

Boeing seeks \$60 bn in US support for aerospace industry

March 18 2020



The economic impact of the coronavirus pandemic further dimmed Boeing's near-term outlook, which was already affected by the 737 MAX crisis

Boeing is seeking at least \$60 billion in federal support for the aerospace industry to help it navigate a battered aviation environment due to the new coronavirus, company officials said Wednesday.

The funds would include federal loan guarantees to provide liquidity for Boeing and companies in its supply chain at a time when the virus pandemic has obliterated near-term airline demand and destroyed the industry's profitability.

"Funds would support the health of the broader aviation industry, because much of any liquidity support to Boeing will be used for payments to suppliers to maintain the health of the [supply chain](#)," Boeing officials said in a statement.

"The long-term outlook for the industry is still strong, but until global passenger traffic resumes to [normal levels](#), these measures are needed to manage the pressure on the aviation sector and the economy as a whole."

Boeing's near-term outlook had already been dimmed by the 737 MAX crisis, which was grounded a year ago following two deadly crashes.

The jet has still not been cleared to resume service and continues to face some important regulatory hoops before it will fly again.

The dual crises would threaten the survival of other companies, but Boeing still retains considerable support in Washington because of its importance to the US economy, with about 130,000 employees, a figure that doesn't include workers at about 17,000 suppliers.

President Donald Trump on Tuesday endorsed aggressive measures to assist Boeing, telling reporters at a briefing, "we have to protect Boeing and help Boeing."

Airlines are also suffering, and [media reports](#) say the government is looking at \$50 billion in assistance that the industry has requested.

Still, federal packages for big companies could come with conditions.

Democratic presidential candidate Senator Bernie Sanders of Vermont said any bailouts to the airline industry must be conditioned on ending stock buybacks.

And Senator Elizabeth Warren, a Massachusetts Democrat who recently ended her presidential campaign, said on Twitter that companies should also be prohibited from paying dividends or executive bonuses during the period of relief and three years after.

Credit ratings agency S&P on Monday downgraded its rating for Boeing, saying its outlook has worsened and predicting a likely increase in "aircraft order deferrals, further pressuring cash flows."

Boeing disclosed Tuesday that it has fully drawn a \$13.8 billion credit agreement struck only last month with major banks, according to a securities filing.

The [company](#) still has another credit facility from October 2019, which has not been drawn on and provides "additional liquidity as we navigate the current challenges."

© 2020 AFP

Citation: Boeing seeks \$60 bn in US support for aerospace industry (2020, March 18) retrieved 18 April 2024 from <https://techxplore.com/news/2020-03-boeing-bn-aerospace-industry.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.