

# Airbus

## 40 Years of Successful Co-operation

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*Take Off*

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# The Challenge

“Your A300 is a good plane, but you’ll never make it. What is Europe? You are nice people, but its difficult to have faith in your co-operative programme”.

Frank Kolk, CEO American Airlines, (1971)



# Part One

## Origins and First Steps



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# The Rationale for Airbus Industrie

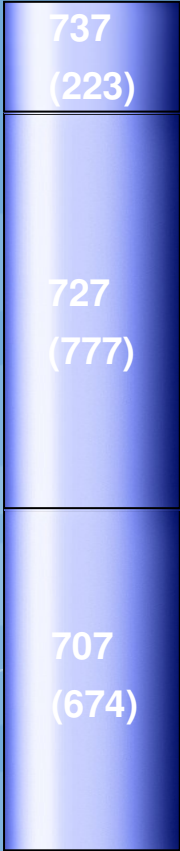
- By the late 1960s Europe had only 18% of the market in large commercial aircraft
- European aircraft programmes were technically successful, but commercial failures, as unit numbers were too small
- But Europe's leaders did not want to surrender their strategic capability in aeronautics
- Therefore bringing the key European aeronautics firms together in a consortium offered the only feasible strategy



# Domination of US suppliers

Jetliners delivered through end 1969

1674 aircraft



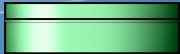
Boeing

1045 aircraft



Douglas

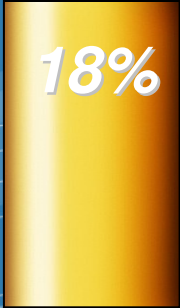
CV-880 (65)  
CV-990 (37)  
102 aircraft



Convair

Comet (74)  
Caravelle (258)  
One-Eleven (166)  
Trident (54)  
VC-10 (53)

605 aircraft



Europe



# Airbus Founding Events

- French-German founding agreements signed on 29 May 1969
- Creation of the Airbus GIE in December 1970. Association of French and German industries on parity basis, UK's Hawker Siddeley as associate partner



# Competing product lines - early 1970s

Airbus  
Industrie

A300B



Boeing

737-200



727/707



747



McDonnell DC-9

Douglas

Lockheed



DC-10



L-1011



Equal  
percentage  
intervals

100

123

150

184

224

274

335

419

500

Two-class  
seating

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# Part Two

## Evolution and Maturity

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# Airbus Industrie GIE (post-1979)

