



Qatar Airways orders new Airbus craft

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5/30/2007 9:57 PM

http://usatoday30.usatoday.com/money/economy/2007-05-30-1133750487_x.htm



Qatar Airways

From left: Prime Minister of Qatar, **Advisor to Qatar Airways (Stephen Vella)**, Emir of Qatar, CEO Qatar Airways, France's President Nicolas Sarkozy, Airbus President Louis Gallois, Qatar Airways signed a contract Wednesday to buy 80 Airbus A350XWB airliners worth \$16 billion (11.8 billion euros). (AP Photo/Philippe Wojazerl).

PARIS — Ailing Airbus got a reprieve Wednesday in its battle with Boeing Co. for the market in long-range, mid-sized aircraft, when Qatar Airways ordered another 20 of the European plane maker's planned A350 jets. The agreement means Airbus now has 268 orders for the wide-body plane that is not expected to be ready until 2013.

Many orders -- including the Qatar deal -- are unconfirmed, but Chief Operating Officer John Leahy said he hopes for more than 200 firm orders by the end of the year. That's still far behind the 584 orders Boeing has for its equivalent 787 Dreamliner, due to enter commercial service next May.

"Boeing has done very well with the 787, but Airbus will be able to get back into the game and scratch back some share with their offering as well," said Scott Babka, an analyst with Morgan Stanley. Qatar Airways is "getting good pricing on this deal, and they're going to be one of the watch-customers on A350."

With the deal, Qatar Airways increased an initial "memorandum of understanding" for 80 Airbus' A350 XWBs. At the list price, that would amount to a total of \$16 billion, Chief Executive Louis Gallois said.

As with most large orders, the deal will likely come with deep discounts. Leahy said options such as engine choice, cabin configuration and design could bring this figure above \$18 billion.

Separately Wednesday, Airbus said Colombia's flag carrier, Avianca, has placed a fresh order for 70 planes -- 38 of them firm orders -- from the A320 single-aisle family and the A330-200 freighter. Airbus did not disclose the price of that deal, but the catalog value is around \$6 billion.

Airbus has been losing customers for mid-sized planes to U.S. rival Boeing and was forced last year to launch a costly redesign of the planned A350 to compete with Boeing's 777 and 787.

Airbus claims its revamped A350 XWD, made from carbon fiber wings and composites, will be lighter per seat and more economical than existing aircraft.

"If you are coming out five years later then you have to be better," said Leahy in a conference call with journalists.

The European planemaker has bet heavily on future demand for its A380 superjumbo to serve increasingly congested airports worldwide. But the 555-seat behemoth has been beset by legal, technical and managerial problems -- including probes by market regulators in France and Germany into possible insider trading at Airbus parent European Aeronautic Defense & Space Co. NV.

EADS Co-Chairman and leading French businessman Arnaud Lagardere faced nine hours of questioning Tuesday by the French regulator AMF, Le Monde newspaper reported.

The report said that he denied insider trading allegations, and alleged that he was unaware of production delays with the A380 when he announced the sale of 7.5 percent of his company's EADS stock on April 4, 2006. After the announcement of the delays two months later, EADS shares plunged 26 percent -- and they still haven't fully recovered.

Thierry Funck-Bretano, a spokesman for Lagardere, didn't respond to several phone messages left Wednesday by The Associated Press.

Two years of accumulated delays to the A380 wiped more than 5 billion euros (\$6.6 billion) off Airbus' profit forecasts for 2006-2010. Airbus has also been suffering from a falling dollar -- the currency in which it sells its planes -- compared with the euro.

Wednesday's announcement was signed by Qatar Airways President Akbar Al Baker beside French President Nicolas Sarkozy and Qatari Sheik Hamad bin Khalifa Al Thani at the presidential palace.

The Qatar Airways order is for 20 A350-800s, 40 A350-900s and 20 A350-1000s -- making the airline the largest customer for the jet. Leahy said the Qatari announcement is important because it is the first order for the A350-1000, a stretched version that competes with the 777.

"It's one of Airbus' biggest ever orders," said Gallois, who attended the signing ceremony. He said that other orders could be in the pipeline.

Gallois said the Qatari carrier has expressed an interest in investing in EADS, but there have been no specific discussions about the state becoming a shareholder. Sarkozy has vowed his government will seek new investors for EADS. Major shareholders Lagardere SCA and Germany's DaimlerChrysler AG are keen to reduce their holdings.

The French state owns 15 percent of EADS, while Paris-based Lagardere owns 7.5 percent. Their combined stake is balanced by German holdings by Stuttgart-based DaimlerChrysler and a consortium of private and state-run investors.

Qatar, in the Persian Gulf, sits atop the world's largest field of natural gas. Natural gas exports are financing a rapid expansion of the capital, Doha, and bankrolling the state-owned airline. A tourism boom in the Middle East is contributing to the region's air traffic growth.

Shares in European Aeronautic Defence & Space Co. NV fell 1.5 percent to 22.90 euros (\$30.73) in Paris.

Associated Press Writers Christine Ollivier, Marco Chown Oved, Jim Krane and Elizabeth Gillespie contributed to this report.

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