

**Aircraft manufacturing**

## China's C919 jet inches forward against duopoly of Boeing and Airbus

World's two largest passenger aircraft manufacturers face biggest threat from collapse of Chinese travel, say experts



Workers stand outside the cockpit section of China's third C919 passenger jet during construction © AFP/Getty Images

**Sylvia Pfeifer** in London and **Primrose Riordan** in Hong Kong YESTERDAY

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After more than a decade in development, China's first passenger jet is finally on the runway. The single-aisle C919, built by state-backed aerospace champion Comac, won regulatory approval by authorities late last month, a move hailed as a major milestone by officials.

Beijing has made no secret of its desire to break the duopoly enjoyed for decades by Airbus and Boeing, helping to smooth the C919's development with up to \$72bn in state-related support, according to estimates from US think-tank the Center for Strategic and International Studies.

It may now have the green light from the regulator but the C919 still has a long way to go before becoming a commercial success. Formal certification marks the end of flight testing and paves the way for the manufacturer to start deliveries of the jet, which are expected to begin later this year.

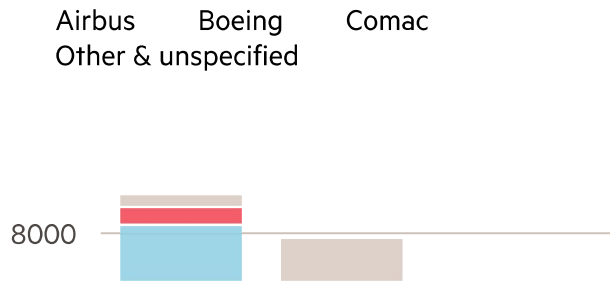
[Comac](#) says it has already signed up 28 Chinese customers, including launch customer China Eastern Airlines, with orders for 815 planes but the majority are not yet confirmed. Several are with aircraft lessors that have yet to place the aircraft with an airline customer.

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China's Comac could make about

## 14% of new deliveries domestically by 2040, but with little penetration elsewhere

Estimated unit deliveries for single-aisle  
and twin-aisle planes, 2021-2040



The C919 is a “major product” which is also important for China, said Kelvin Lau, analyst at Daiwa Capital Markets in Hong Kong.

Globally, however, “people prefer [Boeing](#) and Airbus, so Comac’s market share will not be that great”, he added.

It remains unclear when regulators in either the US or Europe will certify the C919, a move that would open up the international market. There is also uncertainty around whether western airlines would buy it.

Cirium, the aviation consultancy, expects the C919 could eventually grab a 20 to 30

per cent share of all narrow-body deliveries to Chinese airlines.

“It could be higher than this but this depends on demonstrating reliability in service and competitive levels of cost,” said Richard Evans, senior consultant. A credible scenario would be that between 1,000 and 1,500 C919 aircraft are delivered to Chinese customers over the next 20 years, he added.

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## By 2041 China will become the world's largest domestic air passenger market

Travel within regions will account for almost three-fifths of total growth by 2041 according to Boeing forecasts, with intra-China travel alone making up about 12% of industry revenue passenger kilometres

Revenue passenger kilometres (bn)



FINANCIAL TIMES

Sources: Boeing

Nevertheless, the prospect of losing a slice of China's fast-growing market is not something either Boeing or [Airbus](#) will contemplate lightly.

The US manufacturer has forecast that by 2041, travel within [China](#) will represent the largest traffic flow by revenue passenger kilometres in the world. The country's airlines will need 8,485 new passenger and freighter aircraft, valued at nearly \$1.5tn.

The country's fleet size is also expected to grow much faster than other regions, with an annual average growth rate of 4.2 per cent compared with 2.8 per cent for the world.

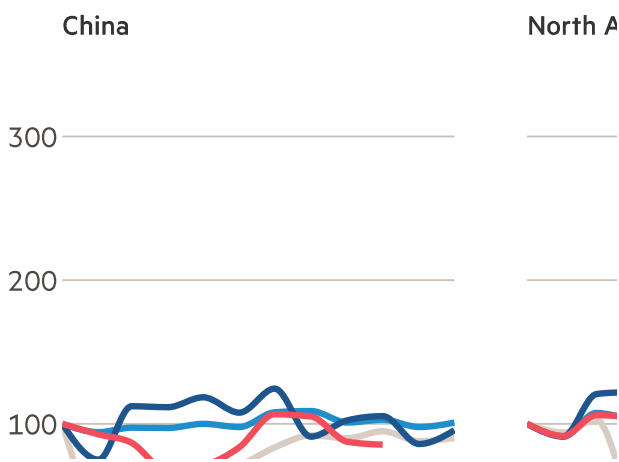
Some industry experts, however, said that the greater worry for the western manufacturers should be the lower growth in the Chinese market because of the pandemic.

While much of the global airline industry has benefited from resurgent passenger demand as restrictions have continued to ease, the recovery has been slower in China, which has been hampered by recurring Covid-19 lockdowns. Year to date seat capacity in China has so far trailed behind pre-pandemic levels, according to figures from aviation data company OAG, while for most other regions it has matched, or surpassed them.

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## Covid-19 lockdowns in China have hampered its recovery

Capacity in seats, rebased to 100



FINANCIAL TIMES

Source: OAG

“If I were Boeing, I wouldn’t be quaking in my loafers over the C919; I’d be quaking over the broader China market, which has gone from record growth to stunning collapse. It will eventually recover, but likely favour Airbus for political reasons unless Sino-US relations improve somehow,” said Richard Aboulafia, an aerospace consultant at AeroDynamic Advisory.

Boeing has also suffered from strained relations between Washington and Beijing. China is the last major market where the Max 737 is still awaiting final approval to fly after two fatal accidents that led to the worldwide grounding of the jet. Boeing reiterated earlier this week that it is [looking for new buyers](#) for a small number of its Max 737 jets that had been built for Chinese airlines.

“We still would like to deliver planes to China,” said David Calhoun, Boeing chief executive. “But we’re also clear-eyed about the geopolitical risks that are out there, and we’re not going to impart new risks on our investors.”

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## Less range, less seats

Comac will have to price cheaply to attract foreign customers



Another challenge for Comac is that the C919 is all but entirely dependent on western technology, including [engines and avionics](#), for the jet. Stricter US export licensing rules have delayed the sourcing of some components.

“As for the C919, it’s a bit irrelevant, since it isn’t really a Chinese jet,” said Aboulafia. “The way to make it successful would be to close the borders to imports, but that would likely mean western countries killing this jet by halting systems and technology exports. Reinventing it as a proper Chinese jet would take many years and many billions of dollars.”

*Visualisations by Ian Bott and Patrick Mathurin*

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