Bombardier Shifts Some Production To Morocco

Ross Marowits, The Canadian Press

MONTREAL - Bombardier Aerospace is making room for production of the CSeries airliner by beginning to transfer component work on its regional jets to a temporary plant in Morocco.

The Montreal-based based division of transportation giant Bombardier Inc. (TSX:BBD.B) said Thursday that 18 aircraft assemblers in Morocco who graduated from the local aerospace institute started this week to make simple structures, including flight controls, for its CRJ regional jets.

The employees will initially make flaps and ailerons, a part of the wing — work that was previously done in Belfast, Northern Ireland.

"The transfer of the package to Morocco helps us free up floor space and optimize our production in Belfast for CSeries production coming," said spokeswoman Haley Dunne.

Seven Irish employees are being transferred to work on the CSeries wings.

A similar change is expected to take place in Mirabel, north of Montreal, over the coming months, affecting about 20 employees. They too will shift to CSeries work, ensuring there will be no layoffs as a result of production in Morocco.

Employment in Morocco is expected to reach about 100 by year-end and ramp up to 850 in eight years.

The new 2,300-square-metre transitional facility is overseen by four permanent employees from Montreal, including general manager Hugo Brouillard. Six employees from Belfast are providing training while an additional six to 12 workers are travelling from Montreal and Belfast to help launch production and prepare for additional work.

"With 18 new local employees fully engaged and trained in the Bombardier manufacturing process and philosophy, this is the first step towards a long future of quality component manufacturing at another world-class Bombardier facility," Brouillard stated in a news release.

Bombardier announced its intention to build a manufacturing plant in Morocco in November 2011. However, the timeline for construction of a permanent facility on 10 hectares of land purchase at the airport in Casablanca has been delayed by about a year to early 2014.

Dunne said the process of building a "world-class facility" is taking longer than expected, but she couldn't point to any specific roadblocks.

"I wouldn't say there are any problems, just looking at the plans it's taking us longer than we had anticipated."

Bombardier won't disclose the construction costs of the permanent plant, which is part of the $200 million it has allocated to the venture for equipment, buildings and startup costs over several years.

The plant will be located near the airport in a zone that offers five years of financial incentives, including no taxes for five years and rates of 8.75 per cent for an additional 20 years and 17.5 per cent thereafter.

Bombardier is joining other aerospace manufacturers in setting up shop in Morocco, which has established an aerospace training program and offers many incentives to attract companies.

The world's third-largest aircraft manufacturer has delayed the flight of its 110- to 125-seat CS100 CSeries by six months to June, with entry into service planned a year later. The larger version of the plane holding up to 149 seats is on schedule for delivery by the end of 2014.

Bombardier has received 382 commitments for the CSeries from 14 customers, including 148 firm orders and 134 options.

On the Toronto Stock Exchange, Bombardier shares were up five cents at $4.12 in late afternoon trading Thursday.

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