

Paris Air Show spotlights fuel cost fears

June 20 2011, By GREG KELLER , AP Business Writer



A French Rafale-R jet fighter is backdropped by a Boeing 747-8 passenger plane, on the tarmac of the Paris Air Show in le Bourget, east of Paris, Sunday, June 19, 2011. The Paris Air Show will open on June 20 at Le Bourget. (AP Photo/Michel Euler)

(AP) -- Airlines will be seeking a cleaner, cheaper way to fly and planemakers will be angling for billions in new contracts Monday at the Paris Air Show, which stars a solar plane, biofuel jet engines and the Boeing-Airbus rivalry.

The search for more environmentally friendly aircraft is shaping up as one of the major themes of this year's Paris Air Show, the world's largest and oldest aviation showcase.

The show comes amid skyrocketing [fuel](#) costs and bleak forecasts for the [international air transport](#) market.

The [International Air Transport Association](#) last month warned that natural disasters in Japan, unrest in the Middle East and rising [fuel prices](#) would cause [airline industry](#) profits to collapse only a year after they'd begun to recover from the [global economic crisis](#).

More than 2,100 exhibitors from 45 countries have signed up to take part in the weeklong event showcasing both commercial and defense aircraft. Airbus expects to bag bountiful orders for a new, more fuel-efficient version of its workhorse A320 shorthaul jet, while Boeing is spotlighting its new mid-range 787 Dreamliner and 747-8 intercontinental passenger jets.

Gallois said the air show, at Le Bourget airport outside Paris, "will confirm the success of the A320neo," a revamped version of the standard A320 reengineered to be 15 percent more fuel efficient.

Airbus has booked more than 330 orders and commitments for the A320neo since its commercial launch last December, including from airlines IndiGo, Virgin American, Brazil's TAM and airplane leasing company ILFC.

Airlines squeezed by higher fuel prices are rushing to order the jet, which isn't scheduled to come into service until late 2015. Boeing hasn't yet chosen how it will respond, but top marketing executive Randy Tinseth said last week it would decide in the coming months whether to upgrade its existing 737 model or design a whole new plane, which wouldn't be in the air until the end of the decade.

Boeing and Honeywell are both boasting of having the first biofuel-powered trans-Atlantic flight, with Boeing flying in its 747-8 freighter from Seattle on a mix of biofuel and jet fuel, while Honeywell touts the "green jet fuel" it developed to power a Gulfstream business jet on its way from New Jersey to Le Bourget just in time for the air show

kickoff.

EADS will also demonstrate the world's first diesel-electric hybrid aircraft at the show, another leg in its strategy of cutting its fleet's carbon dioxide emissions by 50 percent by 2050.

Skyrocketing fuel costs are a major issue for Airbus and Boeing customers, who will see their profits plunge to \$4 billion this year from \$18 billion in 2010, according to the IATA forecast released earlier this month.

Major airlines have increased fares seven times since the start of the year as fuel prices rose.

The airshow will also be the battleground in the traditional yearly showdown between Boeing and Airbus for dominance in booking new orders. Airlines in fast-growing Asian and Middle Eastern countries have been ordering hundreds of new aircraft to meet skyrocketing air traffic in those regions.

Airbus edged out Boeing at last year's Farnborough International Airshow, racking up deals totaling \$13.2 billion, while Chicago-based Boeing's commitments came in at \$12.8 billion.

Those results were both a big improvement over the results of the last Paris Air Show in 2009, when many airlines closed their checkbooks in the wake of the global financial meltdown.

Last week Boeing Co. upped its forecast for aircraft demand over the next 20 years, saying airlines will need \$4 trillion worth of new planes to meet a pickup in passenger numbers, particularly in the Asia-Pacific region.

Going into next week's event, Airbus has taken in 176 gross orders this year, compared to Boeing's 183 gross orders.

Boeing is the world's No. 2 commercial jet maker after Airbus, based on 2010 deliveries. Airbus delivered 510 commercial planes last year, compared with 462 for Boeing./a>

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