

Chinese industrialist behind Hawker Beechcraft bid

July 13 2012, by JOE McDONALD



Employees build a Beechcraft King Air at the Wichita, Kansas Hawker Beechcraft plant in Jan. 2011. The struggling aircraft maker announced Monday, July 10, 2012 that it had reached a \$1.79 billion "exclusivity agreement" with a Chinese aerospace manufacturer for the sale of its business jet and general aviation operations in a deal that will save thousands of jobs in Kansas and Arkansas. (AP Photo/The Wichita Eagle, Molly McMillin)

(AP) — In Beijing, Shenzong Cheng is known as the "Helicopter King of China," an industrialist who's been quietly building a small empire in aviation manufacturing.

But he remains largely unknown in America, where the beleaguered aviation industry was shocked this week with the news that Cheng's company, Beijing-based Superior Aviation Beijing Co. Ltd., would acquire the civilian operations of the Kansas aircraft maker Hawker Beechcraft for \$1.79 billion.

Cheng isn't speaking publicly of his plans for the Wichita-based

company. His silence has left thousands of workers scouring for clues about their suitor and what he may have in store.

"Anytime a Chinese company proposes to move in, in such a massive scale, there are going to be concerns on a number of issues — both the assurances regarding jobs and facilities as well as technology transfers and what type of precedent this sets," said Frank Larkin, a spokesman for a machinists' union representing roughly 2,600 of Hawker's Wichita workforce.

It's been an especially tough year for Wichita, the self-proclaimed "Air Capital of the World," which is also home to major manufacturing plants for Boeing, Spirit AeroSystems, Cessna, Bombardier and more than a hundred smaller aircraft suppliers. But business jet sales have dropped in a global economic downturn, and this has hit local jobs hard.

Earlier this year, Boeing announced it was closing its defense plant in the city, and in May Hawker Beechcraft filed for bankruptcy. More than 13,000 aircraft workers in Wichita have lost their jobs since 2008.

Hawker Beechcraft said it was premature to comment on Cheng's role, though Superior CEO Tim Archer told The Associated Press in a written statement that Superior Aviation will "aggressively work to keep jobs in the United States by continued production of the Hawker and Beechcraft product lines and expanding the production, design, and servicing of civilian aircraft at all locations including Kansas, Arkansas and Texas, and many other states across America."



This Feb. 9, 2011 photo shows an employee working on the Premier line of business jets at Hawker Beechcraft's Wichita, Kansas plant. The struggling aircraft maker announced Monday, July 10, 2012 that it had reached a \$1.79 billion "exclusivity agreement" with a Chinese aerospace manufacturer for the sale of its business jet and general aviation operations in a deal that will save thousands of jobs in Kansas and Arkansas. (AP Photo/The Wichita Eagle/Kansas.com, Jaime Green)

But without a deeper sense of Cheng's history, anxieties about his plans for Hawker Beechcraft are likely to linger. When reached by The Associated Press this week, an assistant for Cheng in China, Qian Chunyuan, said Cheng was too busy to give interviews.

In a report published this week in a Chinese newspaper, 21st Century Business Herald, Qian cited the competitive bidding for Hawker Beechcraft and said Cheng was pursuing another potential acquisition, an Australian aircraft distributor, to sell the company's products.

Superior is 60 percent owned by Beijing Superior Aviation Technology Corp. Ltd. — a private entity entirely owned by Cheng and his wife, Qin Wang, according to a letter outlining the proposal.

Cheng also is chairman of aircraft manufacturer Qingdao Haili Helicopter Co. Ltd. The Oriental Morning Post in Shanghai reported that this company has suspended helicopter production due to poor export orders.

Weifang Tianxiang Aviation Technology Co. Ltd., another of Cheng's companies, formed a joint venture with American helicopter manufacturer, Brantly International Ltd. in 2009. The two companies merged operations at Superior's facilities in Coppell, Texas, and Brantly says all its manufacturing is now conducted at its parent facility in Qingdao on the east coast of China. Brantley's parts and service department remains in business but its website says no new helicopters are available for sale.

In 2009, some of Cheng's companies joined an umbrella group to buy U.S. aircraft parts supplier Superior Air Parts Co., which at the time was in bankruptcy proceedings

In a letter sent to Hawker Beechcraft outlining the most recent proposed acquisition, he cited that takeover as proof that his management is "very familiar with the bankruptcy acquisition process and acquiring and managing an aviation business in the U.S.," saying they turned that business around in less than two years.

Hawker Beechcraft employs about 7,400 people, with roughly 4,700 working at its Wichita, Kansas, facility. It also has factories in Little Rock, Arkansas, the U.K. and Mexico, as well as more than 100 service centers worldwide.

Analysts say it is unlikely Superior would move Hawker Beechcraft's entire aircraft production lines to China because doing so would mean the loss of its FAA production certificate, although some work could be farmed out.

In his letter to Hawker Beechcraft, Cheng wrote that Superior had no plans to relocate or terminate any manufacturing facilities or product lines. But Cheng also noted that Superior has worked closely with the Beijing municipal government to build a strong aviation industry in Beijing.

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Chinese industrialist behind Hawker Beechcraft bid (2012, July 13) retrieved 25 April 2024 from <https://phys.org/news/2012-07-chinese-industrialist-hawker-beechcraft.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.