Boeing Sees Slow Recovery for Economy, Long-Term Growth for NE Asia Aviation Industry

Twenty-year outlook for efficient, environmentally progressive airplanes is strong

Tokyo, Oct. 22, 2009 – Boeing [NYSE: BA] forecasts that over the next 20 years,Northeast Asia will require nearly 1,200 commercial jets valued at approximately $190 billion.

Boeing Commercial Airplanes Vice President of Marketing Randy Tinseth shared the company's market data and forecast today at a media conference focused on the global and Northeast Asia commercial airplane market.

Globally, airlines will need 29,000 new airplanes through 2028, valued at $3.2 trillion.

"It is encouraging that 27 percent of the 2028 forecast already is on order," Tinseth said. "Equally important is that this backlog is more geographically balanced."

Airlines and the aviation industry in general have been hurt by a challenging and volatile business environment, Tinseth said. The world economy has been in recession, passenger and cargo traffic have declined and fuel prices are volatile.

"But data indicates that the economic downturn has reached bottom and recovery has begun," Tinseth said. "Global recovery will be a long, slow process, and airlines will continue to adapt to the realities of the market."

The economies of the European Union and Japan will lag behind the rest of the world, perhaps not getting back to 2008 levels until 2012 or 2013, said Tinseth.

"This will affect air travel growth in the region," he said. "Northeast Asia air travel growth is expected to be around 4.3 percent, compared to a world average growth of 4.9 percent."

Even at that growth rate, two-thirds of Northeast Asia's commercial airplane deliveries through 2028 will be for growth, Tinseth said. The remaining one-third will be to replace older, less efficient airplanes.

However, the entire Asia Pacific region is a bright spot for long-term air travel growth, with annual growth projected to be 6.9 percent over the next 20 years, Tinseth added.

In the near term, airlines have adapted to the realities of the market by adjusting capacity, improving efficiency and restructuring, he said. In the longer term, airlines will continue to invest in more efficient, environmentally progressive airplanes that also serve the travel patterns of air travelers with their ability to fly to more places more often.

"Boeing is focused on a simple strategy," Tinseth said. "And that is to provide our customers with airplanes that are the right size with the right capabilities at the right time."

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