

**PhD in economics Pryschepa N. P.,
PhD in economics Ostapenco T. G.,
PhD in economics Hrashchenko I. S.,
PhD in economics Teplinsky G. V.,
PhD in economics Onoprienco O. D.,
Ukraine, Kyev, National Aviation University**

WORLD EXPERIENCE OF INTEGRATION IN AVIATION COMPLEX

ANNOTATION

The issue is devoted to the topical problems in the integration processes in the business aviation sector. It is very important for each state to do all possible for its development and do some trials to make this world better for our existence and evolution. Attention paid to the positive aspects in the integration processes in the business aviation sector and strategies of it. They are described in the national and international levels and examples are given.

Key words: business, aviation sector, integration processes, strategies.

Introduction. In the current conditions in the global aviation market competition is increasing. Aircraft building companies take active part in integration processes in the countries that have their own aircraft industry.

Integration in the aviation industry is aimed at creating effective association of airlines that are able to ensure competitiveness, increasing the share of products (services) on the market, to eliminate risks and minimize the necessary resources.

The main part of the article. The main forms of IEI in the business aviation sector, contributing to strengthening market position, increasing profitability of serial production, investments, technological development are:

- creation of international consortium with leading multinational companies (Airbus, Eurofighter);
- organization of joint ventures (e.g., Eurocopter);
- long-term cooperation (e.g., Boeing and Dassault Systèmes, Snecma Moteurs and SPE “Saturn”);
- mergers and acquisitions (e.g., Boeing, BAE Systems; Lockheed Martin; Aerospatiale Matra).

Today the most popular practice is creating aviation consortia, through the possibility of improving financial performance and competitiveness of air transport enterprises.

Main objectives of aviation consortium are:

- coordination of interests of consortium’s members located at different territories;
- creating a partner network that covers all stages of implementation of innovation and investment projects in the field of civil aviation;
- creating a favourable investment environment in the region;
- involving a consortium to leading national and international air transport enterprises and supporting organizations;
- positioning aviation products of aviation consortium’s members on domestic and international markets;
- ensuring effective interaction between the government agencies, education, science and production;
- facilitating the attraction of investment and loan resources to projects implemented by participants of aviation consortium;
- performing R&D works addressed to current and future problems of aircraft industry;

- providing training, retraining and advanced training of specialists of aircraft building industry.

Integration created in the form of a consortium of national carrier will enhance the economic efficiency of airlines, airports and other air transport enterprises and strengthening the competitiveness of the national air carrier as reforming the financial and credit system and stimulating economic growth of financial assets.

China. AVIC (the Aviation Industry Corporation of China) – the Chinese aviation consortium of aircraft manufacturers, which includes research, design and manufacturing companies. Aircraft Design and Research Institute is situated in Chengdu. The Institute is well equipped with technological base and highly qualified engineering staff. The Institute employs over 1800 employees, 80% of whom are researchers and qualified technical personnel, making possible the realization of integrated engineering R&D performed at different areas.

AVIC is one of the largest Chinese trading companies, which mainly specializes in the aerospace industry, AVIC International Holding Corporation (AVIC International), a member of the State Aircraft Consortium of China. It was established in 2008 at the merger of the Chinese National Aerospace Import-Export Corporation (CATIC) and two other companies. In addition to the aviation industry, it deals with trading operations, real estate, investments in industry.

Russian Federation. To overcome the crisis in 1995 Russian aircraft manufacturers established FIG "Russian aviation Consortium", which includes JSC "Ulyanovsk aviation production complex "Avyastar", JSC "Aviation Scientific and Technical Complex named by Tupolev", "Kazansk aviation production group named by Gorbunov", JSC "Aviadvigatel", JSC "Aeroflot – Russian international airlines", JSC "Scientific and production center "Universal", Promstroibank and a number of others. Creating FIG "Russian aviation Consortium" allowed to protect the Russian market of civil aircraft from foreign manufacturers. The basis of the action program laid FIG promotion of the latest developments of ASTC Tupolev.

The main benefit of Russian Aviation Consortium is entering the main customer of aircraft into its structure – "Aeroflot" which improves support for new aircraft.

Aircraft industry refers to the high-tech branches of the national economy. The level of development of aircraft manufacturing as an industry, integrating in its products the results of activities of national economy's related industries, is an indicator of scientific and technological development and industrial potential for any country.

