

## Press release

### **Aviation remains growth driver for metropolitan region of Hamburg**

#### **HSH Nordbank study: aviation sector benefitting from long-term rise in passenger demand**

Hamburg/Kiel, 9 September 2010 – The metropolitan region of Hamburg enjoys an excellent positioning in the aviation sector and has great prospects for continuing to benefit from the sector's growth. This is evidenced by the new study titled, "**Future prospects for the aviation sector – opportunities and risks for the aviation cluster in the metropolitan region of Hamburg**" published today by HSH Nordbank in collaboration with the Hamburg Institute of International Economics (HWWI). "Thanks to, among other factors, its practice-oriented research and innovation activities, Hamburg's aviation sector has so far been very well-equipped to continue competing at an international level," said Dirk Gojny, Head of Research at HSH Nordbank. At the same time, there are challenges: similar to the automotive sector, the aviation industry worldwide has been undergoing a process of concentration and consolidation which has taken hold of the supply sector. In order to safeguard its ability to compete at an international level, suppliers are increasingly directing their attention and innovation activities at tapping new, further markets outside Germany. In this context, the development of own products that are in line with market requirements also plays an important role. This requires greater collaboration, which argues in favour of intensifying the structural change within the supply industry. In this way, they will ultimately consolidate the ability to compete internationally.

The aviation sector in the metropolitan region of Hamburg has been little affected by the global economic crisis. In particular, the continuous production of the A320 family is likely to have made a major contribution here. Thus revenues of the aviation and aerospace sectors doubled between 2000 and 2009, totalling around seven billion euros at the end of 2009. Since the market for aircraft is a

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global market, almost 80 percent of aircraft produced are destined for countries outside Germany. The export ratio is now more than twice that of the manufacturing sector.

The number of people employed in the aviation and aerospace sectors has also risen significantly over the past nine years. In Hamburg alone, it was up 41 percent to 20,093. The aviation sector thus accounts for around one-quarter of industrial jobs in Hamburg. The main employers in the metropolitan region are Airbus Deutschland GmbH with 14,500 employees in Hamburg, Stade and Buxtehude, followed by Lufthansa Technik AG with around 7,500 and Hamburg Airport – including the companies operating out of the airport itself – with 5,700. Around these three pillars are grouped roughly 300 suppliers with around 8,800 employees. A good 30 percent of suppliers are production companies, the remainder are service providers. All told, more than 300 companies provide jobs to around 36,000 employees in Hamburg and in the neighbouring regions of Schleswig-Holstein and Lower Saxony.

For the next 10 to 15 years the authors of the study project global passenger demand to grow by six percent per annum. Cost increases resulting, for example, from higher oil prices and CO<sub>2</sub> taxes can be offset with the help of efficiency improvements. This growth scenario is substantiated by the long-term forecasts of aircraft producers. Sector leaders Airbus and Boeing project the delivery of between 25,000 and 30,900 new aircraft over the next 20 years. Their estimated market value totals more than three trillion US dollars.

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