
Slowdown signs - More job cuts expected in US defense sector

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Reuters reported that big defense contractors could be poised to shed jobs as the Pentagon cuts traditional weapons spending, while smaller, niche companies may ramp up their hiring as the United States expands resources to protect ground troops and computer networks.

Lockheed Martin Corporation said that it would cut 600 jobs, mainly in Owego, New York, as a result of the US Defense Department's decision to terminate the VH 71 presidential helicopter program.

Aircraft maker Boeing Co said that announced Pentagon cuts would claim 1,000 jobs in its defense business, affecting staffing at various U.S. work sites in missile defense and in the Army's Future Combat Systems modernization program, which is being opened to more competition. Boeing, which has also been hit by the slump in commercial aerospace, declined to say whether the defense staff cuts were included in 10,000 jobs set to be pared companywide this year.

Mr Alex Hamilton senior MD at Jesup & Lamont Securities said that "Job cuts are starting and job cuts will happen. The main driver for defense is the defense budget and that's under pressure."

Mr Paul Nisbet analyst with JSA Research is expecting the fiscal 2011 budget to include more weapons cuts. He said that "I think we're going to continue to see net cuts in personnel because the defense dollar being devoted to weaponry is going to continue to decline."

The 2010 defense budget would rebalance military spending, giving greater weight to programs needed to fight irregular warfare in Iraq and Afghanistan. It seeks to scale back or eliminate weapons programs, including capping production of Lockheed's F22 warplane at 187. The F22 emerged as a main issue in Washington this week, with Congress looking to fund new warplanes. At the same time, technology and service companies will likely gain jobs as the Pentagon boosts spending on cyber security and looks to fight other emerging threats.

(Sourced from www.reuters.com)

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