

CHINESE AIRCRAFT MARKET - BOING SCORES



US plane manufacturer giant Boeing has set its eyes on getting buyers for long range airplanes from Airbus. Boeing has already committed itself in a deal that will see it acquire 50 percent of China Eastern's fleet which consists of ten Airbus planes (A340). This is part of a deal that involves the sale of twenty Boeing 777 planes to China Eastern airlines. The deal is said to be worth six billion dollars. The Chinese market is so attractive that no company

can afford to miss out on.

Airbus is taking back the remaining 50 percent of the airline's A340 planes in another deal whose aim is to have the airline buy fifteen A330 planes. This deal however is being delayed by Europe's claims that China is not too sensitive on the issue of emissions. These deals have uncovered a scenario in which airplanes are being used in trading as though they were second hand cars.

The biggest airplane companies may at times employ a policy in which they offer to repossess used competitor planes from airlines. This is usually in an effort to try and convince these airlines to purchase newer and more efficient models from their stable. This industry is worth a whopping one hundred billion dollars every single year. An expert said that it is not common practice but it does indeed happen from time to time.

A similar thing happened back in the 90s where the Boeing bought a number of A340 planes from Singapore Airlines. This was a move that target to boost the sale of the Boeing 777 model. At the time, there was a short disagreement regarding the issue of whether Airbus was going to be in support their A340 model. In 2011, Airbus stopped manufacturing the A340 model due to depressed sales.

About thirty years ago Boeing purchased a number of the A310s from Kuwait Airways. This was in an effort to encourage the airline to purchase Boeing planes instead. Four years ago Air Algeria claimed that Airbus wanted to buy all the Boeing planes in its possession. Airbus refuted these claims and indicated that that was not its way of doing business. It also offered several reasons in support of its actions.

Some of the Airbus planes that China Eastern has in its possession include 5 A340-600 models. The current market price for each of these jets is approximated at about fifty five million dollars. Some experts have however claimed that this figure is a bit on the high side. The biggest factor that will affect the price will be the state of the engines. Thirty million dollars is the price that may be offered by Boeing according to experts.

More than fifty percent of the A340s are more than fifteen years old. This in itself will greatly reduce chances of approval on China's side. This particular model also does not fly too far. Boeing on the other hand is looking to teak the 777s model in an effort increase its dominance, especially over Chinese market. The 777 carries between three hundred and four hundred people and therefore this is the section of the market that it is seeking to dominate with this model.

Date: 2012-05-07

Article link: <http://www.tourism-review.com/chinese-aircraft-market-boing-scores-news3227>