

European Helicopters Look to Take Off in U.S. Military Market

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By Eric Beidel



At a helicopter exposition in Orlando last month, CEOs of European manufacturers made it clear: They are both partners and competitors of their U.S. counterparts.

European and U.S. companies often have teamed up to offer military rotorcraft. But as the call for new designs and technologies grows louder, competition from across the pond could heat up.

For years the U.S. military bought helicopters solely from domestic companies, but not anymore, said Ray Jaworowski, senior aerospace analyst at

Forecast International. U.S. firms increasingly will find themselves battling against international counterparts as the military looks to field next-generation rotorcraft, he said.

"The military has made it very clear that when it comes to helicopters it is willing to go outside the U.S. for its solutions," Jaworowski said. An example, he added, would be Italy-based AugustaWestland's involvement in the program to develop a new presidential helicopter that eventually was cancelled.

European manufacturers, unlike their U.S. counterparts, have more recently been developing aircraft from scratch, Jaworowski said. While U.S. companies have focused on providing upgrades to old designs, European outfits have been producing new helicopters, he said.

This has created a dichotomy in the U.S. military helicopter bottom line, Jaworowski said. The U.S. product lines consist mostly of newer models of much older designs, and the military has not been procuring "clean-sheet" designs in recent years. Two exceptions are the V-22 Osprey tilt-rotor and the Comanche. The latter was terminated several years ago.

"Every other rotorcraft the U.S. military is procuring are these improved derivatives," Jaworowski said, including newer versions of the Black Hawk, Chinook and Apache.

Companies overseas have been coming up with a healthier mix of offerings that include both improvements to previous helicopters and new designs, he said. "It has reached a point that when it comes to competition on the world market you have the U.S. derivatives competing against all-new European designs." This has led to concerns about the lack of innovation in the United States, Jaworowski said.

U.S. companies have been trying to come up with ideas for next-generation rotorcraft without much guidance, digging into their own pockets to fund research and development into new technologies. Sikorsky has spent about \$50 million to develop a high-speed helicopter demonstrator it calls X-2. The company is moving forward with plans to create a military version of the chopper on its own dime. Sikorsky is hoping that the Army eventually will buy the aircraft as a replacement for its aging aerial scout helicopters.

Sikorsky could have some stiff competition from overseas companies like Eurocopter, which is developing similar technology to that of the X-2. While Eurocopter so far is funding its own work on

an X-3, European militaries have been pursuing fresh designs. New helicopters overseas have been the products of official military requirements. One example is the NH-90, a transport and utility helicopter that more than a dozen nations including Germany, Spain, Italy and France have ordered. Another is the Tiger, an attack helicopter Eurocopter developed for the German, French, Australian and Spanish armies.

"European helicopter manufacturers have managed to create advances in helicopters that have allowed them to gain a primary share of the world's market," said Walter Boyne, a retired pilot, former director of the National Air & Space Museum and author of the book, "How the Helicopter Changed Warfare." New American aircraft like Sikorsky's X-2 "are marvelous, but the likelihood of their receiving a sizeable procurement contract seems remote at the present time," Boyne said.

Even the tilt-rotor option — the Osprey and any subsequent designs — is still questionable because of its high cost and limited introduction to warfare, Boyne said.

Instead of waiting around for a lengthy and costly program of record, AugustaWestland can enter the U.S. military market by introducing off-the-shelf technologies to help fill existing gaps in the fleet, said Dan Hill, the company's vice president of strategy and federal business development. "While we would like to be more prevalent in the [U.S. military] inventory, that's one of the advantages we have."

Despite global economic woes, European companies have a positive outlook on what they can sell in both the civilian and military markets. AugustaWestland in fiscal year 2010 had \$5.2 billion worth of orders from commercial and military customers. Industry needs to display the flexibility to adapt to the need of the market, said Emilio Dalmasso, executive vice president for sales at AugustaWestland.



"We have a lot of new products," Dalmasso said at the Helicopter Association International exposition in Orlando, including the BA-609 and the AW-139. The former is a tilt-rotor aircraft aimed at government and military customers, the product of a partnership with Bell Helicopter. The latter is being used by the Japanese Coast Guard and by a fire fighting and disaster relief agency in Japan.

While they remain competitors, U.S. and European companies also are finding ways to team up as in the Bell-AugustaWestland partnership on the BA-609. Sikorsky is working with American Eurocopter on the

UH-72 Lakota, the Army's light utility helicopter. American Eurocopter builds the aircraft, and Sikorsky provides logistics support.

"Our partners are our competitors at the same time," said Mark Paganini, CEO of American Eurocopter.

"It's a good healthy competition," said Chris Van Buiten, director of innovation at Sikorsky. "They are interested in getting into this market just as we are into theirs."

Breaking into the European market has been difficult for U.S. companies. Sikorsky owns less than 5 percent of the European military market. The manufacturer needs to grow its presence in Europe, which is why it has begun building Black Hawks in Poland, Van Buiten said.

"Overall, the U.S. market is the most attractive market out there, and you see the Europeans really driving to break into it," said Jeff Lowinger, executive vice president of engineering at Bell Helicopter, where he also oversees work at the company's Xworx prototyping facility in Fort Worth, Texas. "The European military market is small and difficult to penetrate unless you have a game-changer."

Lowinger believes Bell now has the products to break through to customers overseas in the V-22 Osprey and the AH-1Z attack helicopter.

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