Trump visits Boeing

2018-03-15

By Paul Welitzkin in New York |   
 China Daily USA |  
 Updated: 2018-03-15 11:10

US President Donald Trump on Wednesday visited workers at a Boeing plant in St. Louis, Missouri, a week after announcing steep tariff s on imported steel and aluminum that could make the aerospace giant a target in any trade war with China.  
A Boeing spokesman told China Daily in an email that one out of every four airliners the company makes goes to China. Boeing forecasts that over the next 20 years, China will need 7,240 new airplanes that are worth $1.1 trillion and this demand will make China Boeing's largest commercial airplane customer.  
Richard Aboulafi a, an aviation industry consultant for the Teal Group of Fairfax, Virginia, wrote in an email that Boeing could be vulnerable in any tit-for-tat retaliation from China.  
"If President Trump thinks trade wars are easy and productive, Boeing is right in the front line of that war,"he said.  
Boeing said China has a role in every one of the company's commercial airplane models and company activity in the mainland contributes $800 million to $1 billion annually in direct support of China's economy.  
Aboulafia doesn't think those statistics would dissuade China from targeting Boeing. "Airbus (a Boeing competitor) actually has an A320 manufacturing plant, while Boeing is merely in the opening stages of creating a 737 completion facility.  
China could favor Airbus and actually come out ahead in job numbers,"he said. Cai von Rumohr, an analyst who covers Boeing for Cowen and Co, believes that China's options in regard to Boeing are limited.  
"I could imagine Boeing becoming a target but not a huge target,"he said in an interview. "Boeing has a 7-year backlog (of plane orders) while Airbus has an 8- or 9-year backlog so it's really not practical for China to switch horses in midstream."  
"could shift some new orders to Airbus to send a message to the US. The problem with that is China has a $375 billion (trading) surplus with the US - five times more than the next closest trading partner."  
Still Boeing does face the fallout from tariffs Trump approved on imported steel and aluminum last week. "They have numerous ways to try and off set some of the material costs,"analyst Jeff Windau of Edward Jones told the St. Louis Post-Dispatch. "Longer term, the concern might be some kind of trade war or retaliation."  
On Wednesday, Trump toured the site of final assembly for fighter planes. He was joined by Treasury Secretary Steve Mnuchin and Boeing's top executives, including president and CEO Dennis Muilenburg. Following the tour, he addressed the assembled crowd with remarks about his tax plan and the benefits to Missouri businesses.  
Shares of Boeing lost $8.39, or 2.48 percent to settle at S330.28 in trading on the New York Stock Exchange on Wednesday as its biggest supplier said it was having trouble meeting Boeing's demand as it seeks to increase production of its 737 aircraft.  
paulwelitzkin@chinadailyusa.com

http://www.chinadaily.com.cn/a/201803/15/WS5aaa193fa3106e7dcc141dea.html