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Diplomats Help Push Sales of Jetliners on the Global Market

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WASHINGTON — The king of Saudi Arabia wanted the United States to outfit his personal jet with the same high-tech devices as [Air Force One](#). The president of Turkey wanted the Obama administration to let a Turkish astronaut sit in on a [NASA](#) space flight. And in Bangladesh, the prime minister pressed the State Department to re-establish landing rights at Kennedy International Airport in New York.

Each of these government leaders had one thing in common: they were trying to decide whether to buy billions of dollars' worth of commercial jets from [Boeing](#) or its European competitor, [Airbus](#). And United States diplomats were acting like marketing agents, offering deals to heads of state and airline executives whose decisions could be influenced by price, performance and, as with all finicky customers with plenty to spend, perks.

This is the high-stakes, international bazaar for large commercial jets, where tens of billions of dollars are on the line, along with hundreds of thousands of high-paying jobs. At its heart, it is a wrestling match fought daily by executives at two giant companies, Boeing and Airbus, in which each controls about half of the global market for such planes.

To a greater degree than previously known, diplomats are a big part of the sales force, according to hundreds of cables released by [WikiLeaks](#), which describe politicking and cajoling at the highest levels.

It is not surprising that the United States helps American companies doing business abroad, given that each sale is worth thousands of jobs and that their foreign competitors do the same. But like [the other WikiLeaks cables](#), these offer a remarkably detailed look at what had previously been only glimpsed — in this case, the sales war between American diplomats and their European counterparts.

The cables describe letters from presidents, state visits as bargaining chips and a number of leaders making big purchases based, at least in part, on how much the companies will dress up private

planes.

The documents also suggest that demands for bribes, or at least payment to suspicious intermediaries who offer to serve as “agents,” still take place. Boeing says it is committed to avoiding any such corrupt practices.

State Department and Boeing officials, in interviews last month, acknowledged the important role the United States government plays in helping them sell commercial airplanes, despite a trade agreement signed by the United States and European leaders three decades ago intended to remove international politics from the process.

The United States economy, said Robert D. Hormats, under secretary for economic affairs at the State Department, increasingly relies upon exports to the fast-growing developing world — nations like China and India, as well as those in Latin America and the Middle East.

So pushing sales of big-ticket items like commercial jets, earth-moving equipment or power plants (or stepping in to object if an American company is not being given a fair chance to bid) is central to the Obama administration’s strategy to help the nation recover from the [recession](#).

Boeing earns about 70 percent of its commercial plane sales from foreign buyers, and is the single biggest exporter of manufactured goods in the United States. Every \$1 billion in sales — and some of these deals carry a price tag of as high as \$10 billion — translates into an estimated 11,000 American jobs, according to the State Department.

The Equalizers

“That is the reality of the 21st century; governments are playing a greater role in supporting their companies, and we need to do the same thing,” Mr. Hormats, a former top executive at [Goldman Sachs](#), said in an interview.

Said Tim Neale, a Boeing spokesman, “The way I look at it, it levels the playing field.”

But Charles A. Hamilton, a former Defense Department official who is a consultant to Airbus, said the government’s advocacy undermined arguments by Boeing and the United States that Airbus had an unfair advantage because of its subsidies from European governments.

“The bottom line is anything goes to get the business,” said Mr. Hamilton, adding that he was speaking for himself, and not for Airbus. “If they feel like they are losing, they will do just about anything to save a deal.”

Airbus executives would not discuss details of their own sales campaigns — and the WikiLeaks documents are mostly focused on American efforts. But one Airbus official, who was not authorized to speak on the record, conceded that, international agreements aside, “commercial jet

sales are not totally decoupled from political relationship building.”

One example of the horse-trading involved Saudi Arabia, which in November announced a deal with Boeing to buy 12 777-300ER airliners, with options for 10 more, a transaction worth more than \$3.3 billion at list prices.

That announcement was preceded by years of intense lobbying by American officials.

One pitch came from the highest levels, the cables show. In late 2006, Israel Hernandez, a senior Commerce Department official, hand-delivered a personal letter from President [George W. Bush](#) to the Jeddah office of King Abdullah, urging the king to buy as many as 43 Boeing jets to modernize Saudi Arabian Airlines and 13 jets for the Saudi royal fleet, which serves the extended royal family.

The king read the letter from Mr. Bush, the State Department cable says, and announced that Boeing jets were his favorites. He said he had just turned down two new Airbus jets, opting instead for a slightly used Boeing 747.

But before he would commit to a mostly Boeing fleet, the king had a request.

