

## Opportunity for a rejuvenated Fokker

Hedge funds want Stork to focus on the aerospace industry. After a transfer of manufacturing operation to China a new Fokker could once more manufacture its aircraft. Fokker's name still stands for good quality.

by Marcel Mock

Paulson and Centaurus, who endeavor to direct Stork to focus on the aerospace industry, have still not revealed much of their plans. If the two hedge funds could join forces to manufacture new aircraft within the market segment for which Airbus and Boeing have no direct interest, there are great opportunities to manufacture new aircraft based on the various types of modernized Fokker aircraft. The manufacture would have to take place in China and India.

Early 1996 Fokker was put into involuntary liquidation. Some of its activities could be continued. Stork took up the aircraft maintenance. Specific production activities, like cabling, were continued (Fokker Elmo) and also programs for third parties, like Airbus, Boeing and Gulfstream and for a NATO helicopter. What the energetic trustees in bankruptcy could not achieve at the time, was keeping Fokker's core business afloat, namely the independent manufacture of aircraft.

Friend and foe alike were convinced of the superior quality of Fokker aircraft. In 1996 there were over 1200 Fokker aircraft operational worldwide. In 2006 many Fokker aircraft are still operational. Even KLM flies with more Fokker aircraft than ever (about 60). Apparently KLM appreciates the economic qualities of the Fokker 50, 70 and 100 now more than prior to 1996, when it made no substantial purchase. In fact, KLM bought most of its Fokker aircraft in the second-hand market.

*Fokker aircraft stay in the air*

- *In 1996, the year in which Fokker was put into involuntary liquidation, over 1200 jets were operational worldwide.*
- *In 2006, ten years later, many Fokker aircraft are still flying.*
- *Nowadays KLM appreciates the economic qualities of the Fokker 50, 70, and 100. The Fokker fleet, which now numbers about 60, is larger than ever.*

Fokker's involuntary liquidation was unnecessary. The trustees in bankruptcy have reported many causes of the involuntary liquidation and of the failure of the continuation of the business operations. In this connection it is striking that unsecured creditors have received payment in full of their claims, in tranches. For that reason alone the political decision of the Dutch government not to support Fokker any longer was completely unfounded. More and more it has become clear that The Netherlands, in order to compete internationally, is dependent on the knowledge industry. Indeed, most of the highly qualified personnel of the aircraft manufacturer has found its way either in The Netherlands or abroad. However, the involuntary liquidation of the aircraft manufacturer has turned out to be a missed opportunity for the Dutch economy.

Especially aircraft manufacturing is an international activity, where, aside from being a cyclical market, other major risks may also be relevant. Who still remembers that around 1970 Boeing was nearly bankrupt when it developed its 747 jumbo jet, which later proved such a great success?

Today Airbus with its development of the even larger Airbus 380 proves to have bitten off more than it can chew and is now experiencing major problems. Hence the share price of its EADS shares has fallen sharply. Not long before its involuntary liquidation Fokker managed to launch a new type of aircraft, the Fokker 70. This aircraft was introduced in record time and at a limited cost. It turned out to be a marketing and commercial hit right from the outset. Regrettably the new type did not save Fokker. However, it shows that no megalomaniac projects like the Airbus 380 are needed for launching marketable aircraft. Many organizational models come to mind for an economic and efficient manufacture of a new and modern aircraft, within the range of 60 to 150 passengers. It is important to note the list of parties from abroad who in 1996 expressed their interest in continuing the operations of Fokker as an aircraft manufacturer, which included the Canadian Bombardier, the Korean Samsung and Chinese and Russian aircraft manufacturers. Already before its involuntary liquidation, Fokker on its own had initiated negotiations for licensing the Fokker 50 program with the largest aircraft manufacturer in India. Nowadays we realize that ‘outsourcing’ is not necessarily a dirty word. In The Netherlands new high-quality employment can be created, whilst both China and India possess a large reservoir of motivated and industrious workers, who can make good and saleable aircraft. Dutch pride is no longer an issue, but making a proper use of the opportunities offered by an ever increasing global economy. It will prove of benefit for The Netherlands, too.

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