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## Getting In Gear In The U.S.

### German Jet Engine Company Bringing Aerospace Jobs To Newington

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In the late summer of 2000, MTU Aero Engines of Munich had decided to open its first manufacturing plant outside Germany. It was mulling Greater Hartford, to be near Pratt & Whitney, as well as Cincinnati, close to the General Electric jet engine complex.

Wherever it went, MTU - a \$2 billion-a-year unit of DaimlerChrysler that bills itself as the world's fifth-largest jet-engine business - wouldn't be just another job shop making parts.

In a stroke of perfect timing, Gov. John G. Rowland traveled to Munich that September and delivered a sales pitch with his top economic development aides and some local aerospace industry representatives.

Three months later, MTU announced that it would buy Caval Tool, a Newington jet engine machine shop with 160 workers, then owned by Chromalloy Gas Turbine Corp.

Today, MTU is ahead of its year-old growth targets in Connecticut, with 278 employees at three companies in Newington and Rocky Hill. It is moving work from Munich, and plans to add at least 30 more jobs a year.

"If you want to be part of the game, you have to be here, and not just with a marketing office," said Heinrich Hoffknecht, president and chief executive officer of MTU Aero Engine Components Inc. in Newington, the largest of the three local MTU companies.

That belief places MTU at the center of a couple of trends that are stemming the slide of factory jobs in Connecticut - and the leakage of lucrative aerospace work from here to other nations. MTU's job total here doesn't make it a major employer yet, but as a global powerhouse seeking a U.S. foothold, it is more than worth watching.

Foreign companies, especially from Europe, are investing heavily in U.S. industry. They are, in effect, spending dollars that came from U.S. consumers buying imported goods - and they are joining an economy that has outpaced their own.

Seeing that movement, the state Department of Economic and Community Development, under Commissioner James Abromaitis, has de-emphasized big spending to help companies here sell their

goods overseas in favor of trying to lure foreign companies to set up shop here.

Most of the export help for state firms now comes from the U.S. Commerce Department, which can do that better, with operations in 90 countries.

As for luring companies such as MTU to invest in the United States, the pace was torrid - more than \$200 billion a year - until the terrorist attacks, federal government data show. Costas Lake, director of the international unit at the state Department of Economic and Community Development, handled queries from dozens of companies.

"Since Sept. 11, a lot of the companies have kind of applied the brakes," Lake said, but he added it's starting to pick up now.

MTU also is leading an effort, specific to the aerospace industry, to bring back factory work that has moved overseas in recent years because of marketing agreements by GE and Pratt & Whitney.

That migration has led to dramatic factory payroll declines at Pratt's Connecticut plants, rankling the Machinists union. Pratt sells engines to, say, Israel or Spain. To offset the cost, it promises to send manufacturing work to firms in those countries.

The trend won't change anytime soon. But a few parts-makers in Connecticut, after losing that work, have fought to win back some of it by contracting with the overseas firms that took it away. MTU is in the best position to do this because it's already a partner of the major manufacturers.

In one example, Caval Tool had lost work several years ago making shafts and seals for industrial turbines. GE, its customer, moved that work to Spain after the Spanish air force bought F-404 engines.

"We pursued the Spanish company, and now the work is back here," said Thomas Couture, vice president of sales for MTU Aero Engine Components.

In all, Couture and Hoffknecht said, MTU expects to invest \$21.5 million in its first six years in Newington, in addition to the undisclosed purchase price. That figure could nearly double if a new engine part in development, a "blisk" combining blades and disks, succeeds.

The plant is ramping up to \$50 million a year in work, and 30 percent of that total will have moved here from European offset agreements or from MTU's complex in Munich.

MTU is also winning U.S. defense and space shuttle work - employing technology that MTU is not allowed to ship back to Germany. Hoffknecht, as a non-U.S. citizen, isn't allowed to see some sensitive documents even though he's the president.

The influx has boosted the mood on the shop floor, where some longtime employees recalled the years of people and machines leaving in the 1990s under Chromalloy.

"They were always saying, 'We're getting beat up by the Chinese, it's going to Israel, it's going here, it's going there,'" said Wes Dzierlatka, who makes large rotor parts on computerized vertical turret lathes. "When you used to work overtime, and then all of a sudden they tell you you're working 40 hours . . . I wasn't too happy."

Willie Simmons, an inspector, said few people still refer to the place as Caval.

MTU also has two sister companies in Rocky Hill: MTU Aero Engine Design Inc., which started in late

1999 and now has 80 employees; and ATENA Engineering Inc., which opened last year and has 18 employees.

In one way of thinking, the MTU inroad could represent competition for other aerospace subcontracting firms in Connecticut. But because MTU is a first-tier partner of Pratt, GE and other engine-builders, it could spin off work to local firms, said Allen Samuel, executive director of the Aerospace Components Manufacturers.

Samuel was on that trip to Munich in 2000, and thinks it was more decisive than just another courtesy call. Hoffknecht concurs.

In a slick report, MTU praised the move to Connecticut, where "myriad fairs spring up to grace the greens and squares of surrounding villages . . . peaceful rurality gives way to a global involvement that enriches without consuming the area's character."

All this just steps from the Berlin Turnpike. Sounds like the Rowland administration could hire MTU to write tourism brochures. Even without that, it was an economic development job well done.

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