

Boeing Says Defense Division Can Handle Possible Worker Strike

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Boeing CEO Kelly Ortberg said the company's defense division is well-prepared to withstand the potential impact of a looming labor strike recalling about 3,200 workers in St. Louis-area facilities. As contract talks stall with thousands of union workers, Boeing insists its military programs will remain steady, even if disruptions hit its commercial operations.

The warning comes after more than 3,200 members of the International Association of Machinists and Aerospace Workers District 837, based at facilities in St. Louis, St. Charles, and Mascoutah, rejected Boeing's latest contract offer. The company's rejected proposal included a 20% wage increase over four years, a \$5,000 ratification bonus, and additional vacation and sick leave benefits. If no agreement is reached, a strike could begin after a mandatory seven-day cooling-off period.

Ortberg expressed confidence during Boeing's second-quarter earnings call, citing that the defense, space and security division posted a \$110 million operating profit, a turnaround from prior losses. The unit posted a \$110 million operating profit last quarter, a notable rebound from previous losses. Ortberg noted that Boeing's defense, space and security business encompasses fixed-wing aircraft, space systems and military platforms, a breadth he said gives it resilience during labor tensions.

While Boeing's commercial operations have struggled in recent years, second-quarter 2025 results showed signs of improvement. The company posted a 35% rise in revenue to \$22.75 billion and delivered more aircraft, narrowing its loss per share to \$1.24. The company's shares dipped over strike concerns, although they remain up about 30% year-to-date, supported by a stronger order backlog.

Union representatives stated that the proposal fell short of addressing the priorities and sacrifices of the skilled workforce represented in IAM District 837. They also warn that key defense production lines, such as those building F/A-18 and F-15EX fighter jets, could be affected if the strike proceeds. Boeing has said it is preparing contingency plans to minimize potential disruption.

Ortberg stressed that the defense division is positioned to keep delivering critical military systems even in the event of a strike. He highlighted recent investments in safety and quality as factors that strengthen Boeing's ability to navigate uncertainty.

Although the situation presents a challenge, Boeing appears to be prioritizing stability within its defense operations. As talks with the union continue, the company is signaling it can manage short-term disruptions without jeopardizing its commitments to the U.S. and allied armed forces.