European aerospace industry meeting the global challenge

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OBJECTIVE: in the light of recent events such as the merger of Boeing and McDonnell Douglas and the proposed merger of Lockheed Martin and Northrop Grumann, the Commission communication seeks to assess the situation in the European aerospace industry and examine a number of possible scenarios for its future development. SUBSTANCE: The Commission document concludes that in the absence of rapid and radical restructuring the European aerospace industry could collapse. Analysis of the situation in Europe and the United States (which controls 58% of the world market) shows that the European aerospace sector is too fragmented and that restructuring is taking place too slowly. The position of the European industry on the world space markets varies between a market share of 5% or less in some categories of ground equipment, 20-25% in the satellite manufacturing sector and more than 50% in the space launch services as a result of the Ariane programme, and this only in markets effectively open to competition. Rapid restructuring and concentration is therefore necessary in Europe. Europe wishes neither to propose nor prescribe a model for restructuring since it is the responsibility of the companies themselves and the Member States. However, it is seeking to create the necessary conditions to speed up restructuring measures. The basic elements of the recommended strategy are as follows: (a) the need to create European groupings: having examined several possible restructuring scenarios - consolidation at national level, sectoral integrations such as that achieved by airbus, a global integration grouping -, the Commission considers that in the short term the most effective solution is that offered by European, preferably multi sectoral configurations (civil and military aircraft, various activities in the space sector, etc.). (b) RTD support: in the Fifth Framework Programme the Community research effort will be centred around the opposed key action 'new perspective in aeronautics' while the industry would also benefit from other activities under the programme. Also in the domain of space technologies and space applications the Commission will ensure a coherent approach in its RTD actions under these different specific programmes of the Fifth Framework Programme as well as reinforced coordination with the national space agencies and the European space agencies programmes. (c) defence procurement issues should be addressed as a matter of priority. The Commission proposes the establishment of a European defence procurement regime accompanied by a harmonization of technical and operational specifications. (d) adoption of the European company statute. This restructuring tool should be put at the disposal of the aerospace industry as an efficient means of blending the European and national identity structured companies. (e) creation of a European aviation safety authority: establishing a single legislative framework and a single certification process for all aeronautical products to facilitate the worldwide promotion of European safety standards. With regard to external trade aspects, in March 1992, the Commission, with the support of the Member States and the industry launched a review of the EU/USA bilateral agreement on trade in large civil aircraft. Furthermore, the Commission will remain vigilant with regard to any market access problems which may arise in the aerospace sector of third countries. As far as export promotion is concerned, the Commission is fully aware of the importance of ensuring that aerospace purchasing decisions are made on the basis of fair and objective commercial and technological factors and that European products receive due consideration.