3. Aeronautics and Defence Industries

Aeronautics

France's aeronautics industry began to recover in 1996, after a difficult period of reduced activity related to the air transportation crisis and the financing needs of airlines. Sales increased by nearly 2% to a total of $27 billion, half of it in exports. The civilian-military balance was maintained; nearly 60% of activity was in the field of aircraft and missiles, the rest being divided equally between the Snecma and Turbomeca engines, and the aeronautical equipment of Thomson-CSF, Sextant Avionique, Sagem, Intertechnique, Messier-Dowty and Labinal. Equipment manufacturers experienced an upward trend thanks to the good export results; engine manufacturers were more seriously affected by the reduced activity.

The CL-215 aerial firefighter, built by Bombardier Aerospace. Photo courtesy of Bombardier Aerospace

France's aeronautics sector is the largest in Europe, with 35% of total European production. The sector consists of about 200 companies and 95,000 employees. It will complete its consolidation with the merger of the two main airframe manufacturers, Aérospatiale and Dassault Aviation, which will create the third-largest airframe manufacturer in the world, with sales of $16 billion. The government will be the principal shareholder and will hold effective control, but will open up the stock to the public with a view to privatization (if proposals put forward before the June 1997 legislative elections are maintained). Prospects of 5% annual growth in air traffic are restoring airframe manufacturer confidence, with a return to announcements of multiple contracts. Airbus has nearly half the market for aircraft with more than 100 seats, and is showing good commercial performance with the major order from USAir in 1996. In response to the Boeing-MDC merger, the Airbus consortium will have to speed up the transformation of its structures into a partnership; at the same time, it is now committed to beginning, within the next three years, an $8 billion program to develop an A3XX large aircraft, 40% of which will be open to partnerships. As for the business jet market, it is dynamic and highly competitive, and new aircraft with transcontinental or transoceanic capability are appearing from Bombardier, Embraer and Dassault, with increased client services.

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