## Owners



British Aerospace

Aérospatiale

Deutsche Airbus

*Airbus*  
*Groupement d'intérêt économique*



British Aerospace

Aérospatiale

Deutsche Airbus

## Subcontractors

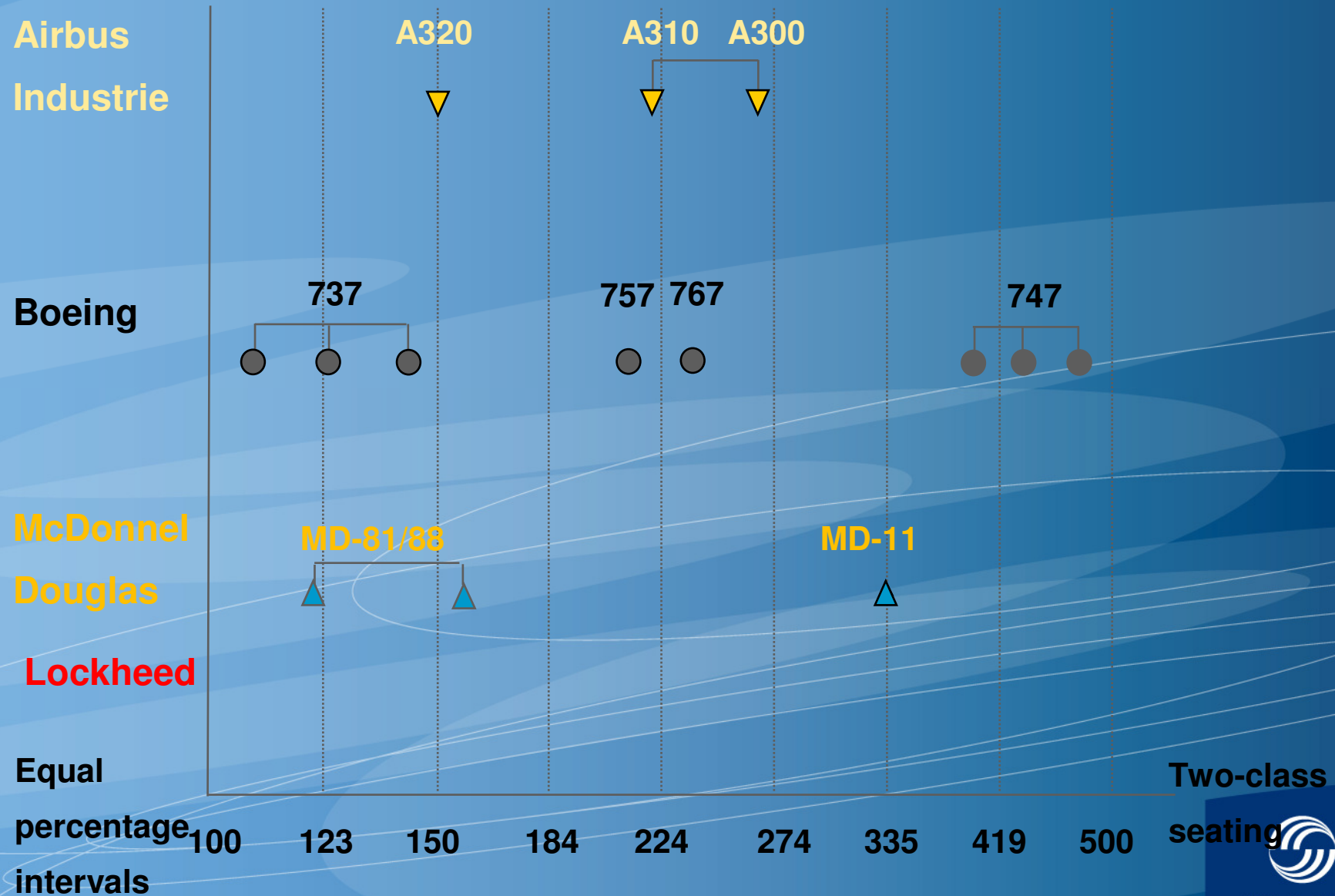
The GIE provided an ideal vehicle for co-operation as the partners were able to retain their assets and keep their cost base confidential

# The Original Logic of Airbus's Cooperation

- Only co-operation allowed the project of building large commercial aircraft to go ahead
- The partners shared the same broad strategic objectives
- Core capabilities were complementary
- The partners shared costs and risks according to an agreed formula
- The companies made substantial investment in the joint business
- As a contemporaneous RAND Corporation study noted the Airbus partners were in for the “long-haul”



