23. The civil aerospace markets

The aerospace sector is an important source of manufacturing employment in the OECD area. It is historically linked to defence programmes; and civil and military aerospace products and services are often provided by the same major industrial groups. The sector is expected to grow significantly in the next decade, as mobility in general and air traffic in particular is expected to increase, especially in emerging economies. There are several aerospace markets, which are often quite distinct from each other, although they all share the same basic need for sustained research and development. The space sector represents a rather small segment of the industry, as indicated by large aerospace industry associations. The data usually take into account space manufacturing activities, and overlook other space-related activities that are taking place outside the aerospace industry (e.g. commercial satellite telecommunications operators).

Zooming in the civil aeronautical market, the assembly of airplanes takes place all over the world. Many countries take part in the global aerospace value chain, hosting primes as well manufacturers of major components and equipment (e.g. propulsion, aerodynamics, mechanical structures, etc.). In addition, the maintenance, repair and overhaul activities (MRO) of airlines follow the air traffic, and concentrate in major hubs, increasingly located in Asia. Companies specialising in MRO are facing more competition from manufacturers who develop this service in their sales contracts. Airbus and Boeing compete on the market of civil aircraft over 100 seats, with a booming air traffic market, particularly driven by demand from companies in Asia and the Middle East and the renewal of major fleets around the world. In 2013, both manufacturers have achieved historical sales performance with a record 1 503 net orders for Airbus and 1 355 net orders for Boeing, with also record deliveries for the two (648 for Boeing; 626 for Airbus). Their order books are full, each with over 5 000 aircraft for delivery, ensuring almost eight years of production. Concerning the construction of regional aircraft (less than 100 seats) and business airplanes orders have also progressed worldwide. Selected key manufacturers include Bombardier (CAN), Gulfstream (USA), Dassault (FRA), Cessna (USA) and Embraer (BRA). In that segment, commercial airplane shipments increased by 4.3% to 2 256 airplane deliveries, with billings reaching USD 23.4 billion across all airplane types, the second-highest industry billing number ever recorded (GAMA, 2014). The business jets worldwide fleet has grown more than 60% since 2000, reaching 33 861 aircraft in 2013 with some 678 airplanes delivered in 2013, with North America representing 50% of the market. In terms of helicopters, the worldwide fleet counts around 28 877 aircraft (both turbine and piston). Finally, unmanned aircraft systems represent an emerging industry segment, transitioning from military applications into civilian and commercial uses although there are still some privacy and safety concerns.

Methodological notes

The aerospace and defence leading companies total sales include sales and profits. For airlines, only publically traded companies were included, and the Emirates Group's data were collected separately (annual reports).

Sources

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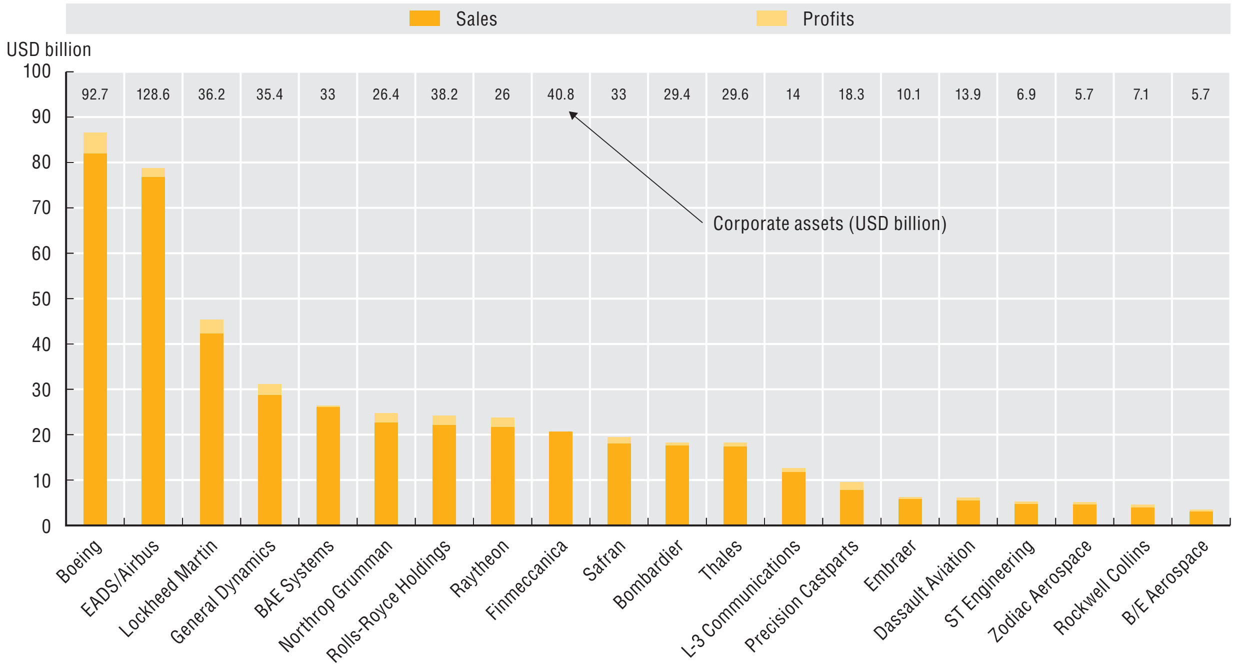
23.1. Aerospace and defence leading companies

Ranked by sales in USD Billion, 2013



Source: Adapted from Forbes, 2014.

23.2. Leading airlines by revenues

In billion USD, 2013

Company	Revenue in USD billion
Deutsche Lufthansa	39.9
United Continental Holdings	38.3
Delta Air Lines	37.8
Air France-KLM	33.9
American Airlines Group	26.7
International Airlines Group	24.7
The Emirates Group*	21.0
Southwest Airlines	17.7
China Southern Airlines	16.5
Air China	16.2
All Nippon Airways	15.8
China Eastern Airlines	15.2
Quantas Airways	14.7
Japan Airlines	13.0
Cathay Pacific Airways	13.0
Latam Airlines Group	12.9
Singapore Airlines	12.2
Air Canada	11.9
Korean Air Lines	11.2
Aeroflot Russian Airlines	9.1

Source: Schofield, 2014.

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