

EC aerospace production.²⁴ Although it appears that the trend may continue because of the continuing expansion of civil aviation and the relative weakness of military demand, it may be prudent to re-evaluate this trend in view of the significant political and social changes in Eastern Europe and the Middle East.²⁵

The European aerospace industry can also be broken down into four products groups: (i) airframes (for planes, helicopters and missiles), with a 49.2 per cent production share; (ii) engines (for airframes), with 17.6 per cent; (iii) equipment and avionics for airframes (such as electronic and hydraulic systems), with 27.8 per cent; and (iv) space equipment (launch vehicles and satellites), the smallest but most dynamic group, which grew from a 3.1 per cent production share in the early 1980s to 5.4 per cent.

In addition to the space equipment group, the equipment and avionics group also showed a growth ratio above the industry-average in the 1980s, mainly because of the increasing volume of onboard electronic equipment and the advent of the spacecraft production.

Civilian Aerospace Industry

The aerospace industry outlook for the next few years looks good, especially for production of civilian products.²⁶ The average annual growth rate of the European aerospace industry's real production for the 1982 to 1988 period was 3.1 per cent, and for the 1988 to 1994 period it is expected to continue growing at 4.5 per cent per annum.²⁷ For the same period, the expected average annual growth rate of production (at 1988 prices) for major EC member states is as follows:

Member state	Estimated average annual rate of growth for the period 1988-1994 (per cent)
France	5.5
F.R.G.	5.6
Italy	7.7
United Kingdom	2.5
Spain	9.2

Air transport

The International Air Traffic Transport Association (IATTA) estimates that passenger and freight traffic will both grow at between 7 and 8 per cent per year over the period 1989-1993. Moreover, the phasing out of old aircraft, partly because of their poor fuel efficiency and partly to meet stricter guidelines for safety and pollution, will boost demand for civilian aerospace goods.

Regardless of European efforts, the largest market in the world should remain the U.S. It is also expected that the European market's share of the global market will diminish over the next 15 years as a result of the increased importance of the Asian and Pacific markets.

Commercial jet

European commercial jet production should continue to expand, with the strongest growth category in the short term being short- and medium-haul, narrow-fuselage aircraft; in the longer term, airport and air space congestion will force airlines to shift to the long-range wide body aircraft.

Passenger commuter aircraft

The demand for smaller passenger commuter aircraft, such as those equipped with turboprops, will grow to meet the needs of short distance transportation for regional air travel.²⁸ European companies manufacture six out of the eight aircraft families of commuter aircraft in existence in the upper end of the market, and have held more than 80 per cent of the market since the beginning of the 1980s. The European industry is well placed to benefit from this currently fast-growing segment.

Military Aerospace Industry

In general, the growth of the military aerospace industry will slow down because of the tendency to trim defence budgets in industrialized countries and because of the reduced possibility of a major conflict between the superpowers. There is also an increasing tendency to build military aircraft within international consortia. This has made it necessary for companies to cope with huge R & D