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Making aircraft Full throttle

Boeing and Airbus enjoy huge demand for their planes. Can they keep up?

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EXECUTIVES at aircraft-makers sometimes grumble that there are too many air shows nowadays. But it was well worth their turning up to Dubai's, held on November 13th-17th, given the bumper orders they won. The star of the show was Qatar Airways' wonderfully outspoken boss, Akbar Al Baker, who gave Airbus the runaround for almost three days—at one point publicly accusing it of still learning how to make planes—before agreeing to buy 55 of them, worth \$6.4 billion at list prices. Even this whopping order was put into the desert shade by Emirates' \$18 billion order for Boeings, with options to buy a further \$8 billion-worth. As the Dubai show ended, President Barack Obama, on a visit to Indonesia, witnessed Boeing sign a record \$21.7 billion deal with Lion Air, with options to buy a further \$14 billion-worth.

Of course, orders this big enjoy substantial, undisclosed discounts from the sticker price. But the two main makers of full-sized commercial jets can look forward to years of



Not all air travel is miserable

guaranteed business, with firm orders at a record (see chart). The order book for Airbus's short-to-medium-haul A320, for example, stretches into the 2020s. Ten years ago North American carriers accounted for almost 60% of all aircraft orders; now they have been overtaken by Asian ones, which so far this year have placed 32% of the orders of planes from Boeing and Airbus combined, compared with North America's 26%.

If the world economy takes a turn for the worse, some airlines will no doubt seek to cancel or postpone orders. But Paul Sheridan of Ascend, an aviation consultancy, says that worldwide demand for air travel is growing so strongly that today's order books represent only 25-30% of the planes that airlines are likely to need in the coming 20 years. The new generation of planes are significantly cheaper to run than those currently flying, so a harsh economic climate may in fact encourage airlines to press on with renewing their fleets. American Airlines, for example, is seeking to overcome its chronic losses with a huge programme to swap old planes for new.

At a time when cuts in defence spending are making life tough for suppliers of military aircraft, those who make commercial planes are working flat out to expand their factories. Boeing's commercial side has hired 11,000 new workers this year, whereas Sikorsky, a supplier of military helicopters, this week announced job cuts.

It is an auspicious time for three emerging rivals to the Boeing-Airbus duopoly to seek to establish themselves. Canada's Bombardier, a maker of smaller "regional" jets, has launched the CSeries, a rival to Boeing's 737 and Airbus's A320. At Dubai, Atlasjet of Turkey became the tenth airline to sign up for the CSeries. Comac of China and Irkut of Russia are also developing similar aircraft in the 100- to 200-seat class.

Can the planemakers and their suppliers keep up? Now that Boeing has delivered the first of its long-haul 787 Dreamliners, following problems with suppliers, it is promising to throttle up the programme and turn out ten a month by the end of 2013. Airbus has just announced further delays to its equivalent, the A350, which is threatening to become as much of a "nightmareliner" as its rival's plane. However, Mr Sheridan says the main worry is right back at the start of the supply chain. Many aircraft parts are made from highly specialised metals and other materials: will there be enough of these to go around?

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