Boeing Forecasts Continued Strength in Air Cargo Traffic

The Boeing Company [NYSE: BA] said that world air cargo growth is expected to expand at an average annual rate of 6.1 percent during the next two decades, with a three-fold increase in worldwide air freight.

The information is included in Boeing's World Air Cargo Forecast 2006/2007, released today at the International Air Cargo Forum and Exposition 2006. Boeing has published the World Air Cargo Forecast, widely acknowledged as the definitive industry forecast of worldwide air cargo traffic growth and freighter aircraft demand, as an individual report since 1986. The new forecast is available here.

"Air cargo markets linked to Asia will continue to lead other markets through 2025, led by the highest growth in intra-Asia and domestic China traffic," said Nicole Piasecki, vice president, Business Strategy & Marketing - Boeing Commercial Airplanes. "International air cargo traffic growth will be driven by increased international trade, increased liberalization of air services and the improving technologies that our industry continues to incorporate: increases in lower hold capacity and more fuel-efficient freighters. Cargo tends to lead liberalization, which is a driver of economic growth."

Boeing expects that the growth of Asian air cargo markets will exceed the expectations of the forecast from two years ago, with the domestic Chinese and intra-Asian markets expanding 10.8 percent and 8.6 percent per year, respectively.

In addition, Asia- North America will average 7.1 percent and Europe-Asia will average 6.9 percent. More mature markets, such as North America and intra-Europe, will grow more slowly than the world average, as will routes involving Latin America and the Middle East. Europe-Southwest Asia will experience slightly higher than average growth, at 6.2 percent.

"Although 2005 traffic growth was a bit subdued, due to fuel prices, the long-term outlook is for historical trends to prevail," said Tom Crabtree, regional director, Marketing - Boeing Commercial Airplanes, and a primary forecast author. "Spot jet fuel prices increased 42 percent in 2005 and have continued to increase in 2006, but in spite of these increases, traffic is continuing to grow, experiencing a 3.1 percent increase for the first six months of 2006, compared with 2005."

Overall, Boeing predicts the world freighter fleet will increase to 3,563 airplanes from 1,789 during the 20-year forecast period, with the greatest growth in wide body freighters such as the Boeing 747, 777 and 767. This category ultimately will represent 64 percent of the fleet, compared to 50 percent today, eventually constituting more than 90 percent of total freighter capacity.

Of the 2,983 freighters predicted to join the fleet, 1,209 would be replacements for retired aircraft and 1,774 for growth. More than 75 percent, 2,217 airplanes, will come from passenger/combi-to-freighter modifications, while 766 will be new production freighters.

Crabtree added that Boeing provides the most comprehensive freighter solutions to meet varying market demands. Boeing is the only manufacturer to offer a complete line of new freighters to cover the entire market. Boeing freighters offer the lowest trip and ton-mile cost in every freighter size. For example, the new 777 freighter will allow operators to carry 229,000 lbs of payload with the lowest trip cost of any large freighter. In addition, Boeing also offers a wide range of passenger-to-freighter and combi-to-freighter conversions for Douglas and Boeing airplane models, teaming with industry leaders to provide innovative conversion solutions to match virtually any air cargo requirement.

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