Boeing Seeking Buyer for St. Louis Parts Fabrication Business

The Boeing Company is seeking a buyer who will operate in place its St. Louis-based parts fabrication business, one of the world's leading metal structures and composites manufacturing centers. The strategy is part of a Boeing-wide effort begun two years ago to enhance the company's competitiveness; streamline facilities; and focus operations on design, manufacturing and systems integration.

"We want to exit the St. Louis fabrication business so that we can free up resources and compete more effectively in today's highly competitive defense industry," Jerry Daniels, president of Boeing Military Aircraft and Missile Systems, said in a news conference today.

The St. Louis parts fabrication business currently operates at 40 percent of its capacity. The business employs about 1,700 people and occupies about 1.7 million square feet, about 15 percent of the Boeing facilities in St. Louis. Its operations include high-speed machining, composites manufacturing and sheet metal parts fabrication for a number of Boeing products, including the F/A-18E/F, C-17, T-45, AV-8B, F-15, F-22, B-1B and the AH-64 Apache helicopter.

To provide an incentive to keep Boeing parts fabrication work in St. Louis, Daniels noted that the company is prepared to offer a buyer the opportunity to enter into a long-term supplier relationship.

"We believe that selling this business to a company whose primary business is parts fabrication offers the best opportunities for everyone involved," he said. "This company would be best able to bring in new work, improve the utilization of the center, retain good aerospace jobs in St. Louis, and expand the opportunity for job growth here. We remain committed to St. Louis and are taking these steps to ensure we continue to be competitive on our existing work and on future programs such as the Joint Strike Fighter."

Boeing has been in discussions with a small number of potential buyers. The company hopes to reach a final agreement in several months. Once such an agreement is reached, Boeing anticipates a transition period of several months before ownership is transferred.

Of the 1,700 people employed in fabrication here, about 70 percent are represented by a union - primarily the International Association of Machinists and Aerospace Workers.

Boeing expects that most of the employees would be retained by a new owner and would continue to fabricate parts for current Boeing defense products. Some initial job reductions are likely, but the extent of any reductions won't be known until a final agreement is reached.

"There's a lot at stake," Daniels said. "If we focus our business and reduce the cost of our products, we will increase our chances of winning more domestic and international business. Our ultimate goals are to increase our business base and secure jobs."

Both the F/A-18E/F Super Hornet and C-17 programs have domestic multiyear procurement contracts under consideration or in place. Several current programs have potential for significant international sales. The Joint Strike Fighter program, now in concept development, could be worth $300 billion to the prime contractor. The government is scheduled to select a prime contractor in mid-2001.

Boeing currently employs about 17,500 people in St. Louis.

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