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January 27, 2006

TO: Dina Berlyn – Senator Looney
FROM: John Harrity, GrowJobsCT
CC: GLR Rudis, D. 26 DBR Corey, L. 609 President Reynolds
RE: Winchester information

This memo follows from the meeting on January 25 with Senators Looney and Harp, and is intended to provide background for a request to Governor Rell to become more active in support of Winchester/US Repeating Arms workers in New Haven.

The immediate situation

US Repeating Arms notified 186 workers at the New Haven Winchester plant that the facility would be ceasing operations as of March 31, 2006.

The Machinists Union and the City of New Haven are actively seeking another company to buy Winchester and keep the New Haven facility operating.

US Repeating Arms

US Repeating Arms is a subsidiary of Browning Company, which is itself a part of FN Manufacturing, which has its main production plant in Columbia, South Carolina. The parent company of all these firms is called Hertsal Group.

Hertsal Group is a privately-held company, which means that their financial data is not readily accessible. At the same time, Hertsal is owned by a region of Belgium called Walloon, and elected officials in that region do have some responsibilities in regards to the company's actions.

The workforce

There are 141 hourly workers employed at the plant, represented by International Association of Machinists (IAM) Local 609, which is part of IAM District 26. The facility also employs approximately 45 salary workers.

The hourly workforce at Winchester in New Haven is largely African-American, with many employees living in the neighborhoods around the plant.

Many Winchester workers have been there for their entire work careers and have decades of service with the company. Some may be able, based on age and finances, to retire at this point. However, many Winchester workers, including those with lengthy service, need to continue working.

Some background

Winchester has operated in New Haven for 140 years. It is an American icon and a living (at the moment) symbol of Connecticut manufacturing tradition and prowess.

Unfortunately, US Repeating Arms has over the past decade or more slowly extracted key processes and equipment from New Haven. This has led inevitably to the plant closing, since management has systematically “disinvested” in the New Haven plant.

There is a problem of international “dumping” of cheap sports rifles produced by Serbia, Turkey, Russia and some other countries. The federal government must take steps to protect US manufacturers in this market. But the most acute problem at the moment is the draining of resources from the New Haven plant since 1993. They have done this despite generous and ongoing tax abatements in exchange for jobs

The trademark

A complicating factor in this situation is that the “Winchester” trademark is leased by US Repeating Arms from Olin Corporation, the previous owner of the gun company. The current lease to US Repeating Arms expires in December, 2007.

The City of New Haven

The city’s economic development administrator, Kelly Murphy, is working hard and doing a good job in fielding inquiries from a significant number of financial entities calling to state their interest in possibly buying Winchester. She is telling them that any deal has to have the blessing of the state and the city because of generous tax abatements the company has received since 1993. Because of the complexity of the situation, the mayor has also discussed hiring a “workout specialist” experienced in this type of buyout.

The response of the state

Despite the fact that almost 200 manufacturing jobs are at stake, and that Winchester is an American icon and a proud part of Connecticut’s manufacturing sector for 140 years, the state has been all but silent on the issue to this point. The Governor has not issued a statement, contacted the city, state legislators or the union. The Department of Economic and Community Development (DECD) has told Kelly Murphy that once a deal is framed with a potential buyer, DECD will look at it and decide if they can help. This approach does nothing to help get a deal.

The IAM has tried since November 2004 to get Governor Rell active in engaging US Repeating Arms in a process to re-invest in the plant and work with the workers to address issues affecting the long-term viability of the facility. The Governor refused to meet with us. We did meet with DECD Commissioner Abromitis in March, 2005 but to the best of our knowledge he did not take any steps in response to our warnings about threats to the plant’s future.

What’s needed?

- US Repeating Arms need to agree to push back the plant closing date. March 31 is too soon to work out a successful sale, provide transitions as needed for workers, or assess the impact on the neighborhood if the plant does close.
- US Repeating Arms needs to fully cooperate with the city, the state and the union in selling only to a reputable buyer who will continue operations in New Haven. A successful deal may need to include:
 - A commitment by the company to make their “custom gun” operations in Italy, Japan and Portugal part of the sale to a new operator, if needed.

- Agreement to return equipment as needed from their FN Manufacturing plant in Columbia, South Carolina or other locations that was previously taken out of the New Haven plant.
- Absolute assurance they will not sell off assets, patents or other crucial components piecemeal during this time. Equal assurance to provide all data and other information needed by prospective buyers to properly assess the operation.
- The Governor needs to put pressure on US Repeating Arms, and Hertsal Group if necessary, to delay the plant closing date. The Governor also needs to keep pressure on US Repeating Arms/Hertsal Group to do whatever is necessary to help a new owner succeed, including bring back equipment taken out of the plant over the years.
- The Governor needs to contact Olin Corporation about extending the Winchester lease only to a buyer of the company who will operate in New Haven.
- The Governor needs to get DECD actively involved in helping identify a reputable buyer and determining what reasonable assistance may be appropriate to secure a deal. DECD waiting until a deal comes together is not helpful.

The outcome

Unlike situations like Stop & Shop, where the situation is a “done deal” before any announcement is made, here we have a real possibility of beating the odds and keeping Winchester open. A number of potential buyers have expressed interest, the trademark has great value, there’s a great deal of interest in this situation across the country and around the world.

The Governor can achieve a great victory personally and for the people of our state if she becomes involved.