3-Aerospace and defence industries

Promising sectors
Business and long range aircraft, regional jets, cooperation with Airbus industrial partners, police helicopter market, surveillance drones, simulation and training systems.

Aerospace

The recovery of the aerospace sector, confirmed in 1997, continued in 1998 with sales up by more than 9.1% to reach a total of CAN$40 billion, more than two thirds of which represented exports. The equilibrium between the civil and military sectors continued, while approximately 60% of activities were in the aircraft and missile sector, with the reminder divided equally between Snecma and Turbomeca jet engines and aerospace equipment manufactured by Thomson-CSF, Sextant Avionique, Sagem, Intertechnique, Messier-Dowty and Labinal. Equipment manufacturers did more business due to the stimulus of exports, growth driven by the North American market, and the success of Airbus.

The French aerospace sector represents 35% of European production and is the largest in Europe, with some 200 companies and 95 000 employees. Its consolidation is in the final stages with the merger of the major aircraft manufacturer Aérospatiale with the Matra-Hautes Technologies defence activities division of the Lagardère group. This operation also includes Dassault Aviation and is thus the fifth largest aerospace and defence group in the world with total sales of approximately CAN$20 billion. As a result of this privatization, the Lagardère group has become the major shareholder with 33% of Aérospatiale Matra group capital, although a strategic partnership agreement is being maintained with the government.

After these years of growth, which have restored the confidence of aircraft manufacturers, a return to normal conditions is now foreseen with sales growth limited to 4 or 5%. With a record order book, Airbus has about half of the market for aircraft with a capacity above 100 passengers and is therefore continuing to demonstrate good business performance. The consortium must speed conversion of its structure through cooperation; at the same time, it is still considering launching the A3XX wide body aircraft by the end of the year, involving an investment of US$10 billion of which 40% will be open to partnerships. The business aircraft market is dynamic and highly competitive, and new transcontinental and transoceanic aircraft are emerging from Bombardier, Embraer and Dassault; customer service is also being enhanced.

Defence industries

In 1998, France's defence industry confirmed the definite recovery it experienced in 1997 with a major rise in sales to approximately CAN$ 19 billion (up by 41%), with a significant