



Airbus Pledges To Keep A350 On Track

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Airbus vowed to break free of a string of damaging aircraft production delays as it began construction of a factory for its next major project, the EUR10 billion euros (USD\$13.25 billion) A350.

The aircraft is its response to the Boeing 787 as the world's two biggest jet makers battle over the potentially lucrative mid-sized market, but is overshadowed by delays to other big aircraft projects and the financial crisis.

"This plane must enter service in 2013. We have sold 478 so far and it is out of the question that we can be late," A350 chief Didier Evrard told reporters on Wednesday.

"We are doing everything at Airbus and among our suppliers to ensure it is on time."

The A350 and 787 both rely on a leap in technology allowing planes to be built to a greater degree out of composite carbon materials that save weight and ease fuel bills for airlines.

Saving weight means planes can fly further with two engines. Their range and size -- seating 250 people -- allows airlines to fly more direct routes, avoiding congested hubs.

Boeing was first to the market with its successful 787 and gained a five-year advantage while Airbus dithered over strategy and focused initially on its larger 525-seat A380 superjumbo.

Airbus has since recovered some ground as Boeing grapples with two years of production delays that pushed first delivery to 2010.

But the A350's biggest customer said there was little margin for a repeat of two-year delays to the A380. And with 5,000 sales of the A350 or 787 up for grabs in 20 years, the stakes are high.

"The A350 is a core plane for Airbus. It has to get it right," Qatar Airways adviser Stephen Vella said.

The A380 delays cost Airbus large penalties to airlines and pushed the plane maker into two years of losses. EADS predicted a EUR5 billion earnings shortfall up to 2010.

"We have worked to make sure all the weaknesses we could find in the way Airbus is developing aircraft are identified and that we work as an integrated entity," Airbus Chief Operating Officer **Fabrice Bregier** said.

Airbus parent EADS is simultaneously wrestling with delays to its A400M military transport aircraft, which has now been placed under the direct control of Toulouse-based Airbus.

"When we sign a contract we give guarantees to customers, so we had better be better (on the A350) than the A400M," Bregier said. EADS blames engine makers for A400M problems.

Airbus officials were speaking at the ground breaking of a plant to build the A350, which will be assembled in Toulouse.

The A350 passed a key hurdle in December when the design was "frozen" or fixed for the first model to enter service, the 314-seat A350-900, Airbus said. Two other variants are on the drawing board and have yet to be finalised.

Airbus has sold 478 of its A350 XWB series -- Extra Wide Body -- to 29 customers. The first A350 flight will be in early 2012, Evrard said.

Airbus will confirm on Thursday that it overtook Boeing to reclaim the top spot in total plane orders last year, something seen by analysts as inevitable after Boeing reported a 53 percent drop in annual plane orders last week.

But investors fear a sharp drop in 2009 plane orders and analysts are warning EADS' EUR billion cash pile could dissolve quickly as it offers credit and copes with A400M delays.

"The problem is less about execution and more about resources. Given the downturn, Airbus will have a difficult time financing the current schedule," aerospace expert **Richard Aboulafia** of Washington-based consultancy Teal Group said.