AIRBUS IN TALKS WITH IRAN OVER DEAL TO PRODUCE PLANE COMPONENTS

News / Manufacturer

Iran could begin making parts for Airbus Group SE aircraft under plans being discussed following January's historic agreement to purchase 118 jetliners from the European manufacturer.

Airbus's Middle East office said the company is evaluating areas of industrial cooperation with Iran that may include component production and maintenance and overhaul work.

Iran developed an ability to make plane parts in order to keep its aircraft flying during years of economic sanctions. Iranian Aviation and Space Industries Association President Amin Salari said in an interview in Tehran that it can offer both "a level of know-how" and very competitive labor costs.

Should an agreement be reached, Iran will join Mubadala Development Co.'s Strata unit as a

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Middle Eastern parts supplier to Airbus. The Abu Dhabi-based business, which began operations in 2010, has $7.5 billion worth of orders from the European company and its U.S. rival Boeing Co. through 2030.

Work Share

Countries funding major aircraft purchases are in a stronger position to seek a share of the work, with the vast orders placed by United Arab Emirates carriers Etihad Airways and Emirates bolstering Mubadala's hand. Iran, which wants to develop an aviation industry, says it may need 400 jets in a decade.

The Islamic republic has around 15 maintenance and overhaul companies, a third of them state owned, Salari said, with capabilities in areas including cabin refurbishment, aircraft seats, fiber-glass parts and cockpit panels.

January's Airbus order was announced on the day sanctions were lifted and confirmed when Iranian President Hassan Rouhani visited Paris. The $27 billion deal comprises 45 single-aisle A320s and 73 A330, A350 and A380 wide-bodies.

Boeing was granted U.S. permission to begin talks with Iranian carriers only last month and would need a separate license to make any jetliner sales.

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