

LEASING

ILFC halts RJ market plans

International Lease Finance (ILFC) has again rejected an entry into the rapidly expanding regional jet market, after seriously considering an order for up to 150 50- to 70-seat aircraft.

In what would have represented a significant switch in strategy, ILFC had been close to a deal with Embraer to order 75 ERJ-145s and possibly larger ERJ-170s, as well as place options for another 75 aircraft. Negotiations were understood to have already resulted in the two companies reaching a tentative agreement for an order which would have been announced at this month's Paris air show, but the leasing company's board decided last week not to pursue the plan.

Industry sources suggest that had ILFC been given the green light to enter the regional market, the company could have built a portfolio of regional aircraft types.

ILFC rival GE Capital Aviation Services (GECAS) spearheaded the leasing company's entry into this market with simultaneous orders for 50 ERJ-170s, the same number of Fairchild Dornier 728JETS and 15 Bombardier CRJ200s, 25 CRJ700s and 10 CRJ900s. GECAS holds options on another 300 regional jets. All the models ordered are equipped with engines built by GECAS sister company General Electric Aircraft Engines.

ILFC has long been mulling over whether to follow suit, having made clear its core business is focused on aircraft above 100-seats.

At issue is the limited number of people employed by ILFC and the revenue per head generated. It requires approximately the same number of staff to manage a Boeing 747 lease as it would a small regional jet. In addition, the regional market is viewed as financially risky for lessors.

INDUSTRIAL PARTNERS ANDREW DOYLE / TOKYO

Japanese manufacturers rule out A380 risk deal

Airbus fails in efforts to break potential programme partners' close ties with Boeing

Japan's major aerospace manufacturers are poised to reject an Airbus offer of an 8% full risk-sharing stake in the \$10.7 billion A380 programme in favour of safeguarding their close ties with Boeing.

Mitsubishi Heavy Industries (MHI) has told *Flight International* it will not risk-share in the European ultra-large aircraft project, and Kawasaki Heavy Industries (KHI) is all but ruling out taking a stake. The third candidate, Fuji Heavy Industries (FHI), also plans to decline the offer, according to industry sources.

However, the three companies are interested in taking on substantial A380 subcontract work and are discussing how to structure their participation with Airbus.

"Our relationship with Boeing is a good one, and therefore when it comes to being a risk-sharing partner in the A380 we cannot participate at the moment," says MHI



Airbus is struggling to find risk-sharing partners for its A380 programme

civil aircraft general manager Masakazu Niwa. "We want to see if there is a way to strike a balance and have a satisfactory contract with Airbus without sacrificing our relationship with Boeing," he adds.

KHI commercial aircraft manager Takuji Hamaguchi will not comment on A380 risk-sharing, but says the company is interested in A380 subcontract work. He adds: "The bottom line is to respect our relationship with Boeing."

Failure by Airbus to offload a significant full risk-sharing stake in the A380 in Japan will be a setback for the European manufacturer, which is struggling to attract major partners for the project. It will also come as a relief to Boeing, which has voiced concerns about the prospect of deeper ties between Airbus and Japanese industry.

However, MHI, KHI and FHI, which between them have a 15% stake in the 767 programme and 21% of the 777, aim to take on more Airbus work following the European manufacturer's success in growing its global market share.

FHI is a candidate to produce the A380 aircraft's composite centre wing box, while MHI and KHI are likely to be interested in supplying parts of the fuselage and wing trailing edge, say industry sources.

Separately, Japan's aerospace manufacturers plan to meet during the next few weeks to discuss participation in Boeing's sonic cruiser programme.

MARKET STRATEGY

Airbus focuses on A300/A310 feedback

Airbus is analysing feedback from a series of focus group meetings with international carriers and leasing companies to determine the best solution for finding a future 200-250-seat replacement for its A300/A310 family.

The company recently convened meetings in Amsterdam, Fort Worth and Singapore with a selection of operators, including American Airlines, CIT Aerospace and Emirates. The results were scheduled to be analysed by an Airbus working group chaired by chief executive Noel Forgeard on 7 June.

"We're looking at what could be a new 200-250-seater long-term," says Airbus. "We have an open mind and are looking at all possibilities."

Participants were presented six different design solutions from which to state a preference. Options comprised a new aircraft primarily driven by either operating economics or environmental considerations available around 2010, a transonic jet along the lines of the so called "E⁺" near sonic concept, a supersonic aircraft, the proposed A330-500 shrink and an improved version of the A300-600R (*Flight International*, 17-23 April).

Airbus has refocused attention on the 200-250-seat market in the wake of Boeing unveiling the sonic cruiser concept. The manufacturer had questioned the aircraft's economic and environmental feasibility. At best it regards a transonic jet as a niche application.

The consensus among the carriers surveyed is believed to support a clean sheet conventional aircraft emphasising low operating costs.