

Italy special

# Atlantic ambitions

Led by Alenia Aeronautica, Italy's aerospace companies are targeting the USA through a combination of industrial alliances and collaborative programmes

GRAHAM WARWICK / WASHINGTON DC

Alenia North America believes there is an emerging opportunity in the USA for the M-346 trainer



ALENIA AERMACCHI

**U**S defence competitions that involve European players are rare – one in which European products are the only current candidates is even rarer. For two continental giants trying to break into the US defence market, the US Army/Air Force Joint Cargo Aircraft (JCA) is a critical contest.

Italy's industrial champion Finmeccanica lost to European rival EADS earlier this year, when the US Army selected Eurocopter's EC145 over the AgustaWestland AW139 and others for its light utility helicopter (LUH), but feels it has a strong hand in the JCA game with Alenia Aeronautica's C-27J.

The US military's "early user survey" of the two JCA candidates – the other is EADS Casa's C-295 – is under way, with an Italian air force C-27J now in the USA for its flight evaluation, and the winner is expected to be selected by March next year. With a potential for 145-plus aircraft, JCA is the key US opportunity being pursued by Finmeccanica, but there are others.

"Our strategy is to provide products, advance collaboration and invest in the US to create an industrial presence," says

Giuseppe Giordo, president and chief executive of Alenia North America, which is responsible for Finmeccanica's fixed-wing business in the region. "JCA is our most important opportunity to enter the US market as Alenia North America," he says.

On the products side, in addition to the C-27J transport, Giordo sees an emerging US opportunity for Alenia Aermacchi's M-346 advanced jet trainer.

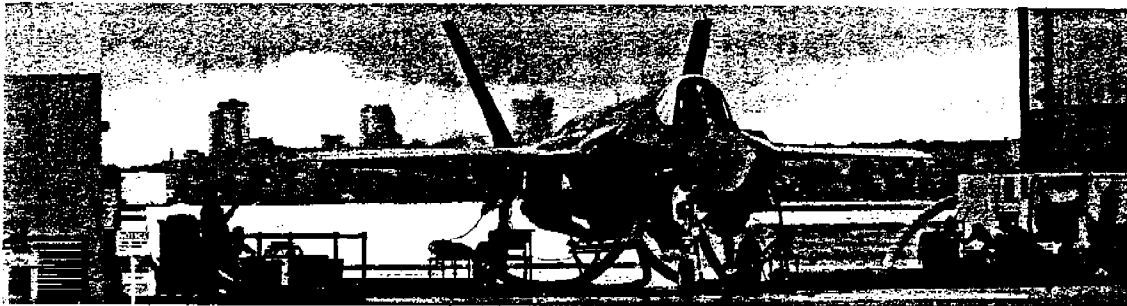
## Collaborative efforts

On the collaboration front, the biggest programme is Italy's involvement in the Lockheed Martin F-35 Joint Strike Fighter (JSF), but Alenia is also participating in Boeing's KC-767 tanker programme and eyeing potential Italian interest in its 737 airborne early warning and control and P-8A Multi-Mission Maritime aircraft. This would build on Alenia's involvement in Boeing's 787 Dreamliner on the commercial side, he says.

The US Department of Defense is to study whether buying new advanced trainers would be better than upgrading US Air Force Northrop T-38s. Potential candidates include the M-346, as well as the Korea Aerospace Industries T-50. "The M-346 is an interesting medium-term oppor-

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Italy is second only to the UK as the largest international participant in the Joint Strike Fighter



tunity and, similar to the C-27J, we do not see any US competitor," says Giordo. "Congress in the 2007 budget directed the US Air Force and Navy to study the possibility of replacing the T-38 and T-45, and the M-346 represents a good response for a future advanced trainer."

Although not a short-term opportunity, Giordo says discussions are under way with "several big US companies" on forming an industrial alliance to offer the M-346 in the USA. "With a solid industrial alliance, we are willing to transfer significant work to the USA – manufacturing and engineering," he says.

This approach is a key to the C-27J bid for JCA. "We have solid alliances with L-3 Communications, Boeing, Honeywell and Rolls-Royce," says Giordo. Texas-based L-3 Integrated Systems is prime contractor, and leads Alenia and Boeing in the Global Military Aircraft Systems (GMAS) team offering the C-27J in North America.

### US manufacture

"The C-27J will not only be manufactured in the USA, but all engineering and technical capability to produce, support and develop derivatives of the aircraft will be in the USA," says Giordo. He says the C-27J, the product of earlier transatlantic co-operation with Lockheed, already has more than 50% US content, and this will increase "significantly" if the aircraft wins JCA. Similarly, there is already US content in the M-346, he says, including engines and other systems from Honeywell.

C-27Js for North American customers are planned to be produced in Jacksonville, Florida, with Boeing responsible for manufacturing, although Giordo says it has not been decided whether the plant will have the Alenia, Boeing or GMAS name above the door. An engineering and logistic support centre will be established in Mississippi and will be a GMAS facility. "We are looking at two or three locations," he says.

As evidence of Alenia's commitment to

bringing work into the USA, Giordo points to the company's Global Aeronautica joint venture with Vought Aircraft Industries to assemble fuselage sections for the 787 in Charleston, North Carolina (see P43). The plant will eventually employ "at least" 350 people, he says, and "is important for the

**"Italian industry has a good track record of winning competitions"**

BOB HASKELL, LOCKHEED

C-27J programme, as an example of our willingness to invest in the USA".

