

Planemakers may see “200 planes
parked in desert”

Airbus and Boeing may end up with as many as 200 new planes without buyers next year because airlines are unable to obtain funds to pay for them, Bloomberg has reported aviation industry consultant, Ascend, as saying.

Banks have curbed lending to airlines because of increased concerns about airlines' ability to meet repayments amid the global economic slowdown and weakening travel demand. That may create a funding gap of as much as US\$20 billion for Airbus and Boeing plane deliveries, expected to total about US\$65 billion next year, the report said.

“There's a funding gap and we don't really know where the money is coming from,” said Eddy Pieniazek, a Director of Ascend. “If the money doesn't arrive, you can quite easily see 200 new aircraft... parked in a desert.”

Airlines are equally concerned. Indonesian national carrier, Garuda, has said it is struggling to obtain financing for 14 out of 25 Boeing 737s it has on order.

“The market has dried up,” said Eddy Porwanto, Executive Vice President - Finance at PT Garuda Indonesia. “Some of the potential lessors that we were talking to have pulled out.”

The carrier already secured funding for the 11 aircraft through sale and leaseback agreements. Such leasing companies and banks will account for about 60% of the aircraft-financing market this year, according to JPMorgan.