



Southern Africa Aerospace and Defense Market Overview Prepared April 2014 by U.S. Commercial Service South Africa

For details about U.S. Commercial Service's **Aerospace Executive Service Program** at Africa Aerospace and Defense Show, September 16-19, 2014 please visit:
<http://export.gov/industry/aerospace/aad2014>

South Africa is the technical, marketing and financial hub for sub-Saharan African aerospace and defense, thus appropriately home to the continent's largest air show **African Aerospace and Defense (AAD)**. The event draws attendees from all of Africa and a significant group from the Middle East and the Indian subcontinent, including Algeria, Angola, Egypt, Namibia, Tanzania, Uganda, the United Arab Emirates, Botswana, Brazil, Gabon, Ghana, India, Lesotho, Malawi, Malaysia, Pakistan, the PRC, the DRC, Rwanda, Swaziland, Sweden, Tanzania, Tunisia, Uganda, United States of America, and Zambia.

Major market opportunities in the South African region for aerospace and defense for equipment, technologies, and services focused in:

- Maritime and Land Surveillance
- Border Management technologies
- Defense equipment and components
- Commercial and General Aviation
- Defense Electronics and Communications

South Africa's defense forces are subject to severe fiscal constraints, as well as organizational challenges. However, military procurement is expected to grow, driven by border security requirements, army modernization initiatives and regional peacekeeping commitments.

The **South African aerospace and defense industry** has built up significant research, development, and manufacturing capabilities, dominated by several companies: Aerosud, Thales SA, Denel, Saab-Grintek, Paramount Group and Reutech. These and others seek technology and strategic partnerships with U.S. suppliers and defense contractors to reduce reliance on European technology and marketing partners. South African aerospace and defense contractors cover a wide technological base, presenting substantial opportunities for further market development by U.S. aerospace companies in South Africa and throughout the African continent. U.S. companies can position themselves strategically with South African companies to penetrate the African and Middle Eastern region. A number of the larger US defense and aerospace contractors already have established such partnerships as a market-entry strategy.

In the defense sub-sector, South Africa has developed technologies that are often reliant on critical foreign componentry with the best opportunities including:

- Ultra-mobile heavy and armored wheeled vehicles
- Composite materials
- Radar
- Missiles and Unmanned Aerial Vehicles (UAV's)
- Lasers
- Ordnance and fuse technology
- Electronic Warfare and secure communications
- Avionics, land and maritime electronics, including Battle Command & Fire Control, System and Integrated Command, Control and Intelligence systems, etc.
- Counter-mine technologies used in protection, detection, and clearing
- Refurbishing and upgrading of redundant equipment
- Integration of complex materials and systems at various engineering system levels
- Project and acquisition management
- Integrated field logistic management
- High speed advanced gearboxes and transmission systems
- Aerodynamics

Prospects for military equipment sales to South Africa and other African countries are primary by Direct Commercial Sales. U.S. Foreign Military Sales in South Africa are currently supporting the C-130BZ fleet.

Future opportunities are strengthening throughout Southern Africa for land, air, and sea border surveillance solutions in the context of a **heightened global focus on illegal cross-border activities, combatting wildlife trafficking and the related security threats**. In July 2013 President Obama issued an Executive Order and subsequently in September 2013 announced a National Strategy for Combating Wildlife Trafficking that establishes guiding principles for U.S. efforts to stem illegal trade in wildlife by strengthening domestic and global enforcement, reducing demand for illegally traded wildlife at home and abroad, and strengthening partnerships with international partners, local communities, NGOs, private industry, and others to combat illegal wildlife poaching and trade. The February 2014 London Conference on the Illegal Wildlife Trade with participation by Botswana, Chad, China, Gabon, Ethiopia, Indonesia, Tanzania, Vietnam, United States and Russia, resulted in an international declaration to support amending legislation to make poaching and wildlife trafficking “serious crimes” under the terms of the UN Convention against Transnational Organized Crime and strengthening cross-border co-ordination and support for regional wildlife law enforcement networks. With this heightened priority, global resources to support the combatting of wildlife trafficking are expected to gain momentum. Already in March 2014, US philanthropist Howard Buffett contributed US\$24 million to the South African National Parks to aid efforts against rhino poaching through improved intelligence, helicopters and infrastructure especially in Kruger National Park.

Commercial Aviation

The growth of commercial and general aviation in Southern Africa is slowing down as high operating costs and a sluggish economy are taking their toll on discount airlines and general

aviation. The biggest growth can be expected in other sub-Saharan African states as these ramp-up up their capacity to meet consistent growth in passenger travel and air freight. The hosting of the 2010 World Cup Soccer event in South Africa, attendant freight handling upgrades, and an improved regulatory and oversight framework, mean that the significant airport developments in South Africa have been completed for the foreseeable future.

The single most important aviation procurement for 2014 is an expected upgrade of the national carrier South African Airways (SAA) fleet amounting to as many as 38 new aircraft.

The best prospects for U.S. suppliers in commercial aviation include:

- Ground Support Equipment;
- Passenger Transport Vehicles;
- Cargo De-Grouping and Logistics;
- Air Traffic Control,
- Instrument Landing Systems and
- Aircraft technician training systems

As the region's sole maintenance, repair and overhaul hub, South Africa is also the gateway to the sub-Saharan market for consumables, rotables, spares, and after-market technologies relating to commercial and general aviation products.