

# For Airbus, capitalizing on Boeing's woes is challenging

4 August 2019, by Luc Olinga



"Airbus is a winner only at the margins," said aviation analyst Richard Aboulafia

With its main rival hobbled by the worldwide grounding of a top-selling jet, Europe's Airbus could seem poised to emerge as the undisputed global aerospace leader.

Airbus has overtaken the American giant Boeing in some key benchmarks in 2019. And the company is now better positioned to move quickly on a new jet product.

Meanwhile, the American company is mired in efforts to get its crisis-stricken 737 MAX planes back in the sky after two deadly crashes.

Still, experts say the Toulouse, France-based aviation giant faces production constraints that likely limit its ability to grab more market share.

"Airbus is a winner only at the margins," said Richard Aboulafia, a longtime industry analyst at the Teal Group, an aerospace market analysis firm.

To be sure, Boeing's suspension of deliveries of its top-selling [plane](#) has added luster to Airbus's solid

and unscathed results.

Moreover, as the MAX grounding has dragged on since March, key airline customers are becoming increasingly blunt in expressing frustration.

Airbus delivered 389 planes through the end of June, an increase of 28 percent. During the same period, Boeing deliveries fell 37 percent to 239.

It was the first time since 2011 that Airbus overtook its US rival in plane deliveries, which is when the bulk of revenues are generated, effectively rendering Airbus the world's largest aircraft maker.

Airbus also has had net orders of 88 planes in 2019, compared with Boeing, which has seen a decline of 119.

At the Paris Air Show in June, Airbus announced orders for 383 planes worth \$44 billion, about \$10 billion more than Boeing's take from the show.

Still, a consolation prize for the US company was a letter of intent by British Airways parent IAG to buy 200 new 737 MAX planes, a vote of confidence in the aircraft.

Airbus is primed to move more quickly with commercializing a new mid-distance plane, launching the A321XLR in Paris this year, a single-aisle plane with greater range and passenger capacity of 240.

Boeing also has had a plan under development for a competing jet, but the timeframe has been pushed back because of the MAX.

## No major Boeing cancellations

But since the MAX crisis, Boeing has seen "no major cancellations of orders," said Aboulafia.

The Saudi budget carrier Flyadeal reversed a plan

to purchase MAX planes but the deal had been provisional, aviation experts said.

Still, some plane contracts allow airlines to cancel the agreement without charge six months after a grounding. That means late September could be a telling juncture.

"That's when we'll know whether Airbus really has benefited from this tragedy," said Michel Merluzeau, an expert at Air Insight Research, an analysis firm and consultancy.

But even if airlines did want to shift to Airbus, they might have doubts about the European company's ability to deliver higher output.

Ramping up production in aerospace is a capital-intensive process that involves around five years of planning, Merluzeau said.

"I'm not sure Airbus's supply chain can sustain another increase in production," Aboulafia said. "It will require additional investments, and we are talking about millions of dollars."

Airbus has struggled to keep up with some of its production targets due to difficulties at engine makers Pratt & Whitney and CFM International, a joint-venture of General Electric and Safran.

Airbus has said it expects output of MAX rivals under its A320 line to reach 60 per month in 2019 and 63 per month next year.

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