

Boeing To End C-17 Airlifter Production In 2015

Robert Jablon, Associated Press

LOS ANGELES (AP) — Boeing Co. announced Wednesday that it will end production of its C-17 Globemaster III military cargo jet and close the final assembly plant in Long Beach in 2015, putting as many as 3,000 jobs at risk as orders plunged in the fragile world economy.

"Our customers around the world face very tough budget environments. While the desire for the C-17's capabilities is high, budgets cannot support additional purchases in the timing required to keep the production line open," Dennis Muilenburg, president and chief executive officer of Boeing Defense, Space & Security, said in a statement. "What's more, here in the United States the sequestration situation has created significant planning difficulties for our customers and the entire aerospace industry."

Last week, the Long Beach plant delivered the last of 223 C-17s produced for the U.S. Air Force. Nan Bouchard, Boeing vice president and C-17 program manager, said the company will complete 22 final aircraft: seven for the Indian Air Force, two for an international customer that she declined to name, and 13 that have not yet been sold.

"Despite strong international interest, we did not receive sufficient orders" to continue production, she said.

Boeing said it expects the announcement to result in a charge of less than \$100 million this quarter, and that will not impact financial guidance for the year.

The company will begin reducing the C-17 workforce in 2014 at plants in Long Beach; Macon, Ga.; Mesa, Ariz.; and St. Louis. However, Boeing will make efforts to provide jobs elsewhere with the company, Bouchard said, and had plans to continue a repair and spare parts program for the planes through 2017 at least, Bouchard said.

With modernizations and upkeep, the big planes are expected to last for decades, she said.

The massive, four-engine C-17 made its first flight in 1991, and military deliveries began about two years later. The plane is used to airlift tanks, supplies and troops as well as performing medical evacuations. It quickly became a war and disaster workhorse, prized for its ability to operate from basic airstrips and cover intercontinental distances with a full load without refueling.

With a payload of 160,000 pounds, it is designed to airdrop 102 paratroopers and their equipment.

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Design work on the plane began at the million-plus square-foot Long Beach facility in 1981, when it was a McDonnell Douglas facility. Boeing merged with McDonnell Douglas in the 1990s. Boeing has so far delivered 257 planes worldwide, at a cost of about \$311 million each when research, development and construction costs are included.

The Long Beach plant has about 2,000 employees.

"It will be sad that we're closing this last major production facility in Southern California but again, we're all very proud to be part of that heritage," Bouchard said.

Boeing has about 20,000 employees in California, working on a variety of projects. That includes commercial aircraft, new markets such as cyber security and the largest satellite design and manufacturing factory in the world, Boeing said.

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