Boeing Projects $70 Billion Market for Russia and the CIS

Russia and the Commonwealth of Independent States (CIS) will require 1,060 new airplanes worth about $70 billion over the next 20 years, according to The Boeing Company's [NYSE:BA] updated annual forecast for the commercial airplane market. The complete forecast, known as the Boeing Current Market Outlook, is available on the Boeing web.

This year marks the first year that Boeing has published its forecast for the Russia/CIS region as part of the Current Market Outlook.

Airplanes in the Boeing 737 size range will account for 44 percent of all commercial jetliners delivered to Russian and CIS airlines during the next 20 years, amounting to 470 units valued at $30 billion.

Eleven percent -- or 110 units at a value of $20 billion -- will be twin-aisle airplanes like the Boeing 777 and 787.

Forty-three percent will be smaller regional jets while airplanes of the Boeing 747 size or larger will comprise 2 percent of the market.

"We will witness significant growth in the demand for air travel as the economies of Russia and the CIS continue to expand," said Craig Jones, vice president of Sales for Russia/CIS, Boeing Commercial Airplanes. "Both domestic and international air traffic has increased in Russia and the CIS by 36 percent over the last 10 years. Most indicators point toward continued economic growth for the region."

"We've already seen airlines like Aeroflot and S7 Airlines in Russia, AeroSvit in the Ukraine, Azerbaijan Airlines and Uzbekistan Airways order new single-aisle and twin-aisle airplanes this year. We can expect continued steady demand for new airplanes as airlines look to modernize and grow their fleets," Jones said.

"Liberalization of air traffic regulations, airline consolidation and the reduction or elimination of high tariffs on new airplanes could generate additional demand for new airplanes."

The flying public's demand for more point-to-point travel options will also stimulate demand for smaller airplanes. In the past, large airplanes like the 747 were the only airplanes able to fly very long distances. This forced large numbers of passengers to make connections through major hubs to get to their ultimate destinations, through what is called the hub-and-spoke system.

As smaller airplanes such as the Next-Generation 737, the 777 and the 787 are much more fuel efficient thanks to advanced technologies and innovation, they are able to fly longer distances with fewer passengers than a 747 and still remain profitable for the airlines that operate them.

For instance, today a traveler in Moscow wanting to fly to Honolulu or Rio de Janeiro would have to fly through Los Angeles or another large city first, then onto Honolulu or Rio de Janeiro. A passenger in Novosibirsk going to Havana would have to fly through Moscow first. With the 787, that same traveler can fly direct from Moscow to Honolulu, Moscow to Rio de Janeiro, or Novosibirsk to Havana.

Illustrating the emergence of point-to-point, in Europe the number of nonstop flights has grown at an average rate of about 5 percent and the average airplane size has fallen. More passengers are flying direct routes on smaller airplanes.

The Next-Generation 737 will help airlines meet demand for shorter, more direct routes, and the all-new fuel-efficient Boeing 787 Dreamliner will provide needed capacity for longer-range direct flights.

As air traffic increases, newer airplanes such as the Next-Generation 737, the 787 and the 747-8 Intercontinental will help meet increased demand while also lowering airplane emissions compared to older aircraft. Boeing and its engine partners will continue to develop new-technology breakthroughs, beyond those on the 787, to further reduce aircraft emissions.

"Today aviation represents 2 percent of global emissions while contributing 8 percent to the world economy. It's a small percentage, but nonetheless we are committed to continuing to find ways to reduce the environmental impact of our products," Jones said.

Air traffic within Russia and the CIS is expected to grow 6 percent per year over the next 20 years. Traffic on transatlantic routes between Russia/CIS and North America is projected to increase 4.1 percent annually.

Worldwide, Boeing estimates the fleet will require 28,600 new jets by 2026 worth about $2.8 trillion. The Boeing market forecast is widely regarded as the most comprehensive and respected analysis of the commercial aviation market.

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