

Airbus guns for 60% market share after business surge

GUY NORRIS/SANTIAGO

AIRBUS INDUSTRIE aims to secure as much as 60% of the world's large civil airliner market in the future, and is confident that Boeing's share may drop to 40%.

"We have moved to our goal of 50-55% of the market, and I really think airlines want to see some stabilisation at 50% to 60%," says John Leahy, Airbus' senior vice-president commercial. "Boeing will probably stabilise at around 40%."

He draws the line at a 60% market share, however, saying: "I don't think you will see Airbus having 80%. We don't think we need to be producing that much".

The consortium has raised its goals following a surge in business in 1998 and 1999. In terms of orders logged last year, the Airbus tally of 476 units represented 55%

of the total 100-seat plus market, versus 391 units or a 45% share for Boeing. In value terms, Airbus says this translates into \$30.5 billion, or 52% of the market for Airbus and \$28 billion, or 48% for Boeing. "Maybe Airbus and Boeing will sell about 350 units each this year," Leahy adds, "combining for a total of 600 to 650 firm orders".

Airbus production targets set last year envisage delivery of 307 aircraft this year (against 297 in 1999), 330 in 2001 and 358 in 2002. With its orderbook bulging, the A318 kicking in from 2002 and airline delivery requirements at the limits of capacity in recent campaigns, plans are afoot to boost production further.

Output of single-aisle aircraft in Toulouse – seven A320s a month – looks set to rise to 13-15, with Hamburg (A318s, A319s and A321s) ramping up to a maximum

of 15 from 2001, giving a monthly capacity of at least 28 aircraft. The partners have already agreed to shift some A319 assembly to Toulouse if there is overspill (*Flight International*, 23-29 June 1999). Meanwhile, Toulouse's widebody output, running at seven a month, is expected to rise to eight or nine.

These increased rates would allow for around 450 annual deliveries by 2002, significantly higher than previous projections made for that year.

Airbus remains wary of pushing production up too fast, and while it confirms that a monthly narrow-body capacity of 28 aircraft "is being explored", it adds: "We have to ensure that the whole production system can support a decision and that takes time. Each partner is responsible for its own suppliers and to ensure they can or cannot make it." □

Thai attempts bridge-building with new Star partner SIA

ANDRZEJ JEZIORSKI/SINGAPORE

THE STAR Alliance's latest member, Singapore Airlines (SIA), has sent a senior management delegation to Bangkok to try to iron out much-publicised differences with neighbour and new ally Thai Airways International.

The meeting, set for 10 April, is also being attended by supervisory board members of leading Star member Lufthansa, whose role is being interpreted by some observers to be "honest broker" for the Asian neighbours.

Thai president Thamnoon Wanglee had previously criticised moves to bring SIA into Star, fearing it would lose revenue to its long-standing regional rival as Star passengers route via Singapore instead of Bangkok. "That is why Lufthansa is coming to the meeting, too," he says.

Thamnoon is trying to paint a more positive picture of SIA's membership. "If we have full co-operation, we can capture market share in the region and beyond. We can both capture market share. We are not leaving Star," he says.

The Thai president says the airlines will discuss "full co-operation in the commercial area, as well as traffic planning". Air fares would also be discussed as "a minor issue".

The airlines are seeking common ground as discussions continue about partial privatisation of the 93% state-owned carrier. Thamnoon says the government is committed to going ahead with the delayed privatisation this year.

The airline will request proposals from potential bidders in June, and shortlist potential strategic partners – which will compete for a 10% stake in Thai – in August.

An initial public offering of a further 13% of stock will be held in September, and the selection of the strategic partner will take place in December, says Thamnoon.

Star is to launch what it says is the first airline-led e-commerce exchange for the industry. The exchange, open to non-Star carriers, will allow users to buy parts, services and supplies. □

Kaman wins MD Helicopters deal

KAMAN Aerospace has signed a 10-year agreement with MD Helicopters to supply all of its MD500/600 series helicopter fuselages in a deal worth up to \$100 million. The work reduces Kaman's heavy reliance on the SH-2G Super Seasprite and K-Max niche product lines.

The agreement forms part of a wider effort by MD Helicopters to redistribute and expand outsourcing of its subassembly work since acquiring the former Boeing civil helicopter business in 1999. Ultimately, the company wants to focus efforts at its Mesa, Arizona plant solely on final assembly of its twin- and single-engine family of MD500/600 and MD902 Explorer helicopters.

The fuselage work being transferred to Kaman was formerly undertaken by Ayres in Georgia, which instead wants to concentrate on launching production of its new

Loadmaster freighter aircraft. Production will be divided between Kaman's Moosup plant in Connecticut and an expanded Jacksonville, Florida, facility.

Kaman is contracted to supply 15 fuselages this year, starting in June with the first MD600N sub-assembly. Production will increase

to 49 next year and an expected 60 in 2002. Production of Explorer fuselages has been transferred to Tusas Aerospace Industries of Turkey after it was relinquished by de Havilland of Australia.

MD Helicopters is looking to place all subcontracting currently performed by Boeing. □



Kaman could earn \$100 million from MD Helicopters deal