlines can take advantage of a whole family of Boeing products that can be well matched to demand on any given flight segment."

The 20-year Gross Domestic Product (GDP) forecast for China is for an average annual increase of 5.9 percent -- the highest in the world. Citing high GDP growth rates as a key driver in domestic traffic, Baseler noted that China's fleet is expected to increase by a factor greater than three-fold in the next 20 years. Total fleet size in 2021 is estimated at 2,320 units, compared with 636 airplanes in 2001. In the Asia-Pacific market, China domestic carriers will outpace foreign carriers in the growth of frequencies in the next 20 years.

China currently is the second largest domestic air cargo market after the United States, at 1.3 million metric tons moved annually, and air cargo within China is expected to grow 10.3 percent annually for the 20-year forecast period. International air trade linked to China will a key driver in the world's overall air cargo traffic growth. The intra-Asia air trade will expand by 8.4 percent annually through 2021, exceeding the Asia-North America and Asia-Europe markets, growing on average at 7.5 percent and 7 percent per year, respectively, for the same timeframe.

"China is one of the key commercial aviation markets for The Boeing Company," said Fred Howard, president - Boeing China. "This year marks the 30th anniversary of Boeing working together with the Chinese aviation industry, and we are proud to have been a long-term, trusted partner in meeting China's aviation needs. Boeing is committed to building on our mutually beneficial partnership that has been the hallmark of the past 30 years and is the foundation that has enabled Boeing to be China's preferred aviation solutions provider."

Boeing estimates the world fleet will double to almost 33,000 jets by 2021 and that airlines will invest $1.8 trillion in new commercial airplanes, which equates to about 24,000 airplane deliveries through the next 20 years.

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For further information:
Qiu, Laura
+86 010-65392299 ext. 1063
Li, Jessie
+86 010-65392299 ext. 1064