Currently, large aircraft market is divided between the leading TNCs, but after a significant decline in the market of passenger planes in 2001-2003, in 2005 demand for passenger aircraft started to increase. Large corporations that had previously been forced to simultaneously introduce maximum number of sophisticated technologies in the production of passenger aircraft and at the same time reduce the price, at the end of 2005, declared a significant increase in the number of orders for aircraft.

The main subjects of the production of aviation machinery are diversified enterprises with a high proportion of civilian products, which, as a rule, are under the significant influence of private capital and are widely involved in international integration.

Powerful integrated aircraft companies are dominated at the global aviation market (Boeing, EADS and others) with a high level of concentration of production and a significant amount of sales (Fig. 1).

In the US, the main integrative transformation in the aviation industry was conducted in 1992-1997 due to the declining in the production of high-tech industrial sector, aimed at achieving a qualitatively new state firms and companies, which allowed not only to survive in the new environment, but also to increase competitive opportunities through internal consolidation firms and companies, realization of economies of scale, a synergy effect and diversification of production.

For six years over twenty large companies had been integrated into four powerful integrated structures – "Lockheed Martin", "Boeing", "Northrop Grumman", "Raytheon". Conducted concentration of resources ensured their successful operation.

The global aviation market occupies a strong position as the company “Bombardier Aerospace” (Canada), which has achieved success through effective marketing strategies. It included the development of production of small regional aircraft, which do not compete with European and American giants, which in turn allowed them to receive foreign investment. According to this strategy, there was an absorption of small competitors by their market share. A similar strategy was chosen by company “Embraer” (Brazil), which is the largest exporter in the Brazilian economy.

The leading aircraft companies in Sweden are Saab, Volvo Aero Corporation, Ericsson Microwave Systems. In addition, a number of highly qualified subcontractors of aviation production are distinguished in the country. These companies work closely with government agencies, higher education institutions and research institutes. Aircraft industry is developing predominantly in the military and civil aviation sectors. Saab Aerospace controls 95% of the market in the aircraft industry. The priority direction of the country’s aircraft manufacturing development is the development of new projects in cooperation with the leading airlines of the world.

Aircraft sector is one of the leading industries in Germany. In the aircraft industry the country has more than one hundred companies that produce the whole range of parts and materials required for the creation of modern aircraft. In the civil aviation industry Germany also occupies a leading position – from helicopters to light aircraft Airbus. “Eurocopter”, the leading helicopter manufacturer in the world, is a German-French-Spanish joint venture.

France, Germany, Italy and Great Britain combined their aircraft building company into a powerful enterprise «Airbus Industry». Airbus SAS is one of the largest aircraft building companies in the world, formed in late 1960s through the merger of several European aviation producers. It produces passenger, cargo and military transport aircraft under the name Airbus. The only shareholder of Airbus is a company EADS (European Aeronautic Defence and Space Company, Airbus Group, concern).

In Western Europe, the restructuring was carried out in three stages. At the end of integration processes in the US industry, in Western Europe the first phase of restructuring and structural improvement of the aerospace industries was completed: the UK, Germany, Spain and Italy companies were integrated into a single national company.

At the second stage, the creation of international integrated structures, mainly consortia such as “Eurolighter”, “Eurocopter”. The main achievement was the creation of Airbus.

In the third stage, in 1999 France founded single company on the basis of three national companies – Aerospatiale Matre Daesault. At the expense of combining technological capabilities, the company entered the top three global manufacturers of missiles, carrier rockets, satellites and helicopters. In 2000, this French company merged with the German DASA and the Spanish KASA, creating the European Aerospace Company EADS, which became the third largest company in the world with a profile of its annual sales volume.

Conclusions. Integration aircraft assets caused by the need to concentrate resources and optimize their use for effective competition on the global market of aviation engineering, improving product quality, providing sales growth and is one of the leading trends of the global aviation industry.

The main motive is to get enterprise integrating economic benefits expressed in lower unit costs, use economies of scale of production, increase sales, ensuring higher efficiency at all stages of the life cycle of aircraft.

As international experience shows, the creation of large integrated structures in aircraft manufacturing carried out for a long time based on various strategies. In some cases, a large construction company was “from below” naturally initiated by management or business owners as a result of acquisitions or joining smaller companies; in others – the state actively participated in the creation of large unions. Thus, the impact of integration on the basis of different strategies and differentiated significantly affected by many factors.