Boeing Forecasts Continuous Growth for Latin American Aviation Market

The Boeing Company released its 2002 Current Market Outlook (CMO) for Latin America today, forecasting a requirement in Latin America and the Caribbean for more than 2,100 new jet airplanes worth $107 billion over the next 20 years.

Latin America's intra-regional air traffic market will grow at an average rate of 7.9 percent annually -- one of the fastest growth rates in the world. Within the South American continent alone, air traffic will grow even faster at 8.5 percent annually. Traffic between North America and South America will see robust growth at 6.2 percent. Latin America-Europe traffic will also experience solid growth at 4.9 percent. The world average for air traffic growth will be 4.9 percent.

Single-aisle jetliners such as the Boeing 717, 737 and 757 models will account for 71 percent of the Latin American market. Regional jets will account for 21 percent, while twin-aisle airplanes smaller than the 747 represent just 8 percent.

At 39 percent and 20 percent respectively, Brazil and Mexico represent the majority of the market. The rest of Latin America and the Caribbean represent the remaining 41 percent.

Brazil is expected to purchase 800 airplanes worth $41 billion, while Mexico will need nearly 430 airplanes worth $24 billion.

Argentina will invest $10-15 billion in new airplanes and Chile will invest $5-10 million. Smaller markets including Colombia, Costa Rica, Cuba, El Salvador, Jamaica, Panama, Peru, Trinidad, Tobago and Venezuela are forecasted to need between 10 to 80 new airplanes each over the next 20 years, representing investments anywhere between $1 billion to $5 billion.

"Economic growth, liberalization and technological innovation are the three fundamental drivers behind air travel," said Drew Magill, director of Marketing for The Americas, Boeing Commercial Airplanes.

"While economic growth for the region is expected to grow at a modest 2 percent over the next five years, the outlook thereafter is much brighter, with an annual growth rate of 4.1 percent," Magill said. "Economic growth will be driven largely by population growth and productivity increases resulting from economic reform and competitive global economic policies."

Liberalization in the airline industry also will lead to greater demand for new airplanes. Latin American governments by and large have taken many initial steps toward liberalization, with most of the region's carriers already privatized. The next step is international air service agreements and alliances. For instance, there are a dozen open-skies agreements between the United States and Latin American countries. A trend toward alliances, Alianza Summa in Colombia being a prime example, also will help airlines operate more efficiently.

Enhanced airplane capabilities will be a factor in increasing air travel. Technology allows airlines to fly more places non-stop, and to fly them at a lower cost. GOL Airlines in Brazil is one example of an airline exploiting the advanced capabilities and related cost-efficiencies of the Boeing Next-Generation 737 to reduce fares and offer air travel to many Brazilians who never before could afford to fly. 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.

###

For further information:
Mike Tull
206-853-8760
Trish York
206-662-5052