BOEING, AIRBUS BEGIN NEW BATTLE FOR CARGO CONVERSIONS

News / Manufacturer

Boeing Co. and Airbus Group are squaring off in the nascent market for converting single-aisle passenger jets into freighters.

Boeing says it has a commitment from China's YTO Express Airlines to buy an unidentified number of 737-800s that the U.S. plane maker would convert to cargo use, although Boeing's board of directors hasn't signed off on launching a planned conversion program.

Airbus this year revived plans to offer conversions of its narrow-body passenger aircraft, the A320 and A321. The European plane maker will work with Singapore's ST Aerospace, an aircraft maintenance specialist, with the first completed conversions due for delivery in 2018.

The market for narrow-body passenger-to-freighter conversions was hobbled in recent years by a combination of factors, including overall weakness in airfreight shipments. Strong demand from airlines to keep their narrow-body passenger planes in service also meant few aircraft were available for conversion into cargo haulers.

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Passenger-to-freighter programs typically take aircraft that are reaching the end of their service life in passenger service and turn them into cargo planes to give them a new lease on life.

The drop in fuel prices over the past year also has extended the life of older-generation jets, which aren't as fuel-efficient as new planes. And the arrival of new versions of the revamped single-aisle planes in the passenger market in the coming years creates a new supply of used planes to convert for cargo use in domestic markets such as the U.S. and China where the short-haul jets make economic sense.

When Airbus in 2011 scrapped an earlier effort to turn its A320 single-aisle jets into cargo planes, it blamed a lack of available aircraft.

Airbus has faltered in its attempts to challenge Boeing's dominance in the cargo market. The manufacturer offered a cargo version of its A380 superjumbo that was discarded when the program's passenger model ran years behind schedule and over cost. The company gained early sales for a freighter version of its A330, a twin-engine jet capable of long-haul flights. But a weakening airfreight market in recent years led to a spate of order cancellations, leaving Airbus with only 42 orders, of which 32 planes have been delivered.

The plane makers are trying to ramp up the freighter conversion business in a tepid cargo market.

The International Air Transport Association said freight traffic in the first eight months of this year was up 2.6% compared with the same period a year ago. August freight traffic advanced only 0.2% compared with the prior year.

"Some of the conditions that led to the decline in world trade this year -- a combination of weaker-than-expected global economic growth, particularly in emerging markets, as well as shifts toward the domestic market in China -- are persisting," the airline trade group said. "if the current trend were to continue, we would see negative year-over-year comparisons in the coming months."

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