

Boeing Deal Set to Improve Indonesia's Aviation Industry



Boeing is expanding its presence in Southeast Asia through an alliance with Indonesia.

In a sign of improving confidence in Indonesia's airline business, US aircraft manufacturer Boeing announced on Tuesday a new alliance to help boost the country's aviation sector.

Boeing and the government announced that they will cooperate on commercial aviation safety and aerospace industry development in Indonesia.

This enhanced cooperation will support Indonesia's plans economic development and grow the country's aerospace sector, Boeing said in a statement on Tuesday.

President Susilo Bambang Yudhoyono witnessed the signing of a memorandum of agreement with Boeing at Indonesia Investment Day on Monday at the New York Stock Exchange.

In November last year, Jakarta-based Lion Air placed an order for 230 Boeing aircraft at a list price totaling \$22.4 billion in a Bali ceremony witnessed by US President Barack Obama.

Dudi Sudiby, a senior editor at Angkasa magazine who has been reporting on the aviation industry for more than 35 years, said the deal would benefit Indonesia, where the sector has been hampered by a lack of skilled labor.

"The deal was an offset for Indonesia buying hundreds of Boeing planes," Dudi said. "We deserve this deal because we have helped the US 'creating jobs back home,' to quote Obama."

Even with the cooperation, Dudi said, Indonesia's aviation companies would continue to lack the expertise to compete with peers in the region, including carriers Singapore Airlines and Thai Airways International.

"We are lacking pilots, engineers, technicians, you name it," Dudi said. "That's because aviation schools here are limited, so we have to send students abroad. It would be good if we could bring trainers here."

Indonesian Ambassador to the United States Dino Patti Djalal said the partnership with Boeing marked a strengthening of economic ties with the United States, the world biggest economy.

"As Indonesia's economy takes off, we are proud to have a solid partner in Boeing to help accelerate that growth in a safe and efficient manner," Dino said in the Boeing statement.

The agreement lays out several areas where Boeing will engage with Indonesia's ministries of transportation and education, Directorate General of Civil Aviation and commercial airlines. Boeing will work with Indonesian airlines, airports and regulatory agencies to support air traffic management initiatives focused on enhancing safety, capacity and efficiency.

Boeing said it forecast air travel in Southeast Asia to grow at an average annual rate of 6.5 percent over the next 20 years. Air traffic in the region is expected to grow at a rate of 7.6 percent per year.

Boeing has long-standing relationships with Indonesia's commercial airlines.

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