



Airbus Breaches Boeing Japan Market With Skymark A380 Order

By Andrea Rothman - Feb 17, 2011

Airbus SAS won a firm order from [Skymark Airlines Inc.](#) for four A380 superjumbos, giving the European planemaker a toehold in a national market that's been largely closed to it for decades.

Skymark, a discount competitor to Japan's biggest carriers, Japan Airlines Corp. and All Nippon Airways Co., will use the double-decker Airbus to connect Tokyo with London, Paris and [Frankfurt](#), Chief Executive Officer Shinichi Nishikubo said in an exclusive interview in Toulouse, [France](#).

Airbus and Boeing have a duopoly in the global market for large aircraft, with the European planemaker having a slight lead in deliveries since 2003. New carriers in Japan provide an opportunity for Airbus to boost its market share, currently less than 3 percent, and challenge Boeing's dominance. Airbus last got an order in Japan in early 2006, when ANA placed an order for three A320s, and two leased versions of the plane.

"This is a big deal for Airbus to get an order like this, especially with the A380," said Paul Sheridan, an analyst for Ascend, a London-based aviation advisory company.

Airbus, a unit of European Aeronautics, Defence & Space Co., had targeted Japan as a key market for A380s since it began marketing the superjumbo in the late 1990s, though neither JAL nor ANA has ordered the plane. The A380 has begun making regular appearances in Tokyo with airlines including Singapore Airlines Ltd., [Air France-KLM](#) and Deutsche Lufthansa AG. Emirates, the largest customer for the A380, has also talked about putting A380s onto routes into Japan.

Competition

John Leahy, chief operating officer at Airbus, said Japan has been the one market where he has failed since becoming head of sales in 1994, and that only with new carriers can Airbus finally hope to build its share in the market.

"We've been frustrated with the situation in Japan," said Leahy in an interview on Feb. 16. "Both JAL and ANA are very traditional, and don't necessarily support competition. They've always bought Boeing planes and don't see any reason not to continue. But to the degree that the market opens up

and independent operators begin putting risk-capital at work in Japan, you'll see them having free and open competition."

Japan hasn't been considered a viable market for a low-cost carrier in the past because of the high costs of both labor and infrastructure, Sheridan said today. The same was said of [India](#), yet low-cost operators have flourished there, and the same could happen to Japan, he said, citing the emergence of ANA's now low-cost affiliate A&F Aviation as well as Fuji Dream Airlines.

"We're happy to have our first breakthrough with Skymark," said [Tom Enders](#), CEO of Airbus in an interview. "This deal will absolutely leave a mark in the Japanese skies."

Enders said Airbus is also keen to develop more industrial partners in Japan, a country where aerospace contractors generally work for Boeing. Japanese companies supply 30 percent of the structure for Boeing's 787, though declined Airbus's offer to take an 8 percent share in its A380, taking less than half that instead.

Low Fare Approach

Skymark CEO Nishikubo said his airline is a low-fare one.

"It's the same for all airlines in Japan, that landing fees are high and fuel-taxes are high," Nishikubo said.

Earlier this week A&F said it would lease 10 Airbus A320s from General Electric Co.'s Gecas to tap regional demand for leisure travel including in [China](#), with plans to start flights next year.

The Skymark CEO said he had also considered buying Boeing 777s and the company used Boeing 747s from JAL, yet opted for the A380 because it was more efficient.

"We're looking to fly airplanes in long-haul international markets serving London and Paris," said the CEO. "In Japan, tickets for business class are very expensive. Right now for example the fares between London and Tokyo round trip is 700,000 yen (\$8,400). We're aiming at half that price."

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