Airbus To Double $12B It Spends With U.S. Suppliers

Roxana Hegeman, Associated Press

WICHITA, Kan. (AP) — European aerospace giant Airbus said Monday it plans to double the $12 billion it now spends with U.S. suppliers amid strong airplane sales, explaining that the company has a backlog that is "disturbingly healthy."

Airbus America Chairman Allan McArtor told representatives from 114 companies at an aviation supplier conference in Kansas that 40 percent of what his company uses to build its planes comes from U.S. companies.

"We've got a backlog that quite frankly is disturbingly healthy, because it is hard to sell airplanes when your delivery position is so far out," McArtor said. "So we want to increase our capacity. We cannot increase our capacity without increasing our supply chain capability. We cannot increase our supply chain capability unless we approve more qualified suppliers. And that is precisely why we are here."

McArtor was in Wichita with U.S. Sen. Jerry Moran to host the first Air Capital Supplier Summit.

Kansas' aerospace industry encompasses more than 450 companies and accounts for more than 32,000 direct jobs. The France-based company has an engineering center in Wichita where it employs more than 350 people, making the Wichita facility its largest engineering center outside of Europe.

The Airbus supplier event comes just months after Airbus' biggest competitor, Boeing, announced it planned to close its defense plant in Wichita by the end of 2013. The decision means the loss of some 2,160 high-paying Boeing jobs in Wichita, ending Boeing's presence in a city where it has been a major employer for generations.

Airbus planned to build refueling tankers for the U.S. Air Force in Alabama, but its parent company, the European Aeronautic Defense and Space Co., lost the $35 billion contract to Boeing in 2011. Kansas officials and its congressional delegation helped Boeing land the lucrative tanker contract after its officials promised to do the tanker modification work at Boeing's defense plant in Wichita.

Moran told reporters before the supplier conference that Kansas officials recognized the importance of Airbus' presence in Wichita long before summit.

"While there was a lot of effort on behalf of Boeing in regard to the issue related to the tanker, I and others wanted to make certain Airbus knew we were very grateful for their participation in the Wichita business community," the Republican senator said. "I think we would be here today regardless of the Boeing decision."

McArtor said his company knew about and was fine with the strong allegiance between Kansas politicians and Boeing. But he noted that most of Airbus' suppliers are the same suppliers for Boeing.

"Manufacturing large commercial aircraft is a very competitive global business, it is decidedly not a U.S. versus European business, although some would like to frame it that way. But it is in fact a global business that relies on a global supply chain. Both Boeing and Airbus rely on suppliers that are located around the world," he said.

Airbus depends on U.S. companies more than it depends on any other country in the world to build its airplanes, McArtor said, adding that the company looks to the United States for innovation, dependability and flexibility.

"We are the largest export customer of U.S. aerospace," McArtor said. "Boeing as you know is the largest exporter, we are the largest export customer and want to grow that."

Organizers are planning a second supplier summit in Kansas. They said demand was so great that the Wichita event filled up within five days of its announcement.

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