

# Boeing, Airbus Confront Crowded Skies --- China, Russia and Canada produce rival aircraft makers in the market for single-aisle commercial jets

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## ABSTRACT (ENGLISH)

Bigger, long-haul jets aren't selling nearly as well as single-aisle, or narrow-body, jets and both Boeing and Airbus have struggled recently with big cost overruns and delays for some of their military programs. At the Paris Air Show last month, Boeing introduced the latest and biggest version of its 737 Max, with 230 seats. The Chinese jet, built by state-owned Commercial Aircraft Corp., known as Comac, has secured more than 500 orders, mainly from Chinese buyers. First delivery is expected around 2020. [...]other plane makers, such as Brazil's Embraer SA, have avoided going head-on against Boeing and Airbus and stuck to building smaller airliners. The U.S., on Boeing's behalf, 13 years ago sued the European Union at the World Trade Organization for what it calls unfair European government support for Airbus.

## FULL TEXT

LE BOURGET, France -- Boeing Co. and Airbus SE suddenly have competition.

For nearly two decades, the two have had the global market for big commercial jetliners largely to themselves. That is all changing, with three new competitors -- from China, Russia and Canada -- rolling out their own entries into what is called the single-aisle market.

Orders for these new jets are few for now, and the Russian and Chinese makers won't deliver planes for years. It is also uncertain how popular they will become.

Boeing and Airbus, meanwhile, are selling plenty of their own tried and tested work horses in the category.

Still, if even one of these new competing jets is a hit, it could threaten one of the most lucrative sectors for Boeing and Airbus.

"I don't have any problem buying Russian or Chinese aircraft," if a viable model emerges, Akbar Al Baker, chief executive of Qatar Airways, one of the world's biggest jet buyers, said recently.

The sudden competition is unfamiliar for both jet makers, and it adds pressure on them as they face waning demand in other markets. Bigger, long-haul jets aren't selling nearly as well as single-aisle, or narrow-body, jets and both Boeing and Airbus have struggled recently with big cost overruns and delays for some of their military programs.

The narrow-body market has been the industry's sweet spot for years. Large airlines and rapidly growing budget carriers love them for their size and fuel efficiency. At the Paris Air Show last month, Boeing introduced the latest and biggest version of its 737 Max, with 230 seats. Boeing has a backlog of over 3,600 orders for its 737 Max family of jets.

Airbus, meanwhile, has sold more than 5,000 of its A320neo family, the competitor to the 737 Max. It started delivering them to customers last year.

Amid that booming market, three new competitors have swept in: China flew its C919 narrow-body for the first time in early May. The Chinese jet, built by state-owned Commercial Aircraft Corp., known as Comac, has secured more than 500 orders, mainly from Chinese buyers. First delivery is expected around 2020. Comac didn't respond to requests for comment.

Russia's MC-21, which can seat as many as 211 passengers, also made its maiden voyage in May. The aircraft is manufactured by Irkut Corp., which says it has taken in 175 orders and will deliver its first in 2019 as it prepares for further tests.

Canada's Bombardier Inc., meanwhile, began delivering a 130-seat version of its CSeries plane in November. The CS300 competes with the smallest models of the Airbus and Boeing short-haul planes. It is already in service with two European airlines. Bombardier so far has 237 orders for the jet.

Deutsche Lufthansa AG and Air Baltic executives have praised the plane's low noise and fuel efficiency.

"The interest level in the program continues to rise," said Bombardier's commercial-airplanes boss, Fred Cromer. China and Russia have yet to win backing for their planes from big-name Western carriers. Many of those buyers aren't convinced the newcomers can in the near term provide the required globally available spare parts and repair services to keep operations humming.

Meanwhile, other plane makers, such as Brazil's Embraer SA, have avoided going head-on against Boeing and Airbus and stuck to building smaller airliners.

The Chinese jet might be the most significant threat to Airbus and Boeing. Its ambitions are underpinned by the government's long-term focus and deep pockets and a domestic airline market large enough to keep local aircraft production busy.

"Are they a threat in the next five to 10 years to Airbus and Boeing? Probably not," said Airbus's chief plane salesman, John Leahy.

"In 20 years, I think they will be one of the big three manufacturers of aircraft," Mr. Leahy added.

The Chinese plane still lags behind the performance of the newest Boeing and Airbus jetliners. It is projected to have a shorter range and be less fuel-efficient. But industry officials expect that to change.

"The Chinese will drastically change the duopoly, but with the next aircraft, not the C919. With this one, they are going to learn," said Jerome Rein, partner at Boston Consulting Group.

Boeing is moving some work completing aircraft to China to help maintain access to the rapidly expanding market. Airbus already assembles some of its single-aisle planes in Tianjin, near Beijing.

"Our team has to wake up every day to be mindful that competition evolves and evolves quickly and we have to stay ahead of it," said Boeing's commercial-airplanes boss, Kevin McAllister.

Boeing also has gone after rivals through litigation. The U.S., on Boeing's behalf, 13 years ago sued the European Union at the World Trade Organization for what it calls unfair European government support for Airbus. The case and a counterclaim remain under way.

This year, Boeing challenged Bombardier's sales of a smaller version of the CSeries, the CS100, to Delta Air Lines Inc. at the U.S. International Trade Commission. It accuses the Canadian company of selling the plane below cost. Bombardier dismisses the accusation, saying that new planes are often heavily discounted. It also said that Boeing has no standing to challenge its deal for the 100-seat plane because the U.S. plane maker has no rival product. The U.S. review is continuing.

Credit: By Robert Wall

## DETAILS

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