

Brazil and Italy Join Forces to Build Military and Commercial Helicopters

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Brazilian Embraer and Italian AgustaWestland have announced the signing of a memorandum of understanding to form a joint venture in Brazil. In the document, the companies state that the partnership may lead to the manufacturing, in Brazil, of AgustaWestland both military and commercial helicopters targeting the Brazilian and Latin American markets.

AgustaWestland CEO Bruno Spagnolini has said, according to a press release, that Brazil is a major market for his company, and that its "industrial presence" in the country will help it to prosper in one of the highest-growing markets in the world.

"We are pleased to have signed this MoU with Embraer and look forward to working with them to establish a joint-venture company in Brazil to manufacture and market helicopters," said Spagnolini according to the press release. The Embraer CEO, Frederico Fleury Curado, said this is an important step which builds on the company's expansion plans.

The director of the Brazilian Airlines Association (Abear), Ronaldo Jenkins said the partnership is good for the companies and the Brazilian aircraft market. "This is a constructive project that may yield good results, because demand is on the rise in the Brazilian market, and there is room for all the companies. The pre-salt layer will cause Brazil to need more and more helicopters. This partnership will lead to market growth and increased technology," said Jenkins.

In the press release, Embraer and AgustaWestland acknowledge that one of the partnership's aims is to tackle the opportunities that may originate from the pre-salt. Petrobras has already announced that it will need to buy new helicopters for its oil exploration operations.

"Preliminary studies conducted by the two companies indicate a strong market potential for dual-engine, medium capacity helicopters, especially to meet the demands created by the oil and gas industry. Other key sectors, such as executive transportation and military, also show promise.

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"The partners intend to enter into the joint venture within a few months, as soon as the final agreement has been reached, and the necessary approvals have been obtained," according to the press release.

AgustaWestland is a company of Italy's Finmeccanica group, which posted 17.3 billion euros in revenues in 2011, according to the latest available balance sheet. Embraer posted R\$ 9.8 billion in revenues and a net profit of R\$ 156.3 million in 2011.

Demand Up

Domestic air passenger transport demand in Brazil was up 6.79% last year from 2011. According to the National Civil Aviation Agency (Anac), flight availability was up 2.72% in 2011. The occupancy rate in domestic passenger flights was up 3.96%, from 70.17% in 2011 to 72.95% in 2012.

The leading airline in the market is TAM with a 40.79% share, followed by Gol with 33.91%. The remaining airlines' market share went from 21.42% to 25.31% from 2011 to 2012.

Regarding international air transport, Brazilian airlines saw passenger demand increase by 0.32%, while availability was down 0.01% from 2011.

Also according to the Anac, in December 2012, domestic air transport demand was up 2.37% from December 2011. Passenger demand for international air transport was up 5.95% in December 2012 from December 2011.

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