



AIRBUS LOOKS TO UPGRADES TO COUNTER BOEING'S NEW MID-MARKET JET

News / Manufacturer



Europe's Airbus is examining a series of step-by-step improvements to its A320neo family as it prepares to defend its main cash cow against Boeing's plans to compete in a narrow part of the aircraft market between large and small jets.

Weeks after delivering its first A321neo, upgraded with new engines, the planemaker has already begun talking to suppliers about enhanced versions called A321neo-plus and, most recently, A321neo-plus-plus, people familiar with the matter said.

The clunky working titles deliberately shed little light on what changes are planned, but underscore Airbus's preference for upgrades to existing designs rather than investing in a costly new project at this stage.

After a series of major developments, planemakers are mainly focusing on gradual changes and conserving cash, helping to lift their shares. But Boeing is threatening to roll the dice one more time with an all-new plane in the middle of the market.

Airbus's so-called A321neo-plus-plus would be rolled out if Boeing does go ahead with plans for an all-new plane seating 220-260 passengers. It would involve a new carbon-composite wing to make the biggest Airbus single-aisle jet cheaper to fly.

The 189-seat A321neo has been outselling existing Boeing models by four to one, hurting sales of the Boeing 737 family and replacing some of Boeing's out-of-production 757s.

Boeing hopes a new mid-market jet would not only recapture business served by the 757 but address a wider gap between single-aisle jets that seat up to 200 people and twin-aisle jets that start at around 250 seats.

Its new design offers the space of a twin-aisle jet in the cabin, sitting on top of a compact cargo area resembling that of a single-aisle jet to reduce drag and operating costs.

Industry sources say it is expected to start offering the lightweight twin-aisle airplane to airlines next year and could launch it in 2019 for an entry to service in 2024 or 2025.

MIDDLE OF MARKET

Airbus has dismissed the threat of such a jet, saying any market gap is well covered by its A321neo, which can seat up to 240 people in high-density configurations. It says its own A310 several decades ago proved that twin-aisle jets can't easily compete in that part of the market.

But internally it is working on a series of improvements to the A321neo to try to thwart Boeing's grab for the middle of the market, where thousands of potential sales could be at stake.

Three industry sources said the plans include an A321neo-plus-plus with a new wing. Analysts say such makeovers cost \$1-2 billion against \$15 billion for a new jet.

Two sources suggested Airbus could also fine-tune its smallest twin-aisle jet, the A330, in a pincer movement against the Boeing model. But after numerous refinements since it was launched in 1987 that aeroplane is said to have limited growth.

One industry strategist said Airbus would at least study the option of waiting for Boeing to show its hand in the middle of the market and then accelerating development of an all-new single-aisle family by 2030, depending on engine technology.

"How both companies behave now may set their course for the next 10-15 years," he said, asking not to be named.

Airbus declined to comment.

As an interim tactical move, Boeing is gearing up to add a larger model to its single-aisle 737 family by launching a 190-230-seat 737-10 version at the Paris Airshow in June.

The project took a step forward when Boeing solved a tricky problem regarding the design of the 737-10's landing gear, which needs to be larger than before but fold into the same space.

In an interview with Aviation Week, a senior Boeing executive confirmed the breakthrough, first reported by Reuters.

SOURCE: REUTERS

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