
Bolsonaro worries Boeing could own all of Embraer's commercial division

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Brazilian President Jair Bolsonaro said on Friday he is concerned that a proposed sale of 80 percent of Embraer's commercial aviation business to Boeing could lead to the U.S. planemaker taking over all of the division.

Bolsonaro's statement, made to reporters after an Air Force event, was the strongest indication yet of concerns by the Brazilian government, which has to greenlight the deal, over the proposed tie-up.

Bolsonaro and his aides have generally supported the deal in public statements made in the past, but this is the first time he has discussed specifics.

"The merger would be good," Bolsonaro said. But he noted that the proposed Embraer-Boeing tie-up could result in the Brazilian planemaker "passing to the other side."

"That's our concern," he added. "(Embraer) is our patrimony."

Under the terms of the deal presented by both companies last month, Embraer would keep 20 percent of its commercial division but would be allowed to sell that stake to Boeing within the next 10 years for around \$1 billion, adjusted for inflation.

After the 10-year period, Embraer could still sell its stake, but at fair value.

A representative for Embraer declined to comment. Shares in the planemaker fell immediately following Bolsonaro's remarks, and were down nearly 3 percent in Sao Paulo on Friday afternoon.

The deal could reshape midsize commercial aviation as competition between Boeing and Airbus intensifies. Airbus last July took control of the CSeries jet of Canada's Bombardier, which competed directly with Embraer's commercial planes, all of which can carry up to 150 passengers.

(Reuters)