Boeing Lands Further Airshow Deals

Pan Pylas, Associated Press

FARNBOROUGH, England (AP) — Boeing Co. and archrival Airbus were caught in a fierce dogfight for orders at the Farnborough Airshow on Tuesday, with both aircraft manufacturers unveiling multi-billion deals — crucial at a time of global economic unease.

Boeing was a big winner for the second day as it touted a further two big orders worth a little more than $11 billion for its remodeled short-haul 737 aircraft, but the deals are not yet firm and could theoretically unravel. Meanwhile, European manufacturer Airbus unveiled its first firm multibillion dollar order at this year's airshow.

The U.S. manufacturer said GE Capital Aviation Services, the commercial aircraft leasing and financing arm of General Electric, has committed to purchasing 75 of the 737 MAX 8s and 25 Next-Generation 737-800s. The deal is valued at around $9.2 billion at list prices but customers rarely pay the full amount when ordering big. Further discussions are needed and hurdles must be cleared before the deal is finalized.

"This commitment confirms the value of the 737 MAX in today's competitive marketplace," said Ray Conner, Boeing Commercial Airplanes president and chief executive.

Boeing also said Kuwait's ALAFCO, a company that also buys planes and then leases them onto airlines, has committed to buy 20 of the 737 MAX 8s. The deal, if concluded, is valued at $1.9 billion at current list prices. On Monday, Boeing also struck big with a $7.2 billion deal with Air Lease Corp.

"This is the first commitment for the 737 MAX from the Middle East, which is one of the aviation industry's highest growth regions," Conner said.

The deals, if closed out as most commitments do, will help the Chicago-based company claw back ground lost to rival Airbus in the short-haul market. At last year's gathering in Paris — the French capital and Farnborough alternate — Airbus stole the show from Boeing with its remodeled airplane, the A320neo.

In the run-up to the airshow south of London, expectations were high that Boeing would clinch a raft of short-haul deals as it tries to catch up with Airbus in orders for single-aisle aircraft.

It is pushing the MAX model heavily in response. The MAX incorporates new technologies designed to make the aircraft more efficient, reliable and comfortable. So far, Boeing has secured orders and commitments for more than 1,000 of the aircraft. Further orders are expected in the coming days, including from United

Airlines.

"With rising fuel costs, the 737 MAX will provide operational cost savings to airlines in addition to being more environmentally friendly due to its latest quiet engine technology," said Ahmad Alzabin, ALAFCO's chairman and chief executive.

Airbus also announced its first big deal of the airshow Tuesday. It said Hong Kong-based airline Cathay Pacific has put in a firm order valued at $4.2 billion for Airbus' long-haul A350-1000.

"The A350-100 will be a game changer in the 350-seat category, offering outstanding payload-range capability and a 25 percent reduction in fuel burn," said Fabrice Bregier, Airbus president and chief executive. "As an all-new design, it will outperform existing aircraft in its size category on every count, as well as any future derivatives of those aircraft."

Cathay will place a new order for 10 aircraft and convert 16 of its existing orders for the A350-900, a previous edition of the long-haul plane, to the larger A350-1000, which is valued at $320 million each. The deal is subject to Cathay's board passing it through and takes the total number of A350 aircraft ordered by the airline to 46.

John Slosar, Cathay's chief executive, said the A350-1000's "improved payload and range will allow us to connect more and more important cities worldwide directly with Hong Kong."

Also Tuesday, Canada's Bombardier Aerospace said Latvia-based airBaltic had signed a letter of intent to buy 10 CS300 aircraft and take purchase rights on a further 10 of the jets. At list prices, the deal would be worth around $764 million and could increase to $1.57 billion should the rights be taken up.

The deal, should it go through, represents another success for the Canadian planes and trains maker in the competitive short-haul market. Earlier this week, Bombardier also said it had a conditional order for five CS100 and 10 CS300 aircraft placed by an unidentified customer.

"The diversity of the C Series aircraft customers ... speaks volumes about the flexibility of the aircraft to serve diverse transport needs worldwide," said Mike Arcamone, president of Bombardier's commercial aircraft division.

This year's airshow is taking place at a time when the global economy is showing signs of slowing down and governments around the world are cutting back costs on military spending as they grapple with high debt levels.

The combination of a faltering economy and lower government spending is a difficult combination for the aviation industry because air travel tracks global economic growth.

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