

Boeing: Out of tanker business for 20-40 years with loss

Boeing will be out of the tanker business for the next 20-40 years if it loses the KC-45A award, its spokesman predicted, which helps explain why Boeing is fighting so hard to win the competition.

In our January 15 report, we reiterated some of the reasons why Boeing wants to win this competition, among them denying Airbus its share of the cash flow represented by \$40 billion to \$100 billion if Northrop Grumman wins the contract to supply 179 aerial tankers based on the Airbus A330-200. We also obliquely referenced the thought in our opening paragraph above, and this merits more exploration.

Boeing tanker spokesman Bill Barksdale made the remark to us during a brief if wide-ranging discussion following the latest round of public relations events staged January 14 and 15 by Airbus, Boeing and Northrop on the tanker competition. Most interesting, nothing the three companies had to say in the press events was new. Instead, Barksdale's comment to us about being out of the tanker business if it loses was most significant; it's the first time we've seen or heard this from Boeing (though it's always possible we missed it somewhere else).

The KC-X (now called KC-45A) contract currently calls for the US Air Force to replace 179 KC-135s at the rate of 12 to 15 or 18 a year (the latter two numbers seem to be a moving target). At this rate, it will take 15, 12 or 10 years to replace the 179 airplanes once delivery begins.

None of these numbers matches the 20 years Barksdale mentioned, let alone 40 years, but he gets there with this rationale:

If Boeing loses KC-X, it is very unlikely that we would continue to develop and market new tankers for the international market. We would complete our current international commitments to Italy and Japan, and we would continue to work and compete for upgrade and maintenance contracts on the KC-135s and KC-10s.

Boeing would also continue to invest in refueling aircraft technology with an eye towards a future KC-Y or KC-Z competition. The 20+ year timeline was driven by the fact that assuming they are happy with the product and the price, the USAF may continue to buy KC-X beyond the initial 179 aircraft. History says the USAF develops a new tanker aircraft every 20-25 years.

The Air Force hasn't defined the KC-Y and KC-Z programs but one of these will certainly be replacement for the KC-10, which is the military version of the McDonnell Douglas DC-10. The first of 60 KC-10s was delivered in 1981 and the last in 1988. One was since lost in an accident.

There is a great deal of speculation that the Air Force is chomping to get a new tanker based on the Blended Wing Body (BWB). This plane, which is super-efficient compared with today's conventional tube-and-wing aircraft, has been under development for decades. McDonnell Douglas was researching this aircraft prior to the 1997 merger with Boeing and today a scale model is flying under the Boeing name with research funding from NASA.

We asked Barksdale about this prospect:

We'd rather not try to forecast what the Air Force will want for a future tanker or what we may offer someday. For us, we are completely focused on winning KC-X in the weeks ahead.

More Tanker Stuff

With a decision from the Air Force now expected to be announced in February, the public relations activities haven't abated.

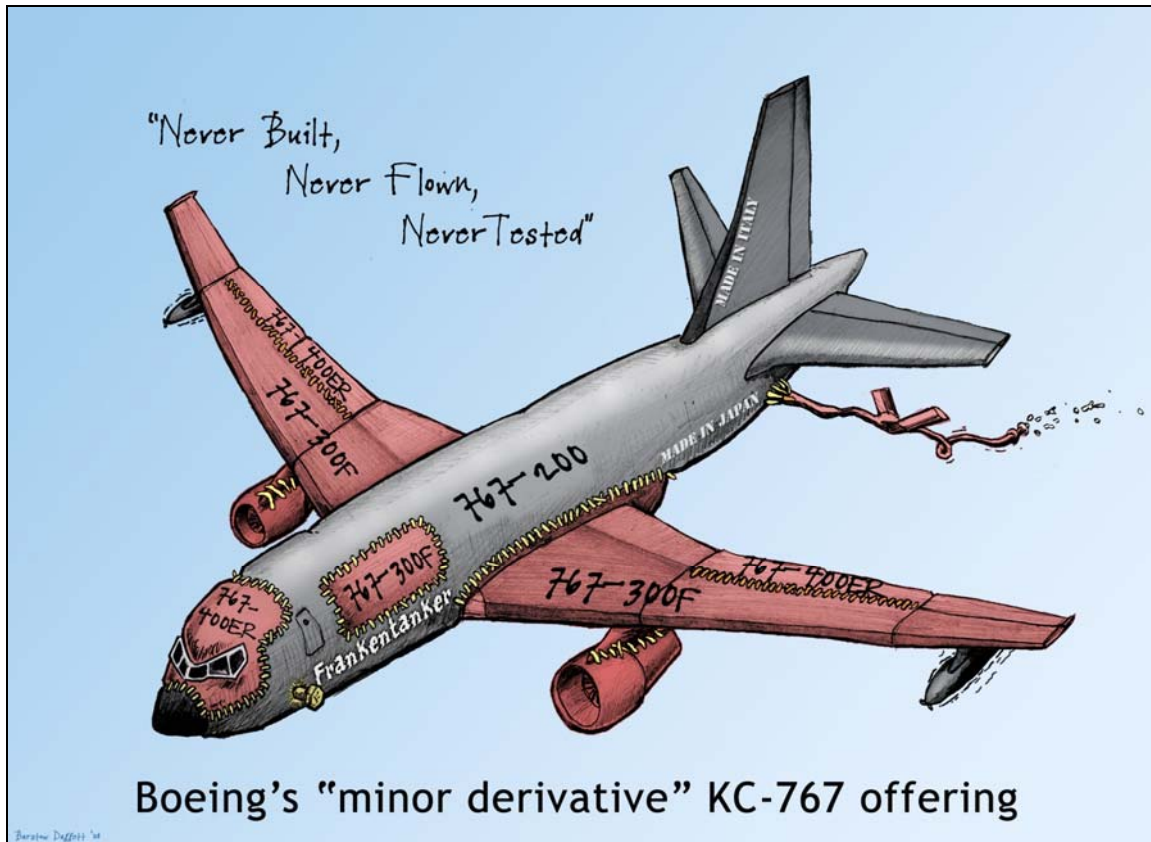
Boeing parked a semi-trailer in downtown Arlington (VA) containing a KC-767 simulator. Thousands of Air Force personnel pass by this location in Rosslyn, the commercial hub of Arlington, at a location that happens to be a stone's throw from the offices of Boeing, EADS North America and Northrop Grumman.



Seattle Post-Intelligencer

The sign says “Ready for Contact,” alluding to the connection between the KC-767’s refueling system and any receiving airplane.

Meanwhile, the funnymen at the *Mobile Press-Register* published another in a series of cartoons, this one making fun of the KC-767 Advanced Tanker and its collection of parts from a variety of 767 models. Although Boeing is test-flying the KC-767 “standard” for the Italian and Japanese air forces, the Advanced version for the USAF is at this point only a design—hence the headline in the cartoon.



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