BOEING EYES 'SEVERAL HUNDRED' LAYOFFS IN SATELLITE DIVISION

News / Manufacturer

Boeing Co (BA.N) on Monday told its workers that it expected to cut as many as "several hundred" jobs in its satellite business through the end of 2015 due to a downturn in U.S. military spending and delays in commercial satellite orders.

Multiple commercial orders were being delayed by recent failures of launch vehicles and uncertainties about the future availability of financing from the U.S. Export-Import Bank, whose government charter lapsed on June 30, the company told key managers in an internal communication.

Boeing spokesman Tim Neale confirmed the reductions and said the total number of people affected would be finalized in coming months. Some could find work in other parts of Boeing, he said.

He said the reductions were "necessary to remain competitive for ongoing and future business."

The Boeing announcement marks the latest fallout from the ongoing debate about the future of

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EXIM, the U.S. government's export credit agency, which can no longer write new loans and trade guarantees.

U.S. government officials have said they are growing more concerned about the impact of the bank's forced shutdown on a wide range of U.S. companies, including many small businesses.

Tea Party conservatives in the U.S. Congress did not vote to renew the agency's charter, arguing the trade bank provides "corporate welfare" for big companies like Boeing and General Electric Co (GE.N). Business executives said it was unclear if the bank will be reopened.

EXIM backers say the bank generates revenue for the U.S. government, and helps level the playing field for U.S. companies whose rivals in other countries receive similar trade credits.

Boeing does not break down workforce numbers for separate business units, but the company has about 16,800 workers in California, where Boeing builds satellites and does some commercial airplane work.

Monday's announcement comes a little over a month after commercial satellite provider ABS canceled a large satellite contract with Boeing due to uncertainty about the future of the EXIM bank.

Neale said Boeing officials were still working with ABS, based in Bermuda and Hong Kong, to find an alternate financing solution, but ABS was in active discussions with other satellite makers that had access to government trade credits.

He said many of Boeing's international customers relied on EXIM financing to buy commercial satellites and airplanes, and uncertainty about EXIM's future was making those buyers "very nervous."

"In the absence of Ex-Im, Boeing may need to serve as the lender of last resort but there are real limits to how much of this the company can do," he said.

25 AUGUST 2015

SOURCE: REUTERS
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