Boeing, CSA Make Progress on Aero Vodochody Partnership

Boeing and CSA Czech Airlines today announced the formation of a joint-venture company in Prague to acquire a minority stake in the Czech aerospace company Aero Vodochody.

Paperwork for the Boeing-CSA venture was filed today in the Czech courts, which must still approve the joint venture for it to become an officially recognized entity. The limited-liability company, owned 90 percent by Boeing and 10 percent by CSA, will serve as the vehicle to invest 950 million Czech crowns (about $30 million) for 34 percent to 40 percent of Aero Vodochody, manufacturer of light attack and military trainer airplanes. The Boeing-CSA company also will provide training in Western business practices; assistance in upgrading manufacturing practices and equipment; and marketing support.

"This company is a significant step in establishing a complementary and mutually beneficial partnership between the best of U.S. and Czech aerospace capability," said Larry Clarkson, president of Boeing Enterprises. "But even more important, Boeing will now have a formal presence in the Czech Republic, reinforcing our long-term commitment to the region."

Boeing, CSA and Aero Vodochody have been working together since May when the Czech government selected what was then the Boeing-McDonnell Douglas-CSA tender offer to become the strategic business partner for the Czech Republic's largest aircraft maker. In developing a business plan for Aero Vodochody, Clarkson said the team has found an excellent match in core aerospace philosophy and future synergy. He said the team is committed to completing negotiations for the equity position as soon as possible.

"We are delighted to expand our relationship with Boeing and we look forward to becoming partners with Aero Vodochody," said Antonin Jakubse, president of CSA Czech Airlines, which has 10 Boeing 737s in its fleet.

Aero Vodochody's current product line includes the L-39, L-59, L-139 and new L-159 Alca light combat and trainer airplanes. The firm also does aerospace subcontracting work and currently supplies 757 door skins to Boeing Commercial Airplane Group.

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