

# [Boeing and airbus competition](https://assignbuster.com/boeing-and-airbus-competition/)

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The fierce rivalry that has existed between aircraft manufacturing producers, Boeing and Airbus, is not likely to come to and end any time soon. The two companies have dominated the aircraft manufacturing business over the last two decades and with market opportunities opening up in developing countries, the competition is likely to get interesting. Aircraft Industry The structure of the aircraft industry can be referred to as duopoly. This is where the market is dominated by two or few firms. Even though there are other aircraft producing companies, they have a small effect on the global aircraft market.

Boeing, a United States based aircraft producer dominated the production of aircrafts for a long time, and it was not until the end of 1970, that it began to face competition from Airbus, an European Union consortium company. During this period there arose issues where the United States accused the European Union of providing Airbus with subsidies that created unfair competition between the companies (Gerald, 1998). This resulted in legal court cases between the United States and European Union which found its way to the World Trade Organization.

As a result, in 1992 they came up with an agreement which defined the type of assistance that could be provided to the companies. However over the years there have been cases where both countries have accused each other of not honoring that agreement. Thefinancial difficultiesbeing experienced by several countries, have caused many financial institutions to cut down on credit advanced to businesses and as a result small aircraft manufacturers have been forced out of the market thereby allowing both Boeing and Airbus, which are heavily funded to continue to dominate the aircraft market.

Boeing and Airbus have been competing to reduce their operating costs where they relocate the production of certain aircraft parts to countries that can produce quality parts, but which incur relatively low production costs. Competition Both companies have invested and are competing in terms of coming up with newtechnologyinventions that enables them to retain or attract new customers. They have been coming up with new models of aircraft that are bigger in size, fuel efficient, engine superiority as well as being fast.

When one company introduces a new aircraft model the other one does the same by announcing a new productions. There have been attempts by countries such as Russia and China to eliminate the dominance of Boeing and Airbus by developing their own aircraft productions that would create competition but have failed to do so. This is due to the fact that, production of large civil aircrafts requires not only a large pool of finances, but also a great deal of politics if one is to survive in the international market. Conclusion

The rivalry between these two giants is not likely to end soon with each company attempting to dominate the aircraft business and will probably result in a much fierce competition that is likely to renew the arguments they had on subsidies. In addition pride is at stake. The United States takes pride in the performance of Boeing, while the European Union will do everything in its power to make Airbus successful. Therefore competition is likely to increase in the coming years. Reference Gerald, D. (1998). The Aircraft Business. New York: McGraw-Hill.