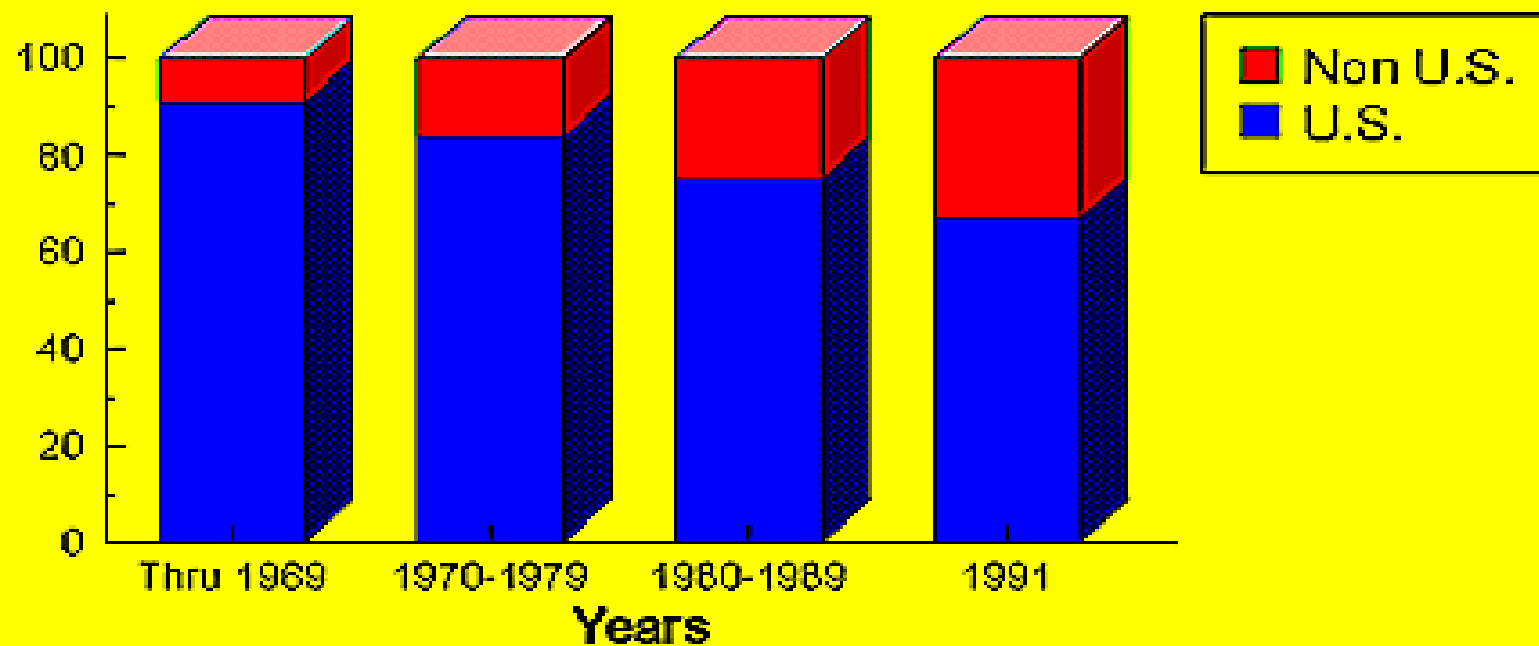
# Competing product lines - late 1980s



# US Vs Europe: The Balance Changes

## Market Shares - Jet Transport Orders Overview

% Share (Dollars)



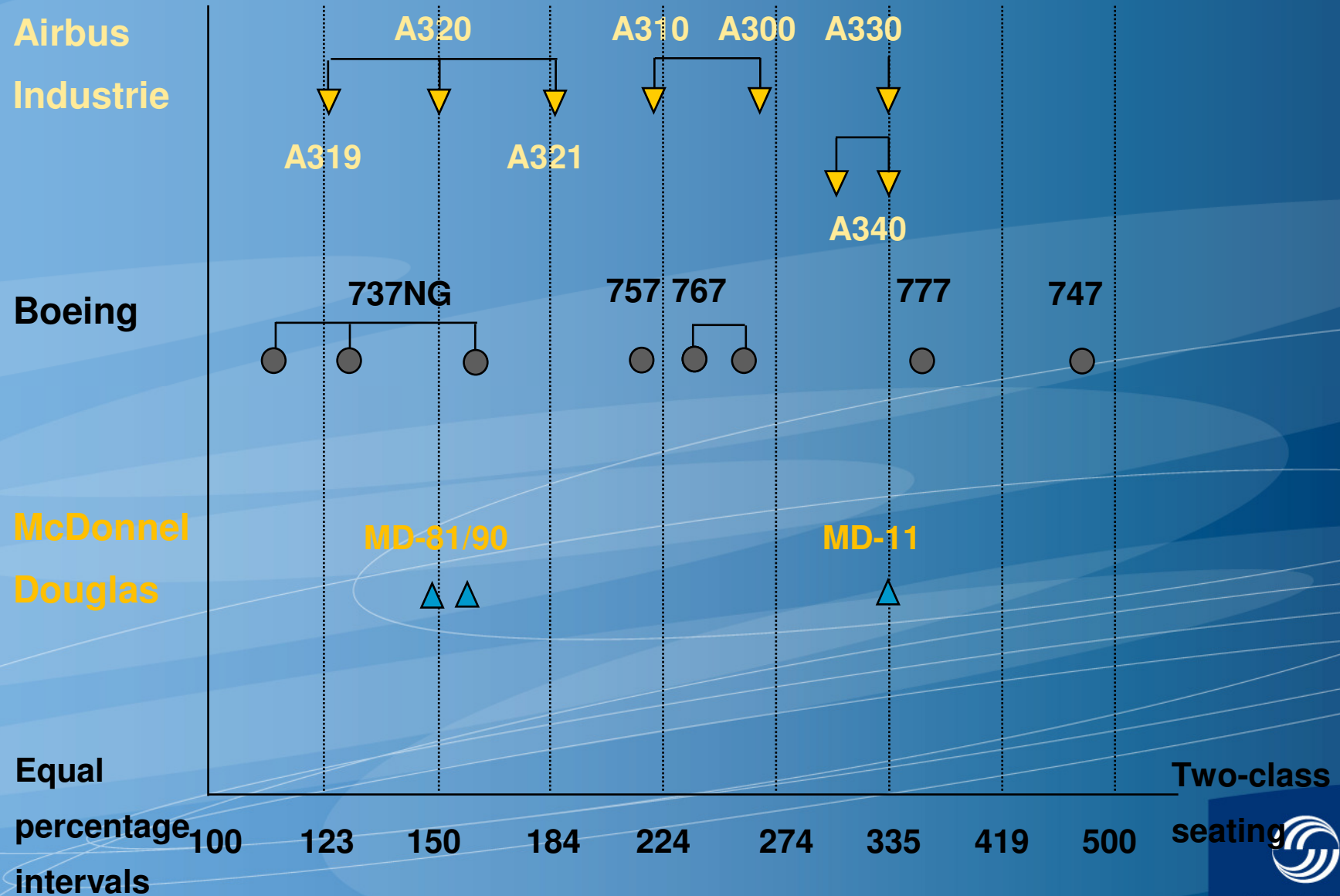
Reference: World Jet Airplane Inventory, Year-End 1991  
Boeing Commercial Airplane Group, March 1992



