

# News & Views: Aerospace & Defense

*An Informational Resource*

## 1,500 Attend Aerospace & Defense Summit

Seattle's first-ever Aerospace & Defense Summit brought together more than 1,500 suppliers from around the world in March. It was organized by France's BCI Aerospace.

About 800 companies were represented at the show.

Boeing hoped to find more production capacity at the conference.

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## Unmanned Aircraft: A Booming Industry

One of the areas of defense spending that won't be cut is unmanned aircraft. These machines have demonstrated their value in many ways in the past few years: tracking enemy movements, bombing targets and moving supplies without putting soldiers in harm's way.

As a result, unmanned aircraft will likely be used in non-military operations in the coming years: routine police surveillance, monitoring forests for fires, finding and transporting lost/injured people in remote areas, shooting movies and dusting crops.

The U.S. is expected to spend \$5.8 billion this year on unmanned technology and \$7.8 billion in 2020, according to one industry report. This money will

be spent on everything from the aircraft themselves to all the complex systems that go into them: sensors, computers, cameras, data collectors and surveillance equipment.

The Federal Aviation Administration (FAA) will designate six test sites across the U.S. to help it revise safety protocols so that unmanned aircraft don't go crashing into airliners and business jets. As a result, millions of dollars in federal grants will be offered.

At least 22 states have expressed interest in the national test sites, and some, such as North Dakota, began lobbying hard months ago to ensure that the laws governing this process favored their states' chances. The FAA will select the test sites by this summer.

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## Iridium NEXT partner companies support the development of aerospace engineers

A \$250,000 aerospace engineer scholarship endowment has been created by 30 Iridium NEXT Mission Team members. The program will distribute scholarships for the 2012-2013 academic year to the best aerospace engineering students in the world, including those already engaged in the development of Iridium NEXT through Iridium or partner internships.

Iridium NEXT, Iridium Communication Inc.'s next generation satellite constellation and the world's most significant commercial space program, is in development and scheduled to begin launching in 2015.



## Pending Federal Budget Cuts Mean a Million Jobs Lost

Mandated budget cuts by Congress will cost the country about one million jobs, according to a new study by a team of economists at George Mason University. The jobs will be lost in virtually every state, including more than 24,000 in Alabama: Huntsville, Ozark-Dothan-Enterprise area, Mobile and Montgomery.

The economic impact study was performed at the request of the Aerospace Industries Association (AIA),

an aerospace industry trade group.

Those projected defense-related job cuts could trim the nation's projected 2013 economic growth rate from 2.3 to 1.7 percent while raising unemployment by as much as .6 percent, the report said. The job losses would escalate over the next three years if the proposed ten-year defense budget is approved.

In an effort to offer alternatives to the proposed budget, a new alliance has been formed

by two leading industry groups: the AIA and the International Association of Machinists and Aerospace Workers (IAMAW). Their message is, the proposed defense department budget significantly increases the unemployment rate and decreases the nation's security.



The alliance is trying to put the cuts in

perspective by talking about their widespread impact in the supply chain and in the communities where these companies exist. The lost business would have a painful ripple effect: lost jobs and associated tax revenues, reduced consumer spending and home values.

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Boeing is ramping up to meet unprecedented production demands and needed to identify capable suppliers to help it do so. A Boeing spokesman said that engaging a global supply chain is more critical than ever.

## Global Aerospace & Defense Industry Outlook

The 2012 global aerospace and defense industry forecast looks good for the commercial aircraft sector but challenging for defense. According to a new Deloitte Touche Tohmatsu Limited (DTTL)

report, the revenues of top global aerospace and defense companies will remain flat this year, even with their development of game changing technology and innovations.

The global defense market will be flat or

contract due to anticipated decreases in military spending in the United States and Europe, thanks to continued global economic challenges. To address this, defense sector companies must streamline their cost structures, divest non-core assets, fill gaps and transform themselves via acquisitions.

The commercial aircraft sector, sparked by increasing demand for

business and leisure travel, is entering a prolonged up-cycle in production. The next generation of commercial aircraft will be more fuel efficient and environmentally friendly.



In spite of these challenges, the top global aerospace and defense companies will perform overall about the same this year as they did last year. On the bright side, expect to see innovations in cybersecurity, directed energy, high-powered microwave weapons, hypersonic missiles, long-range and high-altitude unmanned aerial systems, and software that can trace financial transactions of known terrorists.



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