

Boeing to Maintain Russian Titanium Purchases, Kravchenko Says
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By Agnes Lovasz

Feb. 16 (Bloomberg) -- Boeing Co., the world's second-largest commercial plane maker, will maintain planned purchases of titanium in the coming years, said Sergei Kravchenko, the head of the Chicago-based company's operations in Russia, where it sources the raw material.

Boeing agreed at the end of 2007 to buy \$1 billion of titanium components from 2011 through 2015 from Russia's OAO VSMPO-Avisma as it seeks to make lighter aircraft. Boeing plans to spend \$18 billion on raw materials in Russia in the coming decades and a total of \$27 billion in 30 years, Kravchenko said.

"This titanium will be needed because the order backlog is very strong," he said in an interview during the Russian Business Week at the London School of Economics today. "So far I don't think there is a big melt away of our backlog. We plan to build these airplanes."

S7 Group, Russia's second-largest carrier, on Jan. 29 canceled its order for 15 Boeing 787 Dreamliners as the global economy slows, cutting passenger numbers. At the same time, S7, or Siberia Airlines, said it's holding talks about leasing the 787 earlier than the 2014 delivery date in the contract.

"A downturn means less traffic," Kravchenko said. "I certainly hope there will not be many" cancellations of existing orders during the economic slump.