

Union Files Objection To Hawker Beechcraft Deal

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WICHITA, Kan. (AP) — Hawker Beechcraft efforts to enter into exclusive talks with a Chinese firm for the \$1.79 billion sale of its civilian aircraft operations ran into opposition Monday in bankruptcy court from its machinists union amid fears about the deal's impact on national security as well as worker pensions.

A motion filed Monday in U.S. Bankruptcy Court in New York by the International Association of Machinists and Aerospace Workers asked the judge to deny Hawker Beechcraft's request seeking up to 45 days to negotiate only with Superior Aviation Beijing Co., for the sale of the Kansas plane-maker.

The move comes on the eve of Tuesday's bankruptcy court hearing to consider the request for an order authorizing the exclusive negotiations and a refund agreement.

Also Monday, the Pension Benefit Guaranty Corp., the government corporation which guarantees the pension program, filed its own separate motion in which it did not object to the exclusive negotiations with Superior but reserved the right to protect and object to any unsatisfactory treatment of the pension plans as the sale process unfolds.

"The proposed sale of Hawker Beechcraft to a Chinese government-backed entity has broad implications for the U.S. economy and national security," IAM International President Tom Buffenbarger said in a news release. "The sale should not be rushed through without adequate scrutiny by all interested parties, including federal regulators, state officials and the Wichita community."

The union said giving Superior the exclusive right at this time to negotiate the purchase of the company was premature.

Hawker Beechcraft issued a statement Monday noting any agreement with Superior would be subject to approval by the Committee on Foreign Investment in the United States and other regulatory agencies, as well as a competitive auction process overseen by the U.S. Bankruptcy Court.

"The agreement we have reached with Superior allows us to preserve jobs as the negotiation and restructuring process progresses. Furthermore, our negotiating agreement with Superior has no impact on the timing of regulatory agencies' reviews," Hawker Beechcraft said in an emailed statement.

As part of the deal, Superior has agreed to pay \$50 million during that the 45-day exclusivity period to cover costs for Hawker Beechcraft's business jet operations.

The proposed sale to Superior purportedly does not include Hawker Beechcraft Defense Co., but some of the details of the proposed exclusivity agreement

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involving the defense operations also drew fire from the union. For example, if the defense operations are sold, up to \$400 million of the \$1.79 billion purchase price would be refundable to Superior, which the union suggests means the Chinese-controlled entity would be involved in business related to sensitive national security issues.

Union officials also raised concerns about Superior's plans not to assume any pension obligations, noting that upon termination of the underfunded pension plans, the responsibility for them would fall to the Pension Benefit Guaranty Corp., or PBGC, a government agency.

In its separate court filing, the PBGC said Hawker Beechcraft's pension plans cover about 17,866 employees and are currently estimated to be underfunded by about \$751 million.

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