



By: Tomorrow's Affairs Staff

The largest aircraft purchase in history strategically links India to the West



Air India's gigantic order from two of the world's largest aircraft manufacturers, Airbus and Boeing, transcends commercial boundaries and is one of those deals that have a global political impact.

The largest order in the history of the aviation industry was recently announced. Air India has ordered a total of 470 planes from Airbus and Boeing, surpassing previous records for single purchases : American Airlines' 460 in 2011 and local rival IndiGo's 420 planes six years ago.

The fact that this order has equalled the total number of aircraft owned by Air China, or Emirates and Air France combined, shows how substantial it is.

The deal is beyond significant for Air India and even air traffic in India, which has been recording sharp growth. This transaction is supported by all governments whose companies are involved, which also gives it significant political importance in the global framework.

Air India wants a leadership position

The total purchase has been estimated at between 70 and 80 billion dollars. The customers received a large discount from both manufacturers, given the size of the order.

Boeing said it would deliver 220 planes to Air India for 34 billion dollars, whilst Airbus has not yet announced the price it will charge for 250 planes to the Indian airline.

This acquisition is a major part of the strategy of the Tata Company, India's oldest industrial conglomerate and owner of Air India, to ensure a leadership position in the vast national market, and to position itself internationally.

Indian Prime Minister Narendra Modi, who promoted these business deals and discussed them with world leaders, said India would become the third largest market in the

aviation sector.

“Over the next 15 years, it’s estimated that India will need more than 2,000 aircraft”, said Modi as he welcomed the deal between Air India and Airbus with French President Emmanuel Macron via video conference.

A big boost for Western economies

Satisfied with a deal amounting to tens of billions of dollars, the French president spoke of the "strategic partnership" between France and India, which would open opportunities to develop new forms of cooperation through this deal. UK Prime Minister Rishi Sunak was also pleased, not only because of the billions of pounds that would boost the national industry but also because of the 450 jobs created by this deal alone.

For the UK, this has been one of the biggest export deals with India in decades, Prime Minister Sunak wrote on Twitter. On February 14, the White House published a statement by US President Joe Biden on the occasion of the deal, according to which the order from Air India “will support over one million American jobs across 44 states.”

Biden called the agreement between Boeing and Air India “historic”, and anticipated deepening the partnership with India “even further as we continue to confront shared global challenges”.

The part of his message in which he said that many of the million jobs “will not require a four-year college degree”, had the tone of a pre-election speech.

It appears that Biden is attempting to reach out to industrial workers who have trusted the Republican bloc in recent years because of their demand to bring jobs back to America.

The deal with Air India is a big boost for the American and several major European economies, and that alone is reason enough to

involve political leaders in its promotion.

The business is long-term, and it will last for years. It will involve many sectors, and it will stimulate the financial market. Considering the vast demand from India as the fastest-growing market in air traffic, it has the potential to continue on an even larger scale.

Partnership in relation to China and Russia

It is even more important for the strategic economic, technological and political alliance of the largest Western countries and India in at least two main areas.

First of all, in relation to China, where there is common interest to limit the growing Chinese influence in the Indo-Pacific.

“India, with its democratic traditions, can be a very strong partner in outcompeting China. And India joining the western partnership could serve the purpose of advancing democracy”, Chuck Schumer, a leading Democratic senator, said recently at the Munich Security Conference.

The second area has been to curb India's greater connection with Russia, given its neutral position towards the aggression against Ukraine, particularly the increase in India's import of raw materials from Russia, which breathes air into the failing Russian economy and state budget.

On the anniversary of Russian aggression against Ukraine, India abstained from voting in a UN General Assembly resolution that condemned Russia's invasion of Ukraine.

Together with China, it remained in the minority bloc of states that maintained a neutral position towards Russian aggression, which certainly bothers the West.

The mega-deal between the Western aviation industry and Air India has not reversed India's position concerning the war in Ukraine

overnight.

But it has already become the most populous country to confirm its strategic orientation towards Western partners and distance itself from Moscow in the long term.