

Britain: BAE ends production of commercial jets at cost of 1,700 jobs

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Aerospace and defence manufacturer BAE Systems is ending all production of its short-haul commercial jets, with a loss of 1,700 jobs throughout Britain. This latest announcement comes after the company recently cut at least 2,000 jobs in other parts of its operation.

The decision signals the end of production of the Avro Regional Jet, Britain's last mass-produced commercial passenger plane. This brings to a close nearly 50 years of commercial jet production in the UK, where the world's first passenger jet—the de Havilland Comet—was launched in 1952.

The bulk of the jobs (1,000) will go at the company's Woodford factory, with 300 cut at Chadderton—both near Manchester—and 219 BAE workers in Prestwick, Scotland will also be laid off. The rest of the sackings fall at facilities at Salmesbury (140) and Filton (18) in England.

BAE has seen orders for its four-engine RJ jet, capable of carrying between 85 and 100 passengers plummet to zero and has failed to find any new customers for its modernised RJX version. BAE group finance director George Rose said, "It was already marginal, but September 11 pushed it over the edge", adding, "We had a list of prospective customers but after September 11 they all disappeared."

Keith Hayward, research director of the Society of British Aerospace Companies estimates that at least 11,000 aerospace jobs have been lost in the UK recently, with a further 11,000 jobs destroyed at secondary manufacturers and suppliers. Moreover, Hayward said the jobs of some 40,000 working in the aerospace sector were vulnerable, if further cuts in capacity were made.

The job losses have affected all sections of the UK aerospace industry:

- * engine manufacturers such as BAE and Rolls Royce

- * components and systems suppliers such as TRW Aeronautical Systems, and GKN

- * services companies such as FLS Aerospace, Europe's leading aircraft maintenance provider

- * GE Aircraft Engine Services, which overhauls and repairs heavy jet engines

BAE chief executive John Weston said, "Since September, the trading outlook in these [commercial aerospace] markets has changed substantially... the outlook for the regional aircraft has deteriorated sharply. Regrettably it has been concluded that our regional jet business is no longer viable in this environment."

Producing just 25 of the RJ and RJX regional jets a year, BAE's output was well below that of its major competitors: Canada's Bombardier (delivering 370 business and regional jets this year) and Brazil's Epresa Brasileira de Aeronautica (producing 160 aircraft). Financial analyst Howard Wheeldon said, "The [BAE] aircraft had been in production since about 1968 and they never made any significant money on it."

Unions representing workers at the stricken factories expressed their "shock" at the closure decision, and organised a lobby of parliament on December 5. Far from mobilising BAE workers to defend their jobs, the lobby was only attended by union bureaucrats and some 100 shop stewards, many of whom had been given time off by their employers, who also paid their travel expenses.

The British union bosses are opposed to initiating a joint struggle by aerospace workers internationally, and particularly in the US where more than 100,000 workers in the airline industry alone have been laid off since September 11.

Instead, they are lining up with the employers in

pleading that the government provides a financial rescue package for the airlines and to bring forward defence spending. “If we can increase military spending, companies can put work packages across their civil teams to ease the pressure in the short-term”, said Alan Robson, general secretary of the Confederation of Shipbuilding and Engineering Unions, who had organised the lobby.

MSF General Secretary Roger Lyons called the announcement “a wake-up call for the government. Our civil aerospace industry is under threat. It’s in danger of going the same way of our once proud motorcycle industry.”

The nationalist line of the unions was further underscored by their argument that without government support, Britain was in danger of falling behind its European aerospace competitors.

British Aerospace, rebranded as BAE Systems this year, was originally founded in 1977 through merging the nationalised Hawker Siddeley Aviation with the British Aircraft Corporation (BAC).

With the ending of civilian aircraft production, BAE Systems is still left heavily involved in the defence industries. Half-year results to June 2001 saw over 70 percent of the company’s sales and profits coming from its defence activities.

The company is the main UK contractor for the four-nation Eurofighter and retains a large stake in the European missile and space industries. Last year the company bought two large US electronic businesses from Lockheed Martin, making BAE the sixth largest defence contractor to the Pentagon.

BAE holds a 15 percent stake in the F-35 Joint Strike Fighter programme, and is now in a position to challenge its American rivals on other big US defence programmes.

As the *Financial Times* noted, “Its US growth is the envy of other foreign defence companies, given the expected rise in procurement spending under President George W. Bush, especially following the war in Afghanistan, which is fostering new technologies such as unmanned aircraft.”



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