



AFTER AIRBUS, IRAN EDGES TOWARD HISTORIC BOEING DEAL

News / Airlines



Iranair is discussing a historic aircraft purchase with Boeing, potentially matching an order for over 100 jets from Airbus, but obstacles to both deals need to be resolved so that last year's accord to lift sanctions can be honored, its chairman said.

The Iranian flag carrier is also talking to Boeing about providing support for its aging fleet following the deal between Tehran and six major powers to ease economic sanctions in return for curbs on Iran's nuclear activities.

"Meetings and negotiations are going on. We hope that in the future we can reach an understanding with each other," Iranair Chairman Farhad Parvaresh told Reuters in an interview.

"The number and type of aircraft have to be discussed in the future, but the first step is to have a mutual understanding."

Iranair agreed in January to buy 118 jets worth \$27 billion at list prices from Airbus. The deal was conditional on U.S. export licenses because of the quantity of U.S.-built parts.

Asked whether Iranair was looking at an even bigger deal with Boeing , Parvaresh said, "No, not bigger than Airbus; maybe close, but this also depends on the situation. Anyhow Iran is in need of at least 300 aircraft for the next decade."

He said any such deal also depended "of course on our government as well, because we are a state-owned company".

After decades of estrangement, Boeing officials have visited Iran to pitch their wares to Iranair and some other carriers under a marketing license granted by the U.S. government in February.

The U.S. company would need another permit to strike a deal and then further export licenses, similar to those required by Airbus due to the use of U.S. technology, to complete it.

Some industry sources expect a preliminary deal for at least 100 Boeing jets to be reached fairly soon.

"We're following the licensing process outlined by the U.S. government," said Boeing Middle East spokesman Fakher Daghestani.

Parvaresh said "a lot of issues" needed to be clarified in talks between Airbus and Washington over export licenses for European planes under last year's nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA).

"We are very hopeful and optimistic that the licenses will be released in the near future. Based on the JCPOA, there should not be any big issues or excuses and they should clarify if there are any questions."

Asked about the status of discussions with the U.S. Treasury, Airbus spokesman Justin Dubon said, "We are making progress".

FINANCE TALKS 'PROGRESSING'

Even with those licenses, Iranair faces what aviation sources still regard as awkward hurdles in financing any deals.

The airline is talking to banks and leasing firms who could step in to take all or part of the Airbus deal, which must avoid the U.S. financial system under remaining core sanctions.

"Our deal with Airbus is in euros. The financiers we are talking to...are finding a solution to pay Airbus in euros and then we would have to pay the financiers. We are working on this," Parvaresh said, adding these talks were "progressing".

He said some banks were willing to get involved but lacked sufficient capacity to tackle the whole package.

"Everybody is willing to take 10 or so aircraft which is not in our interest. We would rather not have more than one or two (financiers) to make it easier, and we have had very fruitful discussions with some financiers who want to work with Iran and especially Iranair."

Financial sources say some Middle East and Chinese leasing companies appear willing to facilitate plane sales to Iran. But such deals would still need the backing of banks, many of which worry about the fate of assets if sanctions are reimposed.

U.S. Secretary of State John Kerry said in April Washington was not against foreign banks doing business with Iran under the deal between Iran and six powers collectively known as 5+1.

Tehran, however, has complained about not getting the full economic benefits of the deal. Parvaresh said he hoped recent statements would reassure banks about doing business in aviation, which would send an important signal to other sectors.

"Some people are making propaganda that the JCPOA will not happen because the banking issues are not resolved. This is a responsibility of the 5+1 to resolve it as committed."

Iran is dangling the prospect of significant business for Western planemakers as it emerges from decades of sanctions.

The country has a fleet of 250 aircraft, of which 90 are grounded due to the economy or missing parts, Parvaresh said.

Of that total, 80 percent will need to be renewed in the next decade, he said, adding that growth could add even more jets to Iran's shopping list.

"In the next 10 years, we need at least 250-300 aircraft or even more if everything is going well."

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