

Publication: Jnl Final Edition 8/2005-today; Date: Aug 23, 2008; Section: Business; Page: C9



UNCERTAIN FUTURE

Eclipse layoffs may hurt aviation cluster

By Winthrop Quigley Journal Staff Writer

Eclipse Aviation's layoff of 600 workers at its Albuquerque manufacturing plant is bad news for the local economy, and not only because well-paid jobs will be lost, two economists said Friday.

Albuquerque's economy, while generally recessionproof, has slowed dramatically since 2006, and much of the reason has been loss of manufacturing jobs, including 2,000 at Intel over the last few years, said Lee Reynis, director of the University of New Mexico's Bureau of Business and Economic Research.

The Eclipse layoff makes the manufacturing sector a bigger drag on the larger economy, she said.

If Eclipse does not get its production processes sorted out and rehire workers, "it suggests they can't address the problem and the whole operation could go away," Reynis said. "This (company) has been one of the bright lights. We believe we have seen the emergence or expansion of a cluster, with suppliers and some depth there, hoping to create a critical mass (of companies)."

While the economic impact on the rest of New Mexico should be fairly minimal, the impact on the aviation cluster could be significant, said Anthony Popp, chairman of New Mexico State University's economics and international business department and co-director of the Office of Public Policy at NMSU's Arrowhead Center.

"From an economic development point of view, when you bring these types of companies in, you give them incentives to set up, then you have other companies like them come in," Popp said. "You try to change the structure of what's happening in that local economy."

If Eclipse falters, it is possible other aviation companies will slow their expansions in New Mexico or delay establishing businesses here, he said. That would make the economic impact far greater than the loss of 600 manufacturing jobs.

Reynis also sees an image problem.

Eclipse has helped create "some of the excitement that's been generated" about the area and helped "make Albuquerque look like an interesting place to do some things," she said.

Losing that buzz could prevent the cluster from gaining critical mass.

KEY DEVELOPMENTS

AUGUST 2008:

Eclipse Aviation lays off 650 people Aug. 22 after laying off 190 "temporary" employees two weeks earlier. A House committee sets a hearing in September to examine complaints that FAA managers rushed certification. FAA on Aug. 11 begins 30-day recertification review of the jet.

JULY 2008: Eclipse lands new investment and CEO Vern Raburn is replaced by Roel Pieper, chairman of Eclipse's European backer, ETIRC Aviation.

MAY 2008: Price of the 500 increases to \$2.15 million, and the company decides to offer a \$1.35 million jet, the Eclipse 400.

NOVEMBER 2007:

Production delays prompt need for new round of investment.

OCTOBER 2007: 100 "temporary" employees let go.

JANUARY 2007: First owners of an Eclipse 500 take ceremonial delivery of the plane, which company keeps for six months' worth of marketing appearances.

NOVEMBER 2006: Eclipse CEO Raburn blames "internal processes" for delays in delivering the first plane, which had been expected in early October.

JULY 2006: FAA certifies Eclipse 500 jets for sale. Price: about \$1.5 million.

JANUARY 2006: Flight test jets surpass 1,000 hours of flight time, as well as progress on various FAA tests.

JANUARY 2004: Eclipse has its first flight with the new Pratt & Whitney engines.

FEBRUARY 2003: Deal announced with Pratt & Whitney Canada for engines.

NOVEMBER 2002:

Eclipse dumps Williams International engines. Production delayed two years.

AUGUST 2002: Eclipse takes its first flight.

SEPTEMBER 2001:

Eclipse announces it has an order for 1,000 planes from a Florida air taxi startup.

MAY 2000: Eclipse announces move from Arizona to New Mexico, where it aims to revolutionize the private aviation with lightweight, inexpensive jet. It plans to hire up to 2,000 and build a plant on West Side but begins manufacturing at Sunport.





JOURNAL FILE An Eclipse Aviation manufacturing tech works on one of the company's Eclipse 500 jets at the Albuquerque International Sunport. The company announced Friday that it was laying off more than 600 employees.