Fairchild agrees Dornier acquisition

GRAHAM WARWICK/ORLANDO

FAIRCHILD AIRCRAFT has reached agreement with Daimler-Benz Aerospace (DASA) on the acquisition of Dornier Luftfahrt. Fairchild chairman Carl Albert says that the deal will close in June. DASA confirms that an agreement is “ready for signing”, and says that a final decision will be taken at the Dornier shareholders’ meeting on 5 June.

Albert says that financial arrangements for the acquisition are in place, adding that Fairchild has been profitable in the five years since he bought the company and that the acquisition debt was fully repaid in 1995. “Fairchild is small, but financially healthy. We have a good track record and an unleveraged balance sheet,” he says.

Plans call for production of the 30-seat Dornier 328 regional turboprop to remain in Germany. “We hope to leave production there, but it depends on our success in reducing costs,” Albert cautions. He intends to launch the 50-seat, high-speed, STCEGC soon after the acquisition, and to accelerate development. “We need to shorten the Dornier schedule [of 3.5 years for the 328GC],” he says.

DASA will retain a minority stake in Dornier. The German company says that it has received no formal objections from the Dornier family to the sale, despite Martine Dornier-Tiefenthaler’s insistence that it will block the deal. “We will have to wait and see what happens at the shareholders’ meeting,” says DASA. The family owns 47% of Dornier, but has reduced voting rights.

The family believes that a sale to Fairchild would violate the contract signed when Daimler-Benz took over Dornier, and claims that it has the right to veto the sale of any part of the Dornier group. DASA points out that the Dorniers voiced similar objections to the sale of medical division Dornier Medizintechnik, but failed to veto the sale.

German defence cuts fall on air force

GERMANY’S DEFENCE ministry has been hit by a cut of more than DM1 billion ($660 million) in its 1996 budget, which is likely to delay three air force transport programmes.

Although no formal decision has been taken, the ministry says that the most likely air force procurements to be struck from this year’s budget are two Airbus A310-300s, two Canadair Challenger 601s and four Eurocopter AS332 Super Pumas for VIP transport.

The ministry says that this would save about DM400 million. In the longer term, however, defence officials feel that cancellation of these procurements would have their own additional costs.

The German air force already has two A310s, and needed the other two to replace its remaining Boeing 707-320s and to cut costs. The air force believes that the conversion from 707s to A310s could have saved some DM350 million in maintenance and operating costs.

All four A310s are due for conversion to multi-role tanker/transport configurations, fulfilling the air force’s need for an air-to-air refuelling capability.

Iran uses Airbus deal as a wedge between USA and Europe

IRAN HAS MADE it known that Airbus Industrie is in talks over a $1 billion contract to supply up to 17 aircraft to Iran Air. The move appears to be timed to heighten European opposition to the US trade embargo against Iran.

Iran Air is understood to be discussing the acquisition of ten International Aero Engines V2500-powered A321s and seven Rolls-Royce Trent 700-powered A330s.

The talks became public on 23 May, the day before a meeting between US President Bill Clinton and German Chancellor Helmut Kohl, which takes place amid US efforts to step up the embargo.

Airbus denies any contact with the Iran, although two new Airbus A300-600Rs, equipped with General Electric CF6-80C2 engines, were ordered by Iran Air in 1992, and delivered in 1994. The US engines were not considered technologically sensitive.