

# BAE Systems to lay off 1,000 workers at Glasgow shipyards

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Military contractor BAE Systems (BAES) last week announced its intention to lay off 1,000 workers at its two Glasgow shipyards, Scotstoun and Govan.

The brunt of the layoffs—one third of the workforce—will probably be borne at Scotstoun, while 150 workers will also lose their jobs at the company's Barrow shipyard in Cumbria. This follows mass redundancies last year and earlier this year at the company's shipping and aerospace facilities in Edinburgh, Glasgow, Hull and London. BAES, formed in 1999 through the merger of British Aerospace (BAe) and Marconi Electronic Systems (MES), employs around 120,000 worldwide, of which 65,000 are based in the UK.

At mass meetings in the Glasgow yards, trade union officials opposed workers' calls for an immediate strike against the job losses, insisting that the 1,000 figure should be treated as a negotiating position that could be reduced. Speaking last Friday, Amalgamated Engineering and Electrical Union (AEEU) official Danny Carrigan said, "There was a threat of an immediate walkout this morning, but that was avoided. Union leaders are advising caution at this stage."

Comments by AEEU officials suggest the union was expecting to have to deal with some long-threatened redundancies, but the high number caught them unawares. Over the weekend, the Scottish Executive (parliament), BAES and the unions have announced the creation of a Clyde Shipyards Task Force, which, besides smoothing over the redundancies, will seek out new military orders for the shipyards. Both the AEEU and the Trades Union Congress have shareholdings in BAES or its subsidiaries.

Unlike previous mass lay-offs on the Clyde, where the collapse of Britain's shipbuilding industry has provoked some of the most bitter disputes seen over the

last decades, these latest job losses are part of BAES' drive for global supremacy in arms production. In the last years, the £12 billion (\$16.8 billion) turnover company has emerged as a global player in all areas of the weapons industry. Its strategy—to monopolise British arms spending, while expanding sales in US and Europe—has resulted in a series of mergers and partnerships with former rivals on both sides of the Atlantic. The company recorded £790 million (\$1.109 billion) profits in 1999, but these fell to around £450 million (\$631 million) in 2000, due to late deliveries and falling orders for its Hawk warplane and trainer aircraft.

Until recently the company was heavily reliant on the lucrative (and notorious) "al Yamamah" sale of Tornado warplanes to Saudi Arabia, negotiated under Margaret Thatcher. Subsequently, it has bought its way into a dominant position in warplanes, military electronics, warships and submarines, in addition to its significant role in civil aviation. In the last few years it has also bought up military electronics suppliers Siemens Plessey and SEMA. It has a share of potentially lucrative trans-European projects such as the Eurofighter. Earlier this year it bought a 35 percent share in Swedish manufacturer Saab, hoping to exploit Saab's Gripen fighter in advance of the Eurofighter becoming available.

Most importantly, in 1999 the then British Aerospace merged with the military wing of Marconi Electronic Systems, part of former British industrial empire GEC. While Marconi's civil wing turned to the temporary gold rush in telecommunications, BAES developed its interests in the business of war. With the Marconi purchase, a decision that cut across plans to consolidate the European arms industry, came control of GEC's US-based operations, which have subsequently been

expanded through the £1.18 billion (\$1.67 billion) purchase of Lockheed Martin's aerospace electronics division. It has even been suggested that BAE Systems and US aircraft giant Boeing could merge—such a proposal, Boeing have indicated, would not be opposed by the Bush administration. The company intends to compete, in alliance with Boeing, for gigantic new US military orders associated with the proposed new missile defence system and next generation of fighter aircraft.

The Govan shipyard was handed over to BAES as part of a deal put together during the politically sensitive first elections to the Scottish parliament in 1999, when the previous owners, ailing Norwegian engineering firm Kvaerner, decided to pull out of shipbuilding. The Scotstoun yard, formerly Yarrow's, was purchased by GEC in 1974. Subsequently, BAES, also owners of the former Vickers shipyard in Barrow, has sought a monopoly position in British warship building.

BAES successfully lobbied the Labour government for the £4.3 billion (\$6.03 billion) contract to build the bulk of a new series of 12 "Type 45" destroyers, and is the only realistic contender for the construction of two large and expensive aircraft carriers being planned. Press coverage of the job losses has focused on tensions between BAES and Labour, which pointedly awarded a portion of the Type 45 contract to the much smaller Southampton-based Vosper Thornycroft. Labour, or at least elements within the Ministry of Defence (MoD), are reportedly concerned about being entirely dependent on one arms company, and there are suggestions that BAES' announcement of 1,000 job losses, made without any prior warning to the government, was a reprisal for not winning the entire Type 45 contract. In addition to the Type 45s, the MoD and BAES are embroiled in an ongoing dispute about the cost of upgrading elderly Nimrod surveillance aircraft.



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