Boeing shakes off tariff talk, forges ahead with factory in China

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By William Hennelly in New York |   
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Boeing is one US company that isn't letting trade war talk get in its way.  
After smashing first-quarter earnings on Wednesday, the aerospace giant announced that its aircraft completion center in East China should be operational by year-end. The popular 737 will roll out of the plant in Zhoushan, Zhejiang province.  
The factory will install interiors and paint about 100 aircraft a year before delivery to Chinese customers. The fact that the aircraft will be completed in China could help Boeing avert any tariffs.  
CEO Dennis Muilenburg said Boeing needs the facility to compete with French rival Airbus SE, which already builds jets in China.  
He also said Boeing wasn't seeing any material effect "right now" from inflation on aluminum or other raw material costs.  
In March, US President Donald Trump announced tariffs of 25 percent on imported steel and 10 percent on aluminum, and China retaliated with tariffs of its own on US products, including some imported jets.  
But none of the aerospace-related tariffs have gone into effect, Muilenburg reminded analysts during the earnings call. "We're hopeful for a positive outcome from the discussions between the US and China," he said.  
And Muilenburg said he does not anticipate an all-out trade war between the United States and China, as both countries seem to be working toward negotiated solutions.  
"While some initial statements have been made about potential tariffs, none of those severe actions have been implemented. And we're frankly encouraged by the continuing dialogue," he said.  
Boeing initially was seen by investors as a potential loser when Trump unveiled the tariff on aluminum.  
Analysts also say that Chinese buyers would have no alternative supplier for the aircraft if trade relations threatened ties with the Chicago-based company, because rival Airbus has limited capacity to produce more quickly in the near term.  
Muilenburg noted that Boeing has been engaged with Beijing for years, adding that executives will visit China.  
In the past three years, one out of four airplanes Boeing makes, including one in three 787 Dreamliners, was delivered to China. And some 40 percent of Boeing's backlog is for customers in the Asia-Pacific region, Boeing officials said in January.  
Boeing reported first-quarter earnings of $3.64 per share, up 68 percent year-over-year. Revenue rose 6 percent to $23.38 billion. Analysts were expecting earnings per share of $2.56 with revenue of $22.2 billion.  
The strong earnings boosted Boeing's stock, which rose $13.80, or 4.19 percent, to close at $342.86 on Wednesday.  
Boeing announced earlier this month that Q1 passenger jet deliveries rose 9 percent to 184. Boeing booked 221 net commercial aircraft orders, and backlog grew to $486 billion from $475 billion.  
Also on the call, Muilenburg said that a strong and vibrant aerospace industry is important to global economic prosperity.

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