With Shuttle's End, Space Firms Seek New Direction

Stephen Singer, AP Business Writer

HARTFORD, Conn. (AP) — Less than a year after NASA ended its shuttle program, players in America's space business are casting around for new direction.

United Technologies Corp. is the most recent company to announce it will sharply scale back its role in space exploration. It's selling Pratt & Whitney Rocketdyne, a manufacturer of rocket engines and liquid-propulsion systems that it's owned for seven years. The sale of Rocketdyne and other businesses are intended to raise $3 billion to finance United Technologies' purchase of aerospace parts maker Goodrich Corp.

Greg Hayes, chief financial officer at United Technologies, rapped U.S. space policy when he announced the decision in mid-March to sell Rocketdyne.

"Growth will be limited at Rocketdyne," Hayes told investor analysts. "It's still a very good business. It's a national asset ... but unfortunately, without a national space policy, growth will be limited for some time."

Rocketdyne dates to early rocketry, working with pioneers such as Wernher von Braun and contributing to propulsion on Apollo spacecraft in the 1960s and '70s that brought astronauts to the moon.

The company has a future with NASA even if the space agency's path is unclear, said Rocketdyne President Jim Maser. Three of four companies vying to take crew to the space station would use Rocketdyne propulsion, he said. Still, he said, NASA's path is unclear.

"There is an official space policy and I can't cite it, to be honest," Maser said.

NASA's 30-year shuttle program ended last July with the voyage of Atlantis. The space shuttle Discovery has become a museum piece, turned over by NASA in mid-April to the Smithsonian Institution.

Other companies have shifted some business from space exploration. Lockheed Martin Corp. closed its shuttle tank production line in New Orleans in 2010, ending the jobs of about 1,400 workers. A year later, NASA chose that site in New Orleans to build components of its new heavy-lift rocket, but only if Congress funds the project.

ATK Space SystemsTech has laid off hundreds of workers in Utah, citing the phase-out of the space shuttle and the Minuteman III ballistic missile programs.

And Florida's Space Coast, once the center of rocket launches, has lost thousands of jobs.

NASA is still using companies such as Boeing, SpaceX and others to ferry cargo and astronauts to and from the International Space Station in three to five years. Until then, the space agency will spend tens of millions of dollars per seat on Russian Soyuz spacecraft.

High-profile space exploration is now becoming a commercial venture. Space Exploration Technologies Corp., better known as SpaceX, plans to launch its Dragon capsule from Cape Canaveral to the space station on April 30. And a group of wealthy backers, including Google executives and filmmaker James Cameron, are behind an asteroid-mining idea.

NASA suffers in comparison with its early days when it followed through on a grand vision by national leaders, starting with President John Kennedy, of sending men to the moon, said Olivier L. de Weck, an associate professor of aeronautics, astronautics and engineering systems at the Massachusetts Institute of Technology.

"It's a little bit unfair to say NASA has had no space policy," he said. "It's not as monumental as Apollo, but it's still robust and a leader in breadth and scope of impact."

NASA is working on a new heavy-lift rocket, the Space Launch System. But several businesses such as SpaceX insist that with time, also can build a launch system, de Weck said.

"It's a real policy question, government competing with private business for space launch," de Weck said.

An argument can be made that government should focus on military applications such as spy satellites and explore beyond earth while leaving space launches to private business, he said.

United Technologies is not exiting space exploration entirely. The company is selling three industrial businesses at its Hamilton Sundstrand subsidiary, but is leaving untouched the company's work in making space suits, launch systems and other space equipment.

A spokesman for Hamilton Sundstrand would not discuss its space business until after the Rocketdyne sale. Hayes told investor analysts April 24 that United Technologies expects to sign a contract shortly for the sale of the company.

Matt Collins, an analyst at Edward Jones, said United Technologies has scaled back Hamilton Sundstrand's involvement in space exploration.

"It's a fraction of the business today," he said.

Chris Quilty, a Raymond James analyst, said that without the shuttle, the United

States no longer has a vehicle to put humans into space, calling into question the need for rockets.

"The rocket does not have a mission. It does not have a payload," he said. "There's no lunar lander. It's literally a rocket to nowhere."

Industry changes are spurring "some truly innovative commercial companies coming into existence," such as Space Exploration Technologies, Quilty said. In December 2010, SpaceX became only the fourth entity — after the U.S. Russian and Chinese governments — to put a capsule into space.

Rocketdyne's Maser said space travel is essentially about physics and economics. Only the financial part has changed, he said.

"Fundamentally, how we leave the planet hasn't changed," he said. "We haven't come up with a brilliant new way to do that."

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