



BOEING GETS U.S. LICENSE TO TALK DEALS WITH IRANIAN AIRLINES

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Boeing Co said on Friday that the United States gave it a license to hold talks with airlines in Iran about buying jetliners, but said it would need additional U.S. approval to make sales.

Boeing's license, received on Thursday, marked a step toward catching up with European rival Airbus, which last month agreed to sell Iran 118 planes worth about \$27 billion at list prices.

"We have applied for and received a license to assess the current commercial passenger airplane needs of U.S. Government-approved Iranian airlines," Boeing said in a statement. "The license permits us to engage approved airlines to determine their actual fleet requirements."

The U.S. Treasury declined to comment.

Analysts said Boeing faces numerous obstacles in Iran. The country may not be able to afford many planes, and financial backers may balk at funding leases or sales fearing the risk in repossessing aircraft in a bankruptcy.

Iran also faces tough competition from established Middle Eastern carriers such as Emirates,

Qatar Airways and Etihad Airways that offer top-notch service with alcohol, Western movies and Internet access.

"There might be hundreds and hundreds of potential orders, but the realities of establishing a real airline industry in Iran are going to put a brake on those numbers," said Richard Aboulafia, analyst at the Teal Group in Fairfax, Virginia.

The number and age of Airbus and Boeing aircraft in Iran show the potential for sales. Iran's fleet of 94 Boeing and McDonnell Douglas aircraft is nearly equal to the 96 Airbus planes in the country. Counting the Airbus order last month, Airbus' tally now totals 214 planes, according to Flightglobal's Ascend Fleets database.

Many of the Boeing planes date from the 1970s and 1980s. Iran has none of Boeing's flagship wide-body model, the 777, raising the possibility of significant sales, analysts said. Iran continues to fly much older Boeing planes, including 11 747s that date from 1969 to 1988, according to Flightglobal.

"Our European competitor, Airbus, is advancing its interests in the market, and Canada recently indicated that it will permit Bombardier access to the Iranian market as well," Boeing said in its statement.

Separately, General Electric Co, which makes engines for Boeing and Airbus planes, said it had applied for a U.S. license to sell engines and parts in Iran, but it had not yet been granted.

Boeing shares closed down 2 percent at \$115.16 on Friday on the New York Stock Exchange.

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