

Norwegian buys 50 Boeing 737 MAX, ending dispute

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The Norwegian order is welcome news for the Boeing 737 MAX 8, which has been gradually returning to service since late 2020.

Low-cost carrier Norwegian Air Shuttle said Monday it would buy 50 Boeing 737 MAX 8 planes, ending a dispute between the companies and

helping revive the US-made aircraft after two deadly crashes.

The jets will be delivered between 2025 and 2028, or around the same time that Norwegian's aircraft leasing deals come to an end, and the contract includes an option for 30 more, the company said in a statement.

The order is welcome news for the US manufacturer's flagship Boeing 737 MAX 8, which was grounded for 20 months following two fatal accidents and has been gradually returning to service since late 2020.

Norwegian's order is part of "the resolution of a dispute we have" with Boeing, the company's chief executive Geir Karlsen told broadcaster TV2.

The Nordic low-cost carrier and Boeing have been locked in a legal battle for several years, with the Norwegian carrier launching legal proceedings against the US giant for compensation following setbacks related to its 737 MAX and 787 Dreamliner long-range jets.

Without giving further details, Karlsen mentioned "a compensation of two billion kroner (\$212 million, 197 million euros) that we used to buy planes under advantageous conditions."

According to Karlsen, the price paid is "much lower" than the one Norwegian had to pay a few years ago for its first 737 MAX—which it has since sold—but also than the one offered by European competitor Airbus.

Norwegian said the deal remains subject to "various closing conditions" that it hopes will be concluded by the end of June.

The company, which currently operates 61 aircraft, plans to ramp up

operations to have 70 in service this summer and 85 in the summer of 2023.

'Becoming more normal'

Plagued by over-ambitious expansion, technical problems and the COVID pandemic, the company narrowly avoided bankruptcy last year via an extensive restructuring that led it, among other things, to give up its long-haul flight, reduce its fleet and cancel numerous orders.

Securing the 50 aircraft means Norwegian is also returning to fully owning its own fleet after it was forced to rely on leased aircraft due to its financial woes.

Unless the option to buy more aircraft is implemented, Norwegian's flight capacity is not expected to increase beyond what has already been announced.

"This is rather a sign of an airline that is becoming more normal, that no longer lives exclusively on leased aircraft but owns part of its fleet itself," Sydbank analyst Jacob Pedersen commented to business website e24.no.

For Boeing, this order solidifies the revival of the 737 MAX aircraft.

The 737 MAX was temporarily grounded worldwide following two crashes in Indonesia and Ethiopia, in 2018 and 2019, that killed a combined 346 people.

After Caribbean Arajet and American Allegiant Air put in orders for the aircraft, British carrier IAG—parent company of British Airways—also just ordered 50 planes with an option for 100 more.

Norwegian on Monday also noted that the Boeing 737 MAX 8 is "approximately 14 percent more fuel-efficient compared to the previous-generation aircraft," thus limiting emissions and cutting energy costs in view of rising fuel prices.

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