

Clock ticking for Saab as unions seek bankruptcy

Written by AFP / The Swedish Wire

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Two Swedish unions on Monday asked a district court to formally declare beleaguered carmaker Saab bankrupt so the company's union members can receive their still-unpaid August wages.

Saab has struggled for weeks to raise cash and its employees have not been paid August wages. Monday's move by the Unionen and Ledarna unions paves the way for workers to get paid through a state wage guarantee.

"The request has been submitted because Unionen's members have still not received their August wages and the deadline Unionen has given Saab has expired," Unionen said in a statement.

Saab has 3,700 employees, some 1,100 of whom belong to Unionen, primarily administrative staff.

"It's of course very regrettable that we have to take this step. But the situation is untenable ... Our job is to collect our members' wages," said Annika Elias, the head of Ledarna which has 131 members employed by Saab.

Saab took note of the unions' announcements, it said in a statement, adding that a court decision could take several weeks.

"We understand that the unions have to do what they see as the best course of action for their union members," Saab spokeswoman Gunilla Gustavs told AFP.

The company said it hopes to soon secure a 70-million-euro bridge loan to finance itself while it reorganises.

The carmaker on Monday also appealed a Swedish court ruling from last week which rejected Saab's request for bankruptcy protection.

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The company's debts amount to about 150 million euros (\$210 million), according to Saab chief executive Victor Muller, and the company has stopped paying its suppliers who have in turn halted deliveries since April.

The district court of Vänersborg in southwestern Sweden had concluded that "there is not enough reason to believe that a company reorganisation would be successful."

But in its appeal submitted Monday, Saab said it was "of the opinion that by rejecting the voluntary reorganisation proposal based on the reasons cited in the rejection statement, the district court went considerably further in its consideration than what the legislator intended."

"The district court has applied a much stricter standard of proof than is required under the (Swedish Company Reorganisation) Act," it said.

The biggest union at Saab, IF Metall, which represents the blue-collar workers, said it would not immediately follow the other unions.

"Our members would get their money much faster in the event of a voluntary reorganisation than a bankruptcy, where the process of negotiations takes several weeks," IF Metall chairman Stefan Lofven told Swedish news agency TT.

In early 2010, Saab was saved from bankruptcy by Dutch group Swedish Automobile, then called Spyker, which bought the brand from US car giant General Motors.

Swedish Automobile had said it is eagerly waiting for some 245 million euros in funding from Chinese partners Pang Da and Youngman to arrive.

Muller has repeatedly said he is "very confident" the Chinese funds would come through and said the reorganisation request was especially aimed at allowing the company to find funding to hold it over until Chinese investments arrive.

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The company said Monday it had signed a technology transfer agreement as part of a 70-million-euro bridge loan deal.

"This is a loan and this money, the 70 million, will allow us to bridge, to cover, to continue through the reorganisation period which we hope will be granted by the court," said Saab spokeswoman Gustavs.

Saab intends to repay the bridge loan with the 245 million euro equity investment it is waiting for from Pang Da and Youngman, which is subject to regulatory approval.