

Defense cuts would affect Conn. companies down the road

By Howard French
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Defense Secretary Chuck Hagel's proposal to cut the size of the U.S. military to pre-World War II levels would have sweeping implications for Connecticut companies that do defense work.

East Hartford's Pratt & Whitney, for instance, makes jet engines for the Joint Strike Fighter used by all branches of the military, as well as for the KC-46 refueling tanker, capable of providing fuel to fighter aircraft in flight. Sikorsky, based in Stratford, makes Black Hawks and other helicopters for the Pentagon, and Electric Boat in Groton makes the Navy's submarines.

Most major Defense Department programs should be safe for the short term, analysts say. But if Congress reinstates last year's forced military spending cuts, known as sequestration, the analysts add, all military projects could be at risk for cutbacks.

Ray Jaworowski, senior aerospace analyst at Forecast International in Newtown, says major defense contractors, such as Pratt, Sikorsky, and Electric Boat, are "relatively OK for now" since most big-ticket procurement programs, including the Joint Strike Fighter, Black Hawk and Seahawk helicopters, the KC-46 tanker, and the submarine programs have all been protected.

"Much more at risk," Jaworowski says, are new projects such as a proposed combat rescue helicopter and the presidential helicopter replacement.

In addition, should sequestration return for the next fiscal year, even major, ongoing programs could be endangered.

Hagel already has said that if sequestration is re-imposed Joint Strike Fighter purchases would be slowed, Jaworowski says. That includes a two-year moratorium on Navy purchases of aircraft carrier versions of the plane.

Even without sequestration, he adds, structural cuts like those Hagel announced could mean reductions in purchases as fewer troops would need less equipment.

Smaller suppliers who subcontract to the big aerospace companies and may not have other commercial customers are most likely to be hurt, he says.

Congress has yet to weigh in on Hagel's plan, and changes are likely, he says. But "some level of reductions" appears to be in the cards.

"Republicans in Congress are no longer a monolith in support of defense spending, with some newer Republican members of Congress willing to further reduce defense spending in order to reduce the deficit," Jaworowski says.

Still, William Alibrandi, also a senior aerospace analyst at Forecast International, says there is some room for optimism in the potential use of the military programs' technology for commercial aerospace use.

Both Pratt and Fairfield-based rival General Electric already have committed considerable resources to their new engine programs, Alibrandi says.

Given that Pratt has the F-35 engine business to itself, the next big programs on the horizon are the sixth generation fighter jet and a new Air Force bomber.

"New engine technology that comes out of those development programs will be incorporated into future civilian engines -- even though the mission and environments are completely different -- so there will be some trickle-down effect," he says.

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