

REGIONAL AIRCRAFT MAX KINGSLEY-JONES / LONDON

# Cancellations exceed orders

Ten-year regional jet boom collapses as demand slumps further and analysts predict another grim 12 months ahead

Last year was a watershed for the regional aircraft industry in more ways than one. Not only did it see the demise of another key jet manufacturer and an important new airliner programme, but it represented the end of the regional jet boom that began 10 years ago.

The sector's total order tally collapsed from 400 aircraft (gross) in 2001 to just 112 last year, a fall of 72% to the lowest level for well over a decade. This was the second consecutive fall, as 2001's orders were also down.

Regional jets made up the bulk of the orders (86), but even this total was the lowest since 1993 – when the concept was in its infancy. Bombardier took the honours in the jet sector, with over half of the gross intake.

The short-term outlook remains bleak, says Les Weal, chief analyst of UK aviation consultancy Airclaims. "This will be another tough year. It is hard to see where many big orders are going to come from. Given current uncertainties, many airlines might adopt a wait-and-see philosophy."

Key to the manufacturers' fortunes in 2003 will be whether several potentially major regional jet

orders from US Airways and United Airlines that are currently in limbo get confirmed.

The ATR and Bombardier Q Series turboprop families continue to fight for the scraps from the regional jets' table, but between them could only muster 24 orders, net of cancellations. Sales of propeller-driven aircraft have been in free fall for several years, and 2002's tally was less than half the total taken in the preceding 12 months. Raytheon's decision to leave the market, halting the 1900D, means ATR is the only regional manufacturer without a jet. It was last year's winner, with 60% of sales.

Whether the turboprop market's collapse has reached the bottom yet is unclear, but if global sales fall below the 20-unit mark this year then it will be difficult to see how continued production of two turboprop types will be sustainable in the long term. ATR remains confident that the sector has bottomed out, predicting that the annual market should recover to the 40-60 aircraft level once the market picks up.

The overall net order total represents a deficit this year, reflecting the effect of the demise of the

Fairchild Dornier 328JET and 728 programmes. The 328JET's new owner AvCraft Aviation is promising that the 30-seater will make a comeback, but the disappearance of the all-new 728 looks almost certain, leaving a hole in the regional aircraft order backlog. Lufthansa was the biggest loser, having held a launch order for 60 728s (plus 60 options) until the programme's suspension last year. The German airline is expected to replace that order with a deal for Bombardier or Embraer regional jets, however.

After almost exponential growth during the 1990s driven by airlines' insatiable demand for small jets, regional aircraft output growth hit the stops in 2001, and last year fell 16%, to the levels of the late 1990s. This was partly caused by the first fall in regional jet output since the mid-1990s, to 309 aircraft, and finished off by a continued decline in

turboprop production, which dropped by a third to 60 aircraft.

Bombardier was the overall victor, delivering more than 50% of the total, including 29 Dash 8 Q Series and 180 CRJs – the latter 20% more than in 2001. Embraer's 121 deliveries were its lowest since 1999, but it is set to bounce back this year to 148 aircraft as ERJ deliveries pick up and production of the new 170 family takes off.

The outlook for 2003 is for regional jet deliveries overall to stay flat, while turboprop production is inevitably set for further decline following the removal of the Beech 1900D from the equation.

The regional jet and turboprop backlog has dropped by a third to 860 due to a low order intake and the deletion of orders after Fairchild Dornier's collapse. The turboprop order backlog continues to account for around 6% of the total.

REGIONAL JET ORDERS, DELIVERIES AND BACKLOG - 2002

	2002						2001	
	Seats	Deliveries	Orders	Cancelled	Net orders	Backlog	Deliveries	Net orders
<b>BAE Systems</b>								
RJ	85/100	0	0	0	0	0	10	1
RJX	85/100	0	0	0	0	0	0	-2
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>-1</b>
<b>Bombardier*</b>								
CRJ**	50	134	43*	10	33	263	126	189
CRJ700	70	46	3*	0	3	130	22	21
CRJ900	90	0	0*	0	0	30	0	20
<b>Total</b>	<b>180</b>	<b>46*</b>	<b>10</b>	<b>36</b>	<b>423</b>	<b>148</b>	<b>230</b>	
<b>Embraer**</b>								
ERJ-135	37	3	15	34	-19	31	27	-5
ERJ-140	44	36	0	0	0	116	22	41
ERJ-145	50	82	15	-17	32	109	104	2
170	70	0	6	0	6	88	0	-8
195	108	0	0	0	0	30	0	0
<b>Total</b>	<b>121</b>	<b>36</b>	<b>17</b>	<b>19</b>	<b>374</b>	<b>153</b>	<b>30</b>	
<b>Fairchild Dornier**</b>								
328JET	33	8	4	56	-52	6	31	49
728/928	70/90	0	0	124	-124	0	0	4
<b>Total</b>	<b>8</b>	<b>4</b>	<b>180</b>	<b>-176</b>	<b>6</b>	<b>31</b>	<b>53</b>	
<b>Jets total</b>	<b>309</b>	<b>86</b>	<b>207</b>	<b>-121</b>	<b>803</b>	<b>342</b>	<b>312</b>	
<b>Regional aircraft total</b>	<b>369</b>	<b>112</b>	<b>209</b>	<b>-97</b>	<b>856</b>	<b>438</b>	<b>369</b>	

## NOTES FOR BOTH TABLES

Source: Flight International/manufacturers. Cancellations may be "negative" where an order has been converted from one aircraft to another, but no "new" order has taken place.

\*Some data sourced from Airclaims CASE when manufacturers unable to provide figures.

\*\*Figures exclude Challenger 800, Legacy, and Envoy corporate models and military deliveries

TURBOPROP AIRLINER DELIVERIES AND ORDERS - 2002

	2002						2001	
	Seats	Deliveries	Orders	Cancelled	Net orders	Backlog	Deliveries	Net orders
<b>ATR</b>								
ATR 42	48	5	2	2	0	1	5	5
ATR 72	68	14	14	0	14	23	15	20
<b>Total</b>	<b>19</b>	<b>16</b>	<b>2</b>	<b>14</b>	<b>24</b>	<b>24</b>	<b>20</b>	<b>25</b>
<b>Bombardier</b>								
Dash 8 Q100/200	37	0	0*	0	0	1	5	0
Dash 8 Q300	50	11	6*	0	6	16	20	6
Dash 8 Q400	74	18	4*	0	4	12	30	6
<b>Total</b>	<b>29</b>	<b>10</b>	<b>0</b>	<b>10*</b>	<b>29</b>	<b>55</b>	<b>12</b>	
<b>Embraer</b>								
EMB-120	30	0	0	0	0	0	2	0
<b>Fairchild Dornier</b>								
Metro*	19	0	0	0	0	0	6	0
228*	19	1	0	0	0	0	1	0
328*	33	0	0	0	0	0	1	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>
<b>Raytheon</b>								
Beech 1900D*	19	11	0	0	0	0	11	20*
<b>Total</b>	<b>60</b>	<b>26</b>	<b>2</b>	<b>24</b>	<b>53</b>	<b>96</b>	<b>57</b>	

Notes - See other table