“I am instructing you,” he told Mr. Hernandez politely, according to the State Department cable, “to speak to the president and all concerned authorities,” as the king “wanted to have all the technology that his friend, President Bush, had on Air Force One.” Once he had his own high-tech plane, with the world’s most advanced telecommunications and defense equipment — the king told Mr. Hernandez that “ ‘God willing,’ he will make a decision that will ‘please you very much.’ ”

A State Department spokesman confirmed last week that the United States had authorized an “upgrade” to King Abdullah’s plane, adding “for security reasons, we won’t discuss specifics.”

Bangladesh’s prime minister, Sheik [Hasina Wazed](#), was equally direct in making a connection for the landing rights at Kennedy Airport, as a condition of the airplane deal, which was then at risk of collapsing.

“If there is no New York route, what is the point of buying Boeing?” a November 2009 cable quotes Ms. Hasina as saying as she pressed American officials. The deal with Boeing went through. So far, flights by the country’s national carrier, Biman Bangladesh Airlines, to New York have not been restored.

The request from Turkey for a slot on a future NASA flight came early last year, as [Turkish Airlines](#) was considering buying as many as 20 Boeing jets.

The government there owns slightly less than half of the airline, but Turkey’s minister of transportation, Binali Yildirim, in a January 2010 meeting with the United States ambassador to

Turkey, made clear that the country's president wanted help with its fledgling space program and perhaps assistance from the Federal Aviation Administration to improve its aviation safety.

Requests for Favors

"Cooperation in this area will create the right environment for commercial deals," Mr. Yildirim told the United States ambassador, the cable says.

In a cable back to Washington, [James F. Jeffrey](#), then the United States ambassador to Turkey, called the effort by Turkish authorities to link the Boeing deal to political requests an "unwelcome, but unsurprising degree of political influence in this transaction." But he went on to say that authorizing the [F.A.A.](#) to help Turkey improve its aviation safety and space exploration programs could benefit both nations.

"We probably cannot put a Turkish astronaut in orbit, but there are programs we could undertake to strengthen Turkey's capacity in this area that would meet our own goals for improved aviation safety," he wrote. "In any case, we must show some response to the minister's vague request if we want to maximize chances for the sale."

The deal was announced a month later, as Turkish Airlines ordered 20 Boeing planes.

Some sales come to Boeing in part because foreign political leaders want to show friendship to the United States.

King Abdullah II of Jordan, a longtime ally and recipient of billions of dollars in United States aid, told the ambassador in 2004 that "even though the latest Airbus offer was better than Boeing's he intended to make a 'political' decision to have Royal Jordanian buy Boeing aircraft," a State Department cable said, although the United States still had to help Boeing secure the deal.

The cables show that the United States is willing to pull out all the political stops if Boeing is in danger of losing a big deal to Airbus. In late 2007, the board of Gulf Air, the national airline of the oil-rich kingdom of Bahrain, picked Airbus for a huge sale.

Boeing told the American government, which responded that there was still a way to turn the deal around, even though Airbus had offered the planes for about \$400 million less than Boeing.

'Far From Over'

"The contest remained far from over," said the cable. "Gulf Air's selection still needed to be endorsed by the government."

The American ambassador at the time, Adam Ereli, and his chief economic officer, went into action, "lobbying Gulf Air management, board members, government officials and representatives

of parliament,” and appealing directly to the crown prince of Bahrain, in an effort to line up a deal for Boeing that could be final in time for a coming visit by President Bush, the first visit by a sitting United States president.

Within two weeks, the embassy alerted Boeing officials that the crown prince and king of Bahrain had rejected Airbus’s offer and directed Gulf Air’s chairman to make a deal with Boeing that could be signed while Mr. Bush was in the country.

Seeing that Airbus had been outmaneuvered, France’s president, [Nicolas Sarkozy](#), made a last-minute bid to save the deal, the State Department cable says. He offered to visit Bahrain after Mr. Bush had left, but that stop-over was canceled when the Boeing agreement was signed in January 2008. None of the last-minute diplomacy was disclosed.

The cables make clear that both Boeing and the government set limits on their efforts, turning away requests in Turkey and Tanzania to hire “agents” who charge steep commissions — or as some called them, bribes — to gain access to top officials.

Mr. Neale, the company spokesman, says that for Boeing, “it is not just a matter of abiding by U.S. law and laws internationally but a general sense of business ethics.” When such requests surfaced, Boeing often reported them to the State Department.

“ ‘Agents’ and steep ‘commissions’ have been at the heart of several corruption scandals here,” says a 2007 State Department cable recounting a demand that Boeing hire a mysterious hotel executive in Tanzania to serve as a “go-between” with government officials. Payments like that, the cable said, typically were bribes that “ended up in Swiss bank accounts.”

Eric Lipton reported from Washington, Nicola Clark from Paris and Andrew W. Lehren from New York.