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Connecticut aerospace industry is on the upswing

By Douglas Rose

Life has its cycles, and so does business. For example, if we look back to the waning years of the last decade, many analysts correctly determined that Connecticut's aerospace/defense industry was in a period of decline or at best, in the business doldrums. In Connecticut, a decline in one sector of this industry can foretell a decline throughout.

Now, however, there are signs that aerospace/military spending is shaking off the malaise of the past several years and beginning to move forward.

Globally, the market for the military products and services portion of the industry is estimated at about \$1.72 trillion annually. Included in that total is spending devoted to space exploration at about \$304 billion annually.

In addition commercial aircraft sales are estimated to be worth \$5.2 trillion over the next two decades for aircraft with a capacity of 100 or more passengers, while another \$658 billion could be spent on smaller aircraft, as well as \$617 billion for business jets.

It is clear that separating the various categories related to the military and aerospace is not always possible and there are some that overlap. But when the markets for additional aerospace products such as helicopters, recreational aircraft, and small-business-related aircraft are included in the mix, annual sales in the industry as a whole easily top \$2 trillion annually.

Recognizing that Connecticut has been entrenched in a post-recession malaise for far too long, the state legislature earlier this year passed a number of pro-business bills intended to reinvigorate the employment scenario for the skilled workers who once were the backbone of Connecticut employment. For example, House Bill 5465, An Act Concerning the Connecticut Aerospace Reinvestment Act, intends to help Connecticut aerospace companies become more competitive in the field.

The bill, signed by Gov. Dannel Malloy last May, "permits the DECD commissioner to enter into a contract for an incentive program designed to bolster the state's aerospace industry, foster the retention and creation of jobs, and encourage business growth in Connecticut consistent with the strategic economic development priorities of the state."

Helping Connecticut's aerospace/defense industry regain its momentum is no small achievement. According to a 2012 report released by the Defense Technology Initiative, more than 1,100 Connecticut aerospace and defense firms received nearly \$12.7 billion in federal contracts, and in 2011, federal defense contracts filled in Connecticut generated nearly \$859 million in state and local tax revenue. Also, federal aerospace and defense contracts were responsible for the direct employment of approximately 40,000 Connecticut workers and indirectly supported an additional 55,000 jobs in related industries.

Those 1,100 vendors, in addition to those who indirectly support the industry, represent a significant investment potential in the future of aerospace development, as well as the future of the state. And, although the international situation is filled with reports of war and disease, investors who support the industry that helps restore order to beleaguered countries and deliver medical supplies to countries fighting the outbreak of Ebola and other diseases, are performing a service to all who need our assistance.

Whether the upcoming demand is for new aircraft and related systems, or replacement parts for transports, jets, and helicopters that are flying long hours in harsh conditions, the companies that supply the replacement parts have to gear up for additional production demands the same as manufacturers of new systems.

All in all, the signs are clear that Connecticut's aerospace industry appears to be on the cusp of a significant upswing — and that is good news for investors and workers alike.

Douglas Rose is president of Windsor-based AeroGear, a manufacturer of aircraft gears and gear assemblies.