Boeing Sees Slow Recovery for Economy, Long-Term Growth for Oceania Aviation

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

SYDNEY, Oct. 26, 2009 -- Boeing [NYSE: BA] forecasts that over the next 20 years, airlines in Australia, New Zealand and the South Pacific Islands will require 670 new airplanes valued at approximately US$90 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 Oceania commercial airplane market.

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

"It is encouraging that 27 percent of our 20-year forecast already is on order," Tinseth said. "Equally important is that this backlog is well balanced -- by type of airplane, by airline business model, and region of the world."

Tinseth noted that as of the third quarter of 2009, Boeing had a backlog of 3,400 airplanes, valued at US$254 billion.

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 Australian economy has fared better than the rest of the world, Tinseth noted, growing while most of the world dipped well below 2008 levels. Global recovery to the 2008 peak won't occur until perhaps 2010, he said.

"Economic conditions obviously affect air travel in the region," Tinseth said. "Oceania air travel growth is expected to be above five percent, compared to a world average growth of 4.9 percent."

Sixty-seven percent of Oceania's commercial airplane deliveries through 2028 will be for growth, Tinseth said. The remainder of airplane deliveries will replace older, less efficient airplanes.

Looking at the Asia Pacific region in its entirety, long-term air annual air traffic growth is 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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