



GERMANIA MAY ORDER 25 AIRBUS A320-FAMILY JETS: SOURCES

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Airbus is set to announce a key order for 8-10 of its biggest twin-engined model, the A350-1000, from Virgin Atlantic after beating Boeing to a scarce order for big jets as economic and political uncertainties overshadow the Farnborough Airshow.

The order, worth some \$3 billion at list prices, could perk up Monday's opening of an event clouded by geopolitical uncertainty, including Britain's decision to leave the European Union and concerns over the state of the global economy.

British Prime Minister David Cameron will attend the opening day, where he is expected to finalize multi-billion dollar deals with Boeing ([BA.N](#)) to buy nine P-8A Poseidon maritime patrol planes and to upgrade 50 Apache helicopters.

Industry sources said Airbus's A350-1000 deal with Virgin Atlantic provided a shot in the arm to a 366-seat model promising greater efficiency but whose sales have slowed as Boeing develops a larger version of its 777, prompting a game of leapfrog between the only two makers of long-haul jets.

Airbus declined to comment and Virgin Atlantic was not available to comment.

Airbus and Boeing have enjoyed years of strong demand, helped by rising airline travel particularly in Asia and the Middle East and new, more fuel-efficient planes.

But with the industry's order backlog standing at a record 13,500 planes at the end of 2015, or 9.6 years of production at current rates, analysts are worried that economic risks - from slowing growth in China to Britain's move to leave the EU - could see orders dry up and some even canceled.

Larger, more expensive twin-aisle planes are likely to be most at risk. Indeed, industry sources said Virgin Atlantic, which has long deferred an order for six of Airbus's A380 superjumbos, looked set to finally cancel it.

The head of Boeing Commercial Airplanes, Ray Conner, said the company was facing slower demand for wide-body jets and would be vigilant about matching supply to demand, though it was too early to say whether it would again cut output of its 777.

SINGLE-AISLE COMPETITION

Separately, industry sources said privately held German airline Germania was close to placing an order with Airbus for around 25 A320-family jets, worth over \$2.5 billion.

That deal for Airbus's top-selling single-aisle plane, if confirmed, would also be a disappointment to Boeing, which is trying to wrestle back such customers after losing market share.

Germania operates both Airbus and Boeing jets but has said it aims to harmonize its fleet by switching to all-Airbus aircraft when it takes older Boeing 737-700s out of service.

Germania officials could not immediately be reached for comment. An Airbus spokesman said: "We do not comment on confidential talks which may or may not be happening with our customers."

Among other potential deals at Farnborough, Boeing is expected to firm up at least part of a deal for up to 20 747-8 freighters from Russia's Volga Dnepr, boosting its declining jumbo jet program, and could announce a new Asian customer for its high-density 737 MAX 200 jet aimed at low-cost carriers.

The U.S. company announced a preliminary deal with Volga Dnepr last year.

Also this week, it will effectively relaunch the smallest version of its 737 MAX series by adding more seats to make it more economical for airlines and reverse weak sales.

It is also looking at adding a new and larger version of the 737 MAX family and has not ruled out both doing this and developing a larger new "middle-market" region-hopping jet.

At least one of those moves partially includes a response to the success of the 185-seat A321neo, illustrated by what sources describe as plans for Norwegian Air to upgrade 30 of the 100 150-seat A320neos it has ordered to the larger jet.

The company, which last month delivered the first of 72 A320neo planes ordered by India's GoAir, is in talks with the same airline for a follow-on order containing a similar number of jets, industry sources said, confirming a Bloomberg report.

AirAsia, which is also in fresh talks to buy more jets, is itself bullish on India after regulatory changes.

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