Within Finmeccanica, this strategy of "industrial investment" in the USA is Alenia North America's responsibility for fixed-wing aircraft. AgustaWestland is pursuing a similar path with rotary-wing platforms, having transferred production of the A119 light helicopter to Philadelphia – where a US assembly line for the AW139 is being set up. Having lost the 322-aircraft LUH contest, AgustaWestland USA is now targeting the USAF's 66-aircraft Common Vertical Lift Support Programme.

The LUH competition gave EADS North America its crucial first US defence prime contract. AgustaWestland USA also bid for LUH as prime contractor, but Alenia North America picked a US prime for the C-27J and will likely do so for the M-346. "Our strategy does not foresee the need to be prime," says Giordo. "For the short to medium term we will work with these joint ventures or major US contractors."

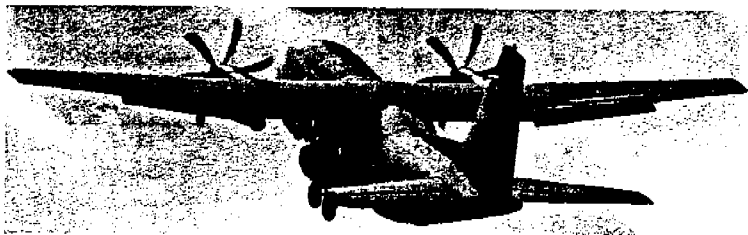
### Key JSF investment

Collaboration is an important part of the Italian industry's involvement with the USA, led by the Joint Strike Fighter (JSF) programme. With an investment of \$1 billion in the system development and demonstration (SDD) phase, Italy is the largest international participant in JSF after the UK, and its industry has done better than most in securing work on the programme.

But more work may need to be offered, Giordo suggests, before Italy agrees to sign the memorandum of understanding (MoU) on participation in the JSF production, sustainment and follow-on development (PSFD) phase. "JSF is a strategic programme for Alenia and for Finmeccanica, which is not only looking for a return in the aeronautic area, but in electronics and defence systems," he says.

"In our discussions with Lockheed Martin there is a clear vision of what agreements have to be reached before the Italian government will sign the MoU," says Giordo. "It is going as all big industrial negotiations go – it's going well and some areas are really clear, while some

The C-27J (right) is the product of previous international co-operation with the USA's Lockheed Martin



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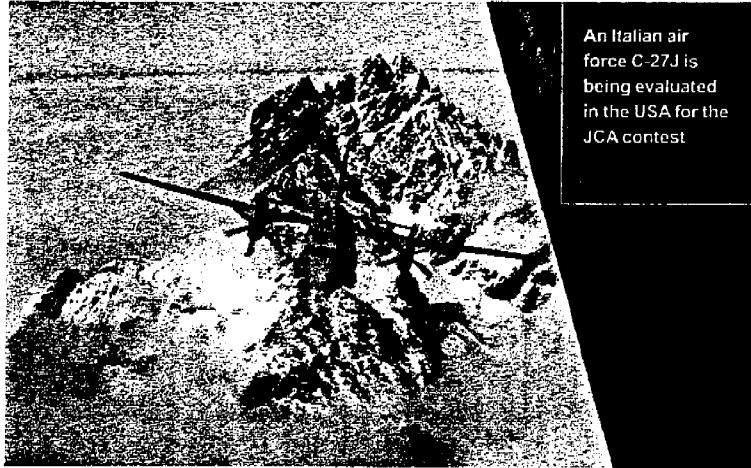
need to be further clarified. In general terms, we are happy."

Alenia's role in design and manufacturing of the wing for the F-35 represents Italy's biggest piece of the JSF programme, but Lockheed says it is "engaged with 20 Italian companies at various levels of industrial involvement ranging from planned and initial tender solicitations, competitive selections and contract awards, to letters of intent and/or memorandum of understanding for potential and future participation".

### Significant package

"We view it as a significant package, the largest outside the UK," says Bob Haskell, Lockheed's programme manager for Italy. Around 15 of the companies are already involved in the SDD phase and will expand their involvement in production "as long as they meet cost, schedule and quality targets", he says, adding the opportunity for Italian industry to compete for additional work will come as production ramps up and the principal manufacturing partners need second sources.

After "one or two missteps early on",



An Italian air force C-27J is being evaluated in the USA for the JCA contest

ALENIA/NORTHAMERICA

Italian industry has a good track record of winning contests, says Haskell. "After losing a competition or two they would have preferred to win, they regrouped, learned how to compete in the US system and have adapted well. When they enter a competition they are normally in the finalists."

Alenia's Turin plant will be the second

source of wings for the conventional take-off and landing (CTOL) variant of the F-35, and expects to produce half of all wings for those nations that sign the PSFD MoU. The company is also awaiting the outcome of government-to-government negotiations on setting up a JSF final assembly and check-out facility in Italy. Paid for by the Italian defence ministry and located on Cameri airbase for security, this would be managed by Lockheed and staffed by Alenia. The Netherlands has already signed an MoU on Italian assembly of its F-35s.

With its air force and navy expected to buy at least 131 F-35s in a mix of CTOL and short take-off and vertical landing variants, JSF is as important to Italy as the Eurofighter Typhoon programme. "We see no big conflict of interest with our participation in Typhoon, and believe we can be a bridge between Lockheed Martin and some countries in Europe," says Giordo. ■

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