The Big Sell

England will be a defining moment for bombardier and its cseries

BY FRANCOIS SHALOM, THE GAZETTE  JULY 17, 2010

A mock-up of the interior cabin of a Bombardier CSeries jet was displayed at the 2008 Farnborough International Airshow.

Photograph by: ALESSIA PIERDOMENICO REUTERS, The Gazette

Make-or-break is excessive. But a defining moment sums it up nicely.

Bombardier Inc.'s bold gamble, its CSeries airliner, has set the aviation world abuzz since its launch at the Farnborough air show two years ago.

But it's at this year's edition starting Monday in England that aerospace watchers will finally get a truer, more definitive sense of the CSeries' long-term prospects. And its order intake, in turn, will have a large impact on Montreal's aerospace industry, an engine of the Quebec economy.

Bombardier holds 90 firm orders for the CSeries that's scheduled to enter service in 2013, with 90 more on option -a livable number, but a far cry from the 825-plus Boeing racked up for its problem-plagued and much-delayed 787 Dreamliner.

The plane's critics, both knowledgeable and blowhard bloggers, gleefully note that airlines have hardly beaten down Bombardier's doors to get at the CSeries.

True. But a more balanced perspective takes context into account.
Hardly had the ink dried on the official CSeries launch papers in July 2008 than the world economy started tanking, threatening to collapse.

Not exactly rollicking times to be peddling an aircraft to perpetually hard-up airlines. An all-new, unproven plane with an all-new unproven engine.

Just as credit virtually vanished. Just as travellers ceased travelling. Just as some airlines went bankrupt. Or merged. Just as others parked planes in droves.

Many spooky months later, the U.S. economy still alternates between recovery and verging on relapse.

Still, other regions, notably Asia, are growing and air traffic has rebounded.

Even Montreal's International Air Transport Association last month repealed its own gloomy March forecast that airlines would lose $2.8 billion U.S. this year, updating it to forecast a small profit of $2.5 billion U.S.

The question is whether that spotty growth and sputtering turnaround in the key U.S. market will spur more than the curiosity about the CSeries that Bombardier managers keep insisting airlines express to them privately.

Bombardier, Brazil's Empresa Brasileira de Aeronautica SA (Embraer), Boeing Co. and Airbus SA vie with each other on blockbuster order announcements at Farnborough and the Paris air show (the two alternate annually) to make the biggest splash possible.

The lingering morose economic landscape made the 2009 Paris air show a bust, one of the worst in terms of orders in recent times.

So the industry is buzzing with expectations that pent-up demand will, if not exactly open the floodgates, at least break the aircraft order logjam at Farnborough.

One possibility might come early on, in fact on the first day of the show.

Qatar Airways has promised "exciting new developments" at a news conference scheduled for Monday, and there's an outside chance it might concern the CSeries.

It would be the culmination of a bizarre saga. The airline has been dickering with Bombardier for nearly two years for a significant CSeries order, but talks appear to have been rather acrimonious. At one point, frustration seems to have got the better of the carrier's CEO, Akbar Al Baker, who exploded, telling reporters that if Boeing and Airbus re-engined some of their planes (retrofitted them with more efficient motors), they would "most definitely kill the CSeries program." A strange pronouncement regarding a plane you're trying to buy.

But apparently things calmed down again after that and at last count, the two were still negotiating.
Will Qatar Airways and other airlines be ready to fork over hard cash at Farnborough? And will that short week be a determinant factor for the CSeries?

Bombardier Aerospace spokesperson John Arnone would only say that "on the strength of its advanced technologies, fuel efficiency and reduced environmental impact, the ... CSeries will get a lot of attention from potential customers at Farnborough. It's the largest air show of the year and a great place to showcase Bombardier aircraft and services."

But Raymond Jaworowski, senior aerospace analyst at Forecast International in Newtown, Conn., said that "there are a lot of rumours, a lot of speculation in the industry" about orders next week.

"Bombardier has said for a long time that they're in 'advanced negotiations' with a number of customers."

"There is that anticipation" that those talks might finally yield orders next week, Jaworowski said. "If (Farnborough) comes and goes without any orders, it would definitely be a bit of a disappointment. But it would not kill the program."

But, he added, "if 2010 comes and goes and we turn into 2011, and still no orders -that would be a major disappointment."

There's a lot at stake for Bombardier, of course. The regional jet industry the company ushered in 1992 and that sustained it through its extraordinary boom is now fully mature, and Bombardier had to do something to stay in the game. Graduating to larger planes was a natural progression -and not unexpected.

But hundreds of suppliers -220 of them in Quebec -also bank on the CSeries.

Jacques Saada, president of the Quebec Aerospace Association, said that he is going to Farnborough to try to secure contracts for his group's 220 firms from large suppliers to the CSeries.

"I am convinced that the program is a winner and that there are going to be very interesting developments at the show."

His association represents 220 small and medium-size suppliers and about 60 per cent of the 10,000 in that sector, many of whom stand to get run-off work from the program.

Others, including Teal Group consultant Richard Aboulafia, are more skeptical, notably about the aggressive production schedule Bombardier has slotted for the putative aircraft.

But Bombardier executives, in particular Gary Scott, a former Boeing exec who is now president of Bombardier Commercial Aircraft, have insisted for years that the CSeries' 100-to 150-seat segment is among the largest in aviation and will require 6,300 planes over the next 20 years -a large enough pool to make the CSeries a success.
That will be known in time. But 12 years after Bombardier launched its initial incursion into Boeing and Airbus airspace at the 1998 Farnborough air show with its plans for the BRJ-X (which Bombardier later killed after retaining a few of its features for the CSeries), the Montreal company may again bask in the spotlight in England.

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