

News & Views: Aerospace & Defense

An Informational Resource

UT Grows with Purchase of Goodrich

The purchase of Goodrich (North Carolina) by United Technologies (UT) of Hartford, Conn. in September for \$18.3 billion will help UT benefit from the growing demand for aircraft components. The deal expanded UT's presence in aerospace; it also owns Pratt & Whitney. Non-aerospace UT

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Looming Defense & Security Budget Cuts

Uncertainty is the word blanketing defense and security programs thanks to pending federal spending cuts. After a record high budget totaling \$553 billion this year, excluding Iraq and Afghanistan spending, big cuts are now threatening to reduce the defense and security budgets significantly in the coming years.

Per the debt-limit agreement passed by Congress last month, the defense and security budget must be cut by \$350 billion over the next 10 years. But if Congress' super committee doesn't reach agreement in the next two months on a plan to reduce the nation's deficit by at least \$1.2 trillion, it will be slashed by up to \$600 billion over the next decade.



Congressman Barney Frank of Massachusetts recommended cuts of \$960 billion over the next decade. Meanwhile, the National Taxpayers Union proposed cutting \$429 billion from the Department of Defense, citing "waste vital resources."

The resulting job losses at industry contractors as well as in the military will further exacerbate the unemployment

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Arizona adds Aerospace Jobs

Tucson is welcoming 116 new aerospace jobs provided by Canadian aircraft maker Bombardier Aerospace for its expanding service center. Bombardier Aerospace's fleet has expanded in the past year which created the need for more airplane mechanics, production-line workers and other skilled technical workers.

These jobs will add about \$28 million annually to Tucson's economy and

Bombardier hopes to add more. They'll come if the demand continues to grow for Lear jets and other business aircraft.

The Arizona Commerce Authority recently allocated \$220,000 in federal stimulus money to improve security at the facility. Bombardier, with 631 full-time employees, is southern Arizona's 68th-largest employer. Arizona's

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Ohio Hit Hard by Defense Cuts

Because uncovering wasted military spending—like the \$60 billion recently reported by the Commission on Wartime Contracting—will take more time than Congress has to cut military spending, immediate reductions will likely be made in critical areas like

research and modernization.

Some experts fear that these cuts could make it impossible to restore inventories depleted after a decade of grueling desert combat—leaving the U.S. vulnerable to new conflicts. This is underscored by the

following facts: America's aircraft fleet is smaller and older than at any time since World War II, 40 percent of its bombers are not ready for service, and no new manned fighters are in design for the first time in a century.

In Ohio, aerospace, aviation and defense support more than 100,000 jobs at wages 65 percent higher than those in other manufacturing businesses—according to the Ohio Aerospace Institute. But while the state is poised to win future jobs in these industries thanks to its research institutions—the NASA Glenn Research Center, the Battelle Memorial Institute, and the growing constellation of laboratories, research and operational facilities at Wright-Patterson Air Force Base—Ohio is very concerned about the impact defense cuts could have on its already shaky economy.

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problem across the country. For example, the Lewis-McChord military base in Washington state is looking at restrictions on new civilian hires, strict control of contracts, slimming down the base's nonmilitary-vehicle fleet, cutting back on office travel and closing underutilized dining facilities.

While the base's budgets' related to the wars in Iraq and Afghanistan won't be touched, it is scaling back its administrative budget by 10 percent for 2012. But as



the wars in these two countries end, so will the funding and associated jobs. Hundreds of thousands of jobs are at risk. The aerospace and defense industries account for 2.9 million jobs in all 50 states.



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economic development agencies are actively pursuing aerospace and defense to create jobs in the state.

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PrePreg Grows

The increased demand for pre-impregnated composite fibers (prepreg materials) from the aerospace, defense and energy industries are also being supplemented by other industries which are expected to grow the annual market for prepreps to over \$7.2 billion by 2017.

Prepreps—with their strength, high fiber content, and versatile nature—have been widely used in the industrial sector and are now being introduced into the recreational/sporting goods and energy segments. As a result, market demand is expected to grow at an annual rate of 14 percent over the next 6 years. Prepreps are used to make lightweight composite blades for wind-power generators.

The US is the largest prepreg market, followed by the Asia-Pacific region dominated by China and India.

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companies include Carrier heating and cooling, Otis elevator and other businesses.

Goodrich makes a variety of aircraft components: landing systems, wheels and brakes, military aircraft systems and more. UT now becomes a \$66 billion company, with almost half of its sales from aerospace. Sales of aerospace components at Goodrich are expected to soar once the deal in finalized.