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# Competing product lines - mid 1990s



# Part Three

## Reflections on Successful Co-operation

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# Key Generic Issues Driving Aerospace Co-operation

- Sharing programme costs and risks
- Acquiring and sharing technology
- Partnering with the best of the supply chain
- Accessing and learning new skills
- Increasing market access
- Securing wider political support
- Lower labour costs
- Increasing globalisation of the industry



# Types of Aerospace Collaboration

- Loose consortium (e.g. ad hoc project based)
- Military aircraft programme companies, often based on “juste retour”
- Joint and several liability partner (Airbus GIE 1970-2000)
- Joint Equity Ventures
- Dominant leader joint venture (Airbus SAS 2000-2006)
- Globalised trans-national company (Airbus post-2006)





# Airbus: Logics of Co-operation

- To ensure stability and quality via on-going long-term strategic partnerships with **key suppliers**, e.g. Messier Dowty, Thales, Smiths, Liebherr, Diehl, Parker, Honeywell, Goodrich and, of course, Fischer ACC, who provide key composite capability on A330/340 and A380
- To source cutting edge technologies through long-term **research collaboration** and co-operation with top labs and universities
- To ensure that we deliver on the airlines' requirements through continued close co-operation with our **customers**; a driving principle on A380 and now on A350



# A Key Dimension: Cooperation in Research and Technology

- Airbus has brought critical new technologies into civil aircraft, e.g fly-by wire, increased use of composites, integrated modular avionics, variable frequency electrical power generation
- Substantial R&T support has been provided by Airbus and by the national governments and via the EU framework programmes
- The R&T underpinning the technology has been developed with research partners across Europe, both in national laboratories and in universities
- Co-operation has been at the centre of our Research and Technology policy
- And Airbus is now seeking research partners on a truly global basis



