Market Grows for Robot Planes

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Editor's Note: Who know flying robots would become so popular? Then again, it is far easier to go over terrain than tramp through it, and we've been making remotely-piloted aircraft since before we even put a person in the air.

WASHINGTON (Reuters) – A drawdown of U.S. troops in Iraq may slow sales of some unmanned aerial vehicles after years of exponential growth, but demand from civilian agencies and foreign countries will underpin the market for years to come, industry and defense officials said on Tuesday.

Northrop Grumman Corp, maker of the high-altitude Global Hawk, and privately held General Atomics, which makes the Predator and Warrior unmanned planes, are among hundreds of companies showing off drones, robots and sensors at the world's largest unmanned systems conference in Washington this week.

Northrop and General Atomics dominate the unmanned airplane market, but many other companies are vying for a share of a market that the Virginia-based Teal Group estimates will be worth $62 billion over the next decade.

Tim Owings, the Army's deputy project manager for unmanned aircraft systems, said the wars in Afghanistan and Iraq were clearly defined by the use of unmanned systems, much the way that Vietnam became known as the helicopter war.

"Before, unmanned aerial vehicles were sort of this thing off on the side of intelligence," he told the Association for Unmanned Vehicle Systems International conference. "Now it's part and parcel of everything we do. It's totally changed the way the Army fights, and the Marine Corps too."

Unmanned aircraft are used far more widely these days for surveillance, and also to bomb enemy targets, search for roadside bombs, protect convoys, relay communications, collect signals intelligence, and resupply troops, he said.

Owings said unmanned systems accounted for about 40 percent of the Army's flying hours now, up from around four percent in the early days of the wars. The Army was now logging about 20,000 to 25,000 flight hours a month with its drones, and had nearly reached 850,000 flight hours in total, he said.

Phil Finnegan, a Teal Group analyst, said the unmanned vehicle sector was a growth area for the industry, along with homeland security and cybersecurity, at a time when overall defense sales are expected to level off.

"It's become a real market. It's definitely not a fad," he said, noting that some companies were initially hesitant to get into the market because there simply weren't enough orders to merit the needed investment, but those had now materialized.

Now many companies were scrambling for a foothold, he said, but they faced an uphill climb, given that a few players like General Atomics, Northrop, and AeroVironment already dominated the medium-, high-altitude, and handheld markets.

Boeing Co, which created a separate unmanned aircraft division in June, on Tuesday acknowledged other companies might have a head start, but said it brought considerable integration skills to the market and would also focus heavily on offering affordable solutions.

Boeing's Insitu unit builds the small ScanEagle unmanned vehicle that recently surpassed 200,000 flight hours for the Navy and was used last April to help rescue the captain of a U.S. freighter who had been taken hostage by pirates.

Todd Gautier, senior vice president for L-3 Communications Holdings Inc, also cited great interest in Mobius, a new medium-altitude, long-endurance plane developed by L-3 that can be used either with a pilot or without.

He said L-3, which already makes a wide array of components for unmanned vehicles, developed the plane based on an existing design over the past two years.

The plane, which had its first public flight at an event hosted by the U.S. Navy on Monday, can carry up to 1,000 pounds of weapons and can stay in the air for up to 24 hours. It costs about half that of competitor planes, he said.

Christopher Ames, head of business development for General Atomics, said his company's dominant role definitely gave it an edge. The company recently added 1.2 million square feet of facility space to ensure it could meet demand in coming years.

Gene Fraser, vice president of Northrop's aerospace systems strike division, predicted "significant" continued growth in the market, and said sales of higher-end systems like Global Hawk would be less affected by the troop reduction in Iraq.

Northrop is due to build 77 Global Hawk planes for the Air Force and 68 variants for the Navy. The company also builds many sensors used on unmanned systems and is developing an unmanned Fire Scout helicopter for the Navy and the Army.

Fraser cited strong international interest in Global Hawk, and said deals were

possible soon with Japan and South Korea, as well as with the United Arab Emirates for the Fire Scout.

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