

Bombardier CSeries rumours flying high

BY FRANCOIS SHALOM, THE GAZETTE JANUARY 7, 2010 7:51 AM



Bombardier's Benjamin Boehm (left) and Robert Dewar display a model of the company's new CSeries jet in Montreal on Sept. 14, 2009.

Photograph by: Pierre Obendrauf, The Gazette

MONTREAL – The actual nuts-and-bolts business of building aircraft may be in a slump these days, but the rumour mill is compensating for the lack of economic activity.

One rumour is the speculation yesterday by a Wall St. analyst that Bombardier Inc. is quietly, even stealthily, working on a 150-seat version of its planned CSeries family of airliners.

"Bombardier as of yet has not spoken of this potential stretch, probably because it would put the aircraft into truly direct public competition with Boeing and Airbus," wrote Joseph Nadol of J.P. Morgan Chase & Co. in a report.

The CSeries is generally presented as having two versions, one with about 110 seats and the other for about 130 passengers.

John Arnone, a spokesperson for Bombardier Aerospace's commercial aircraft section, called the report "speculative."

Bombardier, he added, has publicly mentioned the possibility of the CSeries going up to 145 seats.

"But our mandate is to pursue a 110- to 130-seat aircraft," Arnone said.

Boeing Co.'s 737 series and Airbus SA's A320 series have variants that start at 106 seats, but both are due to renew their respective series. That has sparked endless debate and whisper campaigns about whether they would design new planes to go toe-to-toe with Bombardier's CSeries.

The CSeries expects to gain savings from its geared turbofan engine developed specifically for it by

Pratt & Whitney.

Raymond Jaworowski, an analyst with consultancy Forecast International of Newton, Conn., had his own bombshell rumour. If it turns out to be true, it would be far more momentous for Bombardier, its main rival Empresa Brasileira Aeronautica SA (Embraer) of Brazil, as well as three other nascent aerospace ventures from India, Japan and Russia that are jumping into the market.

Jaworowski said a whisper campaign on both sides of the Atlantic is intensifying to the effect that when Boeing and Airbus renew their narrow-body planes, they will concede the entire market below 150 seats to Bombardier and the others.

"We've been hearing a lot (of speculation) to the effect that their new designs would start at 150 seats, which would relegate everything under that to Bombardier, Embraer and the others. They would vacate that space."

That could prove a boon to Bombardier and its competitors in that niche.

But Jaworowski cautioned that while the 130-seat to 150-seat sector "always has a market, it has always been difficult for the lower end, the 100-seat segment."

Still, he said, when air traffic rebounds, many of the routes now flown by 50-, 70- and 90-seaters made by Bombardier and Embraer may switch over to larger planes like the CSeries.

Nadol is encouraging about a CSeries 150-seater.

Despite the lesser range it might have than some competing planes, "a 150-seat CSeries would be far lighter than 737s and A320s with a like number of seats and would have more fuel-

efficient engines, a combination likely to result in enviable economics," he said.

"We believe growing interest in this aircraft has been a major driver of more substantial industry talk of Boeing and Airbus re-engining. The talk could be just that - aimed at casting doubt upon the CSeries's position in the market - but even this represents a higher level of respect for the program."

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