# Conclusion

The Fruits of Success

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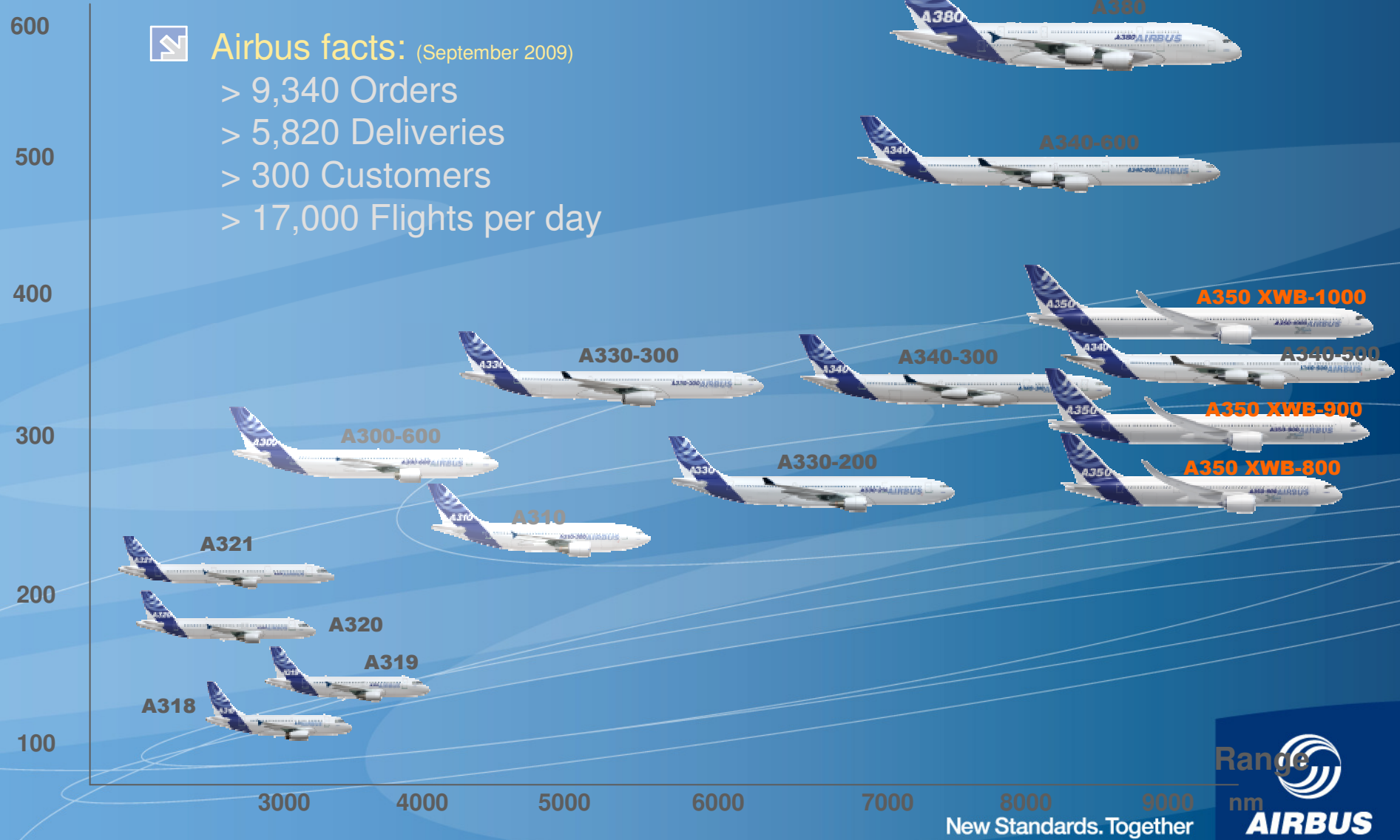
# Co-operation: the New Agenda

- Globalisation is **intensifying competition** and is driving the creation of new alliances and the search for the “best of the best” as risk sharing partners
- Airbus is now devolving ***more responsibility*** to key risk sharing partners, while it concentrates ***on systems integration***
- Airbus is achieving more efficient and robust relationships with key suppliers, as risk sharing partners ***autonomously manage ever larger work packages***
- Airbus sees ***dialogue and partnership*** as the keys to successful co-operation
- To ensure continuing future success Airbus is ***building a global network of talents***



# Airbus Today: a Testament to Co-operation

Passengers



# Postscript

“Co-operation is a real job and it takes time to learn it”

Felix Kracht, Airbus Industrial Director, 1975



# Vielen Dank



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Setting the Standards

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