



BOEING UPBEAT ON DUBAI AIRSHOW

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Despite a huge backlog of orders and Gulf economies affected by the low price of oil, American aviation giant **Boeing** has high hopes for solid sales of commercial and military aircraft at the **Dubai Airshow** in November.

That was the message from Boeing executives briefing a group of journalists from the UAE, Saudi Arabia, Qatar, Lebanon and the UK on a tour of Boeing facilities in the United States, from Washington State and Oregon to Arizona.

The air show, one of the world's largest, will take place between November 8 and 12 and feature another round in the perpetual rivalry between Boeing and Airbus, both of which have sold large numbers of aircraft to the three big Gulf carriers -- Emirates, Etihad and Qatar Airways.

The previous round between the American aircraft maker and its European rival was the Paris Air Show in July, where Boeing notched up 331 orders and commitments totalling \$50.2 billion. Airbus won orders for 124 aircraft and commitments for another 297, worth a combined total of \$57 billion.

"It's an exciting time for us," Raymond L. Conner, vice-president and CEO of Boeing Commercial Airplanes, told the visiting journalists in Renton, Washington, where the Boeing 737 is produced. Demand for aircraft has remained strong, he noted, despite the sharp drop in the price of oil this year and weaker world economies. Emirates, Etihad and Qatar in particular represented "an amazing growth story."

Company executives say Boeing delivered 34 airliners between January and August 2015, including seven 737-800s to flydubai, three 777-300ERs to Emirates airline and four 787-9s to Etihad. The company's backlog in the region is substantial -- 198 aircraft for Emirates, 92 for Etihad, and 87 for flydubai.

The last Dubai Airshow, which was held in 2013, saw record orders for Boeing, totalling 342 orders and commitments. Because of the backlog of previous orders, the company does not expect orders of that magnitude this year. There may be "a little bit of hesitation," as Conner put it, but the market remains solid and there were expectations that the price of oil would rise again over time.

(To put the decline in perspective: oil traded at \$102 a barrel at the time of 2013 Dubai air show. In mid-September of this year, it was \$43).

Among Boeing's main competition at November's show will be the Airbus A350 and the still under development A330neo.

Military aircraft are an important part of Boeing's production line, but executives were reluctant to brief visiting journalists on specific details of potential customers and sales at the November show, given the state-to-state nature of defence purchases which must be facilitated by the US Department of Defence's Foreign Military Sales programme.

Boeing military aircraft on show in November will include the Maritime Surveillance Aircraft, the P-8 Poseidon (a derivative of the 737) and the AH-64e and AH-6i attack helicopters.

With conflicts in Syria, Yemen, Iraq and elsewhere, Boeing expects demand for military aircraft in the Middle East to continue to grow. "There is tremendous activity from a threat perspective," said Chris Chadwick, president and CEO of Boeing Defence, Space and Security (BDS). "There remains a lot of opportunity," he told the visiting reporters.

As with Boeing's commercial products, Chadwick says that lower oil prices have not led to a downturn in military purchases.

A recent forecast from IHS Jane's, a London-based military analysis and intelligence company, noted that the UAE's defence spending has remained steady, as shown by the \$5 billion in contracts the country awarded during this year's International Defence Exhibition and Conference (Idex) in Abu Dhabi.

Defence spending in the coming years is expected to rise in Qatar and Saudi Arabia, which last year became the world's largest importer of defence equipment, according to IHS Jane. It noted that Saudi Arabia and the UAE bought more weapons than all of Western Europe in 2014.

"At this point in time, the downturn in oil and gas prices has not affected the appetite of our customers in the Middle East," Chadwick said. "Having said that, we know that that we've got to have capability that is priced to the market, and we've got tremendous focus on driving costs out of our products."

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