



▶ Defence and Aerospace Products

Important market facts

- France is the world's 3rd largest manufacturer and exporter in these areas, behind the United States and the U.S.S.R.
- In 1985 this industry employed about 290 000 people (1.2 per cent of the work force) and accounted for 5.7 per cent of industrial production.
- The aeronautics and aerospace sectors (framework, engine blocks and equipment) consist of approximately 180 companies employing some 127 000 people.
- France estimates its share of world market exports to be 10 to 12 per cent (the United States and the U.S.S.R. control 70 per cent of this market).
- In 1986 exports in the aerospace sector represented 60 per cent of total production and reached \$8.6 billion (31.4 per cent for framework and aircraft, 18.9 per cent for engines and engine blocks, 15.3 per cent for weapons and missiles, 14 per cent for helicopters, 13.1 per cent for equipment and electronics, and 7.3 per cent for space).
- The French industry is made up of large internationally renowned companies such as Thomson-CSF, l'Aérospatiale, Avions Marcel Dassault-Breguet Aviation, Matra, Alcatel Espace, SNECMA and Turbomeca.
- Imports totalled about \$2.5 billion in 1985. The main foreign suppliers were the United States, West Germany, Italy and Britain.
- The open market (contract between government or government agency and a private supplier) is governed by the Open Market Act. The act ensures competition between suppliers and enforces established management and public finance principles.
- Open markets in the aerospace sector include mainly civil aeronautic construction and space construction (including satellites). In this sector, France has exported about \$10.4 million in goods and has imported mainly electronic equipment valued at around \$2.4 million.
- The main participants in open markets are the government (through departments), administrative or industrial companies, and local authorities.
- The Open Market Act is administered through various specialized agencies (the 'Commission centrale des marchés', for example). The act treats all companies the same, regardless of nationality.
- Open markets can be entered through adjudication or competitive bidding or through negotiated contracts. Each system represents about half of all open markets.
- In 1983 open markets turned over \$57.5 billion. The government controls about 33 per cent of this market and private companies slightly more than half. Contract amendments account for almost 10 per cent of the markets' value, the highest share coming from government which increasingly resorts to negotiated contracts without calls for tender (40 per cent of its markets). The ministries of defence and the post office, telegraph and telephone account for 82 per cent of government markets.
- French defence production is concentrated in these sectors: aerospace (34 per cent), electronics (29 per cent) and land armaments (17 per cent).
- Private industry controls only 7.5 per cent of French production. Of approximately \$10 million in public orders, only \$4 million go through the open market system. Imports, which represent around 10 per cent of public orders, mainly involve electronic material from the United States.