



Aviation expert warns Connecticut manufacturers the industry is strong, but growth has temporarily slowed, and there's no clear reason



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Employees of Pratt and Whitney got a look at the PurePower jet engine in this 2015 photo at the Middletown plant of the United Technologies Corp. subsidiary. An aviation industry analyst told manufacturers Wednesday the industry is strong, but growth is slowing. (Michael McAndrews)

Connecticut aerospace and aviation executives and others were warned Wednesday the industry is strong, but growth is slowing.

Richard Aboulafia, vice president of Teal Group Corp. in Fairfax, Virginia, also reminded his audience of several hundred at a meeting in Hartford of the Aerospace Components Manufacturers, an industry group, of a persistent weakness in the state: the cost of doing business.

“I won’t lie to you. You guys aren’t good when it comes to costs. Towards the back of the pack,” he said. “But No. 1 in labor education, skills and particularly investment in education.”

Aboulafia reminded his audience that the grounding of Boeing 737 Max jetliners following two fatal crashes is having a major impact on the industry.

“Obviously, things have taken a very difficult turn this year because one of the two big single-aisle jet programs is the 737 Max. So this year is going to be a rough one,” he said. “But when you move past it, demand for single aisle jetliners [is] fantastic.”

Deliveries of single-aisle jetliners grew 9.7% from 2003 to 2008, slowed to 6.9% from 2008 to 2014 and to 5% from 2014 to 2017. But the change between 2017 and 2018 was nearly 16%.

Twin-aisle jetliners fell from a 13.1% rate of growth in 2008 to 2015 to 0.8% from 2014-2017. Deliveries fell 6.8% from 2017 to 2018. Aboulafia attributed the fall-off to “too much, too sudden.”



Aviation analyst Richard Aboulafia, left, and Colin Cooper, Connecticut's chief manufacturing officer, at an aerospace industry meeting Wednesday in Hartford.

The global aviation market, which includes aircraft, engines, components, missiles, satellites and maintenance and upgrades was valued at nearly \$838 billion in 2016.

Underlying industry growth is a flying public that's growing. Overall, airline passenger traffic demand has grown by about 5% a year. Last year, growth was 6.5%, and it was 7.6% in 2017, he said. "People really want to fly," Aboulafia said.

"We've had an amazing decade," he said.

However, he noticed the start of a "downshift" in March and growth in revenue passenger mile has been below trend, up 3.8% last month.

"This is not catastrophic, but it represents something to watch," he said. "I'm a little bit less than confident about this because after 30-something years, I can tell you it's a pretty consistent flow."

He blamed the possibility of slowing economic growth, economic uncertainty due to Brexit and trade battles between the U.S. and China.

“I’m going to put this down to something temporary because I can’t put it down to anything else,” Aboulafia said. “Nothing in my experience has led me to say, ‘Hey, there’s something permanent here.’”

Executives and other business representatives who gathered in Hartford for the trade show were from aerospace and aviation manufacturers who supply Pratt & Whitney, the jet engine manufacturer of United Technologies Corp.; General Electric Co. and Sikorsky, the helicopter manufacturing subsidiary of Lockheed Martin Corp.

Before listening to Aboulafia, businesses met with about 1,200 high school students from around the state who attended the trade show to be introduced to the possibility of a career in manufacturing.

Employers consistently say they’re having trouble hiring workers to replace retiring baby boomers and filling new jobs being created to keep pace with production. Hiring is a challenge because workers must be experienced, educated or otherwise qualified, Aboulafia said.

“There is absolutely no place in this business for anything that’s not practically high skill or high wage,” he said.