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Asia-Pacific Aircraft Avionics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Asia-Pacific Aircraft Avionics Market size is estimated at USD 21.43 billion in 2024, and is expected to reach USD 38.83 billion by 2029, growing at a CAGR of 12.63% during the forecast period (2024-2029).

Key Highlights

Asia-Pacific is the fastest-growing aviation market in the world in 2022. Countries in the region, like India, China, Indonesia, and Vietnam, are among the fastest-growing aviation markets in the world. Tourism growth has also been defining the state of the commercial aviation market in the region. Increasing air traffic, rising spending on the aviation sector, and growing procurement of commercial and military aircraft create demand for avionics systems, which in turn drive the market growth.

According to the International Air Transport Association (IATA), in mid-2020, China surpassed the US in terms of passenger capacity and became the largest aviation market in the world. Also, the IATA projected that India will surpass the UK and become the third-largest aviation market by 2024.

Furthermore, countries, like Indonesia, Malaysia, Vietnam, Thailand, and Singapore, among others, have been attracting massive passengers from various areas around the world, making the airlines introduce new routes and add new aircraft to their fleets. Furthermore, growing investments in the defense sector and procurement of next-generation fighter jets lead to rising demand for advanced avionics. The adoption of new navigation and communication systems for military aircraft drives the market growth. On the other hand, stringent design regulations from aviation authorities and the

high cost of installation due to ongoing technological disruptions hinder market growth.

Asia-Pacific Aircraft Avionics Market Trends

Commercial Aircraft Segment will Dominate the Market During the Forecast Period

Passenger traffic has been gradually recovering from the impact of the pandemic and is expected to surpass the pre-pandemic levels by the end of 2023. The recovery is attributed to growing domestic travel across the region. With the growing domestic passenger, the demand for commercial aircraft is expected to witness robust growth in the coming years, which will have a subsequent demand impact on the aircraft avionics market. Growing urbanization, increasing number of air travelers, and rising disposable income create demand for new aircraft, which in turn drive the aircraft avionics market.

For instance, in 2023, Japan Airlines (JAL) had 13 A350-1000s on order. Currently, the airline uses the Boeing B777-300ER, and these aircraft could take over the long-haul missions from them in the coming days. JAL intends to replace all aircraft in the fleet by 2028. The new A350-1000 aircraft will feature Panasonic Avionics Corporation (USA)'s latest inflight entertainment system and inflight Wi-Fi service. All cabin classes are equipped with 4K monitors for high-quality viewing and Bluetooth connectivity. Also, in June 2023, Japan Airlines signed an agreement with Intelsat to upgrade its Boeing B767 and 737 aircraft with new inflight connectivity technology. J-Air, a subsidiary of Japan Airlines, is also in the process of upgrading its Embraer E190 fleet with the same system. Such developments will drive the demand for avionics systems for the commercial segment during the forecast period in Asia Pacific.

China is Expected to Dominate the Market During the Forecast Period

China is one of the fastest-growing aviation markets globally. According to the International Air Transport Association (IATA), China's domestic passenger traffic has increased by an average of 10.5% annually over the past decade. China is the largest operator of business jets in Asia-Pacific. As of 2022, China's active and operational business jets accounted for 18% of Asia-Pacific's fleet.

One of the biggest aircraft development programs that will continue to fuel investment and provide demand for avionics systems is COMAC's ongoing development of the

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C919 program. Collins Aerospace also supplies avionics technologies to the C919, including its communication, navigation, and integrated surveillance systems under joint ventures established with China Electronics Technology Avionics Company and AVIC.

Furthermore, China was the second-largest defense spender in the world, with a defense budget of USD 292 billion in 2022. In 2022, China hiked its annual defense budget by 4.3%, as compared to 2021. China’s air force continues to integrate more advanced systems. In 2021, China conducted the final trials of its Xian H-20 strategic stealth bomber. The new aircraft is speculated to have a maximum take-off weight of 200 tons and a payload of 45 tons.

The army and navy have also been purchasing many new helicopters, including attack helicopters and transport helicopters. It currently has three variants, totaling over 500 helicopters. Recently, the navy announced the service entry of its new anti-submarine helicopter. The naval version of the Z-20 will replace the domestically made Harbin Z-9C and Russian-built Ka-28 helicopters. Such aircraft procurements in both commercial and military aviation will drive the demand for avionics systems in China during the forecast period.

Asia-Pacific Aircraft Avionics Industry Overview

Asia Pacific aircraft avionics market is semi-consolidated. Collins Aerospace (RTX Corporation), Honeywell International Inc., THALES, L3Harris Technologies, Inc., and Cobham Limited are some of the major players in the market. With the competition growing in the industry, innovation becomes the key factor for the players to stand out in the competition in the long run.

As most of the contracts are for the long run, it becomes difficult for the new players to enter and sustain the competition from established players in the market. Thus, increased investment into R&D and partnerships with prominent market players can help smaller companies to sustain in the market during the forecast period.

For instance, in March 2022, Flightcell, the New Zealand-based airborne communications supplier, introduced its new SmartHub all-in-one cockpit recorder that targets the rotorcraft market. The system records cockpit audio, video, and aircraft flight data and serves as an aviation-compliant Wi-Fi access point.

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