

# 'No debate' within Airbus that Bombardier jet program takeover was worthwhile, CEO of Canadian unit says

NICOLAS VAN PRAET >  
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Guillaume Chevasson, CEO of Airbus operations in Quebec, on a walkway above one of the production floors at Airbus Canada Limited Partnership in Mirabel, Que., on Jan. 16.

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Airbus SE's [EADSY \(/investing/markets/stocks/EADSY/\)](/investing/markets/stocks/EADSY/) +1.30% ▲ new top executive in Canada says the European plane maker has no regrets about taking over Bombardier Inc.'s

[BBD-B-T \(/investing/markets/stocks/BBD-B-T/\)](/investing/markets/stocks/BBD-B-T/) -0.39% ▼ C Series jet program despite its continuing challenges and will push to make it profitable as the company weighs when to move ahead with a larger version of the aircraft.

Guillaume Chevasson started as chief executive of Airbus Canada Limited Partnership and head of the A220 program, formerly the C Series, this past October. He leads roughly 5,000 Airbus employees in the country and says he's optimistic about the jetliner as well as the company's business prospects as the Carney government ramps up defence spending.

"Airbus took over the C Series in 2018 and today, it's become an essential and strategic product in the Airbus family," Mr. Chevasson said in a recent interview.

"There is no debate. There is no doubt" inside the company about whether the takeover was worthwhile, he said.

The executive's bullishness reflects the progress made to date on sales and production flow since Bombardier relinquished ownership of the aircraft, prized for its fuel efficiency and technological prowess.

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But significant obstacles remain, namely achieving a manufacturing cadence that delivers a return for Airbus and the Quebec government – its partner in the venture.

Airbus has said it needs to produce 14 A220 jetliners a month at its facilities in Mirabel and Mobile, Ala., for the program to break even.

That threshold has proven elusive: Less than a month after Mr. Chevasson stepped in the door as Canada CEO, the plane maker stated that it wouldn't achieve that level in 2026 as previously planned. The new target is now to stabilize output at 12 jets per month this year from the current seven or eight, with no specific timeline for the 14 level.

The European company has struggled with supplier and labour issues, blaming bottlenecks in airframe components and cabin materials for the delays in getting aircraft into its customers' hands.

It has also been working to lower the costs of parts for the jet, which were high originally because suppliers demanded more compensation for what was a higher-risk product under Bombardier.



Airbus planes are built in the Mirabel plant.

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The A220's geared turbofan engines have been another major problem. Pratt & Whitney, the manufacturer, disclosed in 2023 a major and widespread defect in

the motors because of what it said was contaminated powder metal used in production.

A number of airlines have grounded their A220 jets as Pratt worked through a fix and at least one, Egyptair, sold off its A220 fleet entirely. Air Baltic, an early A220 customer, cancelled 4,670 flights last summer as a result of what it said was Pratt's "inability to meet its timely maintenance obligations" for the engines.

As of last October, nearly 80 A220 jets, or about 18 per cent of the global fleet, was parked or inactive, according to aerospace trade publication Leeham News, though Pratt says the engine issues are related to only 32 of those planes. The engine maker has hatched a solution that is gradually being swapped into all A220s in service while newly built A220s are now being fitted with upgraded engines, Airbus officials say.

Still, analysts say the trouble has dented the trust airlines had in the aircraft and, more particularly, in the capacity of Pratt & Whitney to offer engine support. Airbus tallied orders for 49 A220s last year and only 17 the year before.

"The problem is once you get in the queue for the fix, it could be a three to four months waiting process to get in and then a three to four month process to do the overhaul," said Ernie Arvai of U.S. aerospace consultancy AirInsight. "That's a long time to keep an airplane on the ground."





Airbus Canada Limited Partnership in Mirabel.

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Back in Mirabel, the opening of a dedicated subassembly area in 2022 in a hangar formerly used for Bombardier CRJ jets has improved production flow. Airbus's takeover last month of the A220 work packages previously done by struggling Spirit AeroSystems Holdings in Belfast should also help, bringing manufacturing of the aircraft's composite wings and other pieces in-house.

Airbus simply needs more time to digest the Spirit operations and work through the introduction of the optimized engine with Pratt & Whitney, which has complicated the A220 production ramp up, Mr. Chevasson said.

All the tools are in hand now to boost the production rate further while the corrections to in-service aircraft should be mostly done by the end of this year, he said.

Still, analysts say the aircraft needs more sales to cement its viability. As of the end of December, the jet maker has struck deals for 949 A220s from 32

different customers, including major carriers like Delta Airlines, Jet Blue and Air Lease Corp. It has a backlog of 467 jets ordered but not yet delivered, which is about five years of work at current rates.

Some airlines such as U.S. budget carrier Breeze and Air France are keen on Airbus offering a stretched version of the A220 that would seat up to 180 passengers. Mr. Chevasson said Airbus is working on exactly that but that a final decision to move ahead hasn't been made.



Mr. Chevasson walks to a production area with employee Maxime Trembaly at the Mirabel facility.

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Quebec, which had invested US\$1-billion in the plane program to help Bombardier avoid financial collapse, held a 16-per-cent stake when Airbus took control and later boosted its share to 25 per cent, while Airbus owns the other 75 per cent. The province has since written off the initial US\$1-billion investment and, last fall, reduced by half the estimated value of its current stake in the limited partnership, pegging it at US\$300-million.

“It’s a legitimate question to ask whether Quebec will recoup the money,” said Mehran Ebrahimi, an aerospace specialist at the University of Quebec at Montreal. “But we shouldn’t only look at it through an accountant’s lens.”

Airbus’s expansion in Quebec has created 2,000 new jobs and bolstered the wider aerospace cluster as the giant’s work practices and know-how filters down to smaller manufacturers, Mr. Ebrahimi said. All those elements have “paid off and they’ll continue to pay off” for years to come, he said.

Mr. Chevasson, a native of Toulouse, France, with two young kids, says he’s looking forward to building a life in Quebec, cold and all.

“What Airbus has here in Mirabel is fairly unique” outside Europe, Mr. Chevasson said. “We can build, develop, support and flight test an aircraft. That’s unique. We’ve got big decisions that are coming potentially and investments. ... There’s more work to do.”



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