



By: *Tomorrow's Affairs Staff*

# Boeing needs the courage it had in the 1960s



An important part of aviation history ended on December 6 when the last 747 rolled out of Boeing's factory in Everett, Washington. The first type of wide-body aircraft ever built will still fly in the skies above us for years to come, but almost all will carry cargo. In November 2002, as many as 93% of Boeing 747 flights were cargo, and only 6% carried passengers, according to Flightradar 24.

The retirement of the most revolutionary jet plane, which completely changed the aviation industry, provoked much emotion at Boeing. For more than 50 years of production until December 6, 1574 component parts were produced. This plane became a symbol of the new, jet age, referenced in various rock & roll songs and used on music tours (Iron Maiden, for example). It even had important roles in films. However, Boeing's management has no need for emotions at the moment; it needs a good development strategy.

Both Boeing and its main competitor Airbus emerged from the COVID period, and before the end of the year surpassed its annual production and orders from 2020 and 2021. However, Boeing is still far from its last pre-crisis year, 2018, when it delivered 806 commercial aircrafts, followed by the grounding of the 737 MAX and, of course, the pandemic. It is estimated that its production and order levels from the last "regular" year will be reached in 2025.

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The successor to the 747 has already been chosen. It is the 777 model. The largest European cargo carrier, Cargolux from Luxembourg, for example, announced this summer at Farnborough that it will also replace its 747 fleet with the Boeing 777-8 model, whose production is to begin in January. However, the company's plans do not end with the successor to the 747.

According to the strategy, announced by its

management in November, the goal is to reach the parameters from Boeing's last pre-crisis 2018 by the middle of this decade. That is, 800 delivered aircrafts and revenue of 100 billion USD. The goals seem achievable, if one takes into account the constant growth in the number of delivered aircrafts, and especially received orders.

However, Boeing is also burdened with \$3.3 billion in losses on its military program this year (including the future presidential Air Force One), as well as the delay of several commercial aircraft certification deadlines, and missing model 737 production targets. Because of this, opinions are divided about whether Boeing's strategy needs to be to cautiously and patiently emerge from the problems caused by the drop in demand during COVID and the "grounding" of the 737 MAX, or to move more aggressively, which means investing, innovating and, of course, producing a new model.

**Experts from the aerospace industry suggest moving bolder towards the fastest possible production of a new passenger jet**

Financial experts support the first option, which is slow growth and damage repair without rushing towards the launch of a new model, while experts from the aerospace industry suggest moving bolder towards the fastest possible production of a new passenger jet.

Warnings followed primarily because of the success of the Boeing's main competitor Airbus in the large market of narrow-body aircraft, where there is a great demand for its new models A320 NEO and A321 NEO. "There are consequences to not investing", says Michel Merluzeau, aerospace analyst with AIR, noting that Airbus continues to gobble up market share in the narrow-body space.

By the time Boeing finally has a 737 replacement ready – which could be the early-to-mid 2030s – "Airbus will have a much more-significant installed base of aircraft. There is a

cost to taking back market share”, says Merluzeau. Instead of launching a new model, which did not happen this year, Boeing also postponed the deadlines for obtaining certification for three models that are "pending" from the end of this year and the beginning of next year, until 2025. Meanwhile, they stopped delivery of the 737 MAX to China due to problems in the trade relations between China and the US. At the same time, a direct competitor - the Chinese C-919 - is entering commercial use, with China having great ambitions on the market.

So the recent retirement of Boeing's iconic 747 doesn't have to be just a fond reminiscence of the late 1960s when the Everett factory revolutionised aviation. At today's technological level, revolutions are much less possible than 50 years ago, but the people at Boeing can understand the end of production of their favourite plane as a motivation to follow the same path, through innovation, courage and even risk, to overcome problems and achieve the goals they have set. They did it at least once, back in 1969 when they built the first 747.