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# Why A B797 Revival Should Be Boeing's New \$50 Billion Plane

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Apr 15, 2024, 08:57am EDT

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ARLINGTON, VIRGINIA - MARCH 25: The exterior of the Boeing Company headquarters is seen on March ... [+] GETTY IMAGES

With Boeing [BA -1%](#) facing a Senate Subcommittee [hearing](#) into whistleblower allegations on its widebody 787 Dreamliner and 777 programs, this might seem like an odd time to review the manufacturer's plans for its next aircraft.

However, given the long timeline for developing a new aircraft and airline's urgent need for more capacity, the decision must come soon.

Boeing CEO Dave Calhoun has said this is one of the issues his successor must address, and set a price tag of \$50 billion dollars for the program.

Some might bristle at the price tag, but industry watchers believe it could be money well spent.

# The Demand For A B797 Middle-Of-Market Aircraft



Delta Air Lines Bombardier Boeing 757-200 aircraft as seen arriving, on final approach for landing ...

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In 2018, I reported on the market opportunities for Boeing's long-awaited [middle-of-market aircraft](#), which, for lack of a better designation, had earned the label B797 among industry watchers. This plane would have satisfied the demand for replacements for Boeing's 757 and 767 fleet.

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There's been a considerable change in the airline industry and at Boeing over the last six years since I wrote that article—the previous and current 737 MAX crisis and the aftermath of the COVID-19 pandemic made a new aircraft program impossible for Calhoun to pursue during this time at Boeing. However, he's right to say that it should among his successor's priorities for review.

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The principal arguments from 2018 still favor Boeing developing a middle-of-market plane today. Airlines need both Airbus and Boeing to fill narrowbody aircraft orders with more extended range and higher seat capacity. Right now, neither OEM can satisfy demand with their current single-aisle aircraft families alone. This would make a revival of a MoM aircraft more pressing for Boeing.

Industry Analyst Addison Schonland of the [AirInsight Group](#), told me there is a sound basis for Boeing to develop a 797 middle-of-market plane now, no matter what else is happening or what they ultimately decide to call it.

“I think the answer is the A321 backlog,” Schonland said. “Its huge and keeps growing. Also, the MAX 10, even a poor competitor to the A321, is the second best-selling MAX.”

Of course, one of Boeing's critical issues is its current inability to type-certify the 737 MAX 10 or the 737 MAX 7 until it resolves the de-icing issues and satisfies the FAA of the integrity of its safety management systems. But Boeing needs to urgently dedicate some engineering resources to 797 development.

“This segment is huge and growing,” Schonland said. “The 757 market is already bigger than it was. The MoM now encompasses even what was the 767-300 and A310 segments. Boeing must come up with a new plane that replaces the MAX 9/10 and goes up to 250 seats.”

## **Is Calhoun's \$50 Billion Cost Estimate Accurate?**



SEATTLE, WASHINGTON - SEPTEMBER 17: A Boeing 787-9 Dreamliner taxis after concluding its first ...  
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As industry analysts at Leeham News [noted](#), a \$50 billion budget for the new aircraft would be high for a single aisle plane.

“No airplane program at Boeing, except for the 787, ever came close to this cost. No program at Airbus did, either—and certainly none came close at Bombardier or Embraer,” they wrote.

As they also point out, “the 787’s cost was a financial and industrial nightmare.”

Complications in design and production delayed 787 Dreamliner deliveries by three and half years. The fixes required caused Boeing to halt production. A whistleblower recently claimed there are unresolved design issues which could prematurely deteriorate the integrity of the fuselage. Boeing strongly disputes these claims, but a Senate Subcommittee will hold a hearing to look into the matter this week.

Leeham estimates production and tooling costs for the 787 reached around \$32 billion, and customer compensation and other costs brought the total cost of the program to around \$50 billion.

This time around, Boeing could not afford to design a plane that would require compensating customers for delays and faults. However, if both Calhoun and analysts are right, then investing \$50 billion to develop the plane [airlines need most](#), on time and ready to fly, could pay off.

## There's No Time Like the Present To Plan The Boeing 797



United Airlines Boeing 757-300 WL passenger aircraft as seen taxiing at Chicago International ...

[+] NURPHOTO VIA GETTY IMAGES

While Boeing's top priority must be to regain the confidence of airlines, regulators and the flying public, the manufacturer must find an engineering slot for this aircraft soon.

As Aviation Week's Executive Editor, Commercial Aviation, Jens Flottau, said in a [podcast](#) following the Boeing leadership shake-up, "They can barely afford it now, they can also barely afford not to do this. One element that we also need to talk about is engineering skills. If you wait too long, a lot of the engineers will retire, will go away. You will lose the ability to develop new aircraft if you don't do that soon enough."

Flottau pointed out that Airbus has taken the lead, not just [on deliveries](#), but also on aircraft development. In the intervening years, Airbus has kept its engineering team actively working on the planes that airlines will need in the decades to come.

"They've started earlier than Boeing, to many people's surprise, to talk about the next generation narrowbody aircraft," Flottau said. "One element was you need to keep your engineers busy, you need to keep that expertise and talent... The interesting thing is, from the Airbus point of view, is that they are no

longer looking at Boeing with regards to their own development plans, they're just doing their own thing. That's a position of strength that Boeing can only dream of.”

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