

United Mechanics Reject Contract as Deadlock Continues

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February 16, 2016 — 2:00 PM EST

Updated on February 16, 2016 — 4:10 PM EST

United Continental Holdings Inc.'s mechanics rejected a new collective bargaining agreement, continuing a standoff that has dragged on for more than three years.

About 93 percent of those voting opposed the company's proposal, according to a statement by the International Brotherhood of Teamsters on Tuesday. The pact would have given United's 8,600 mechanics and related employees a 25 percent pay raise on the date of signing, an average bonus check of \$9,000 and certain other benefits, including furlough protection for some members. The union criticized a company plan to create a lower wage scale for new mechanics.

"The idea of implementing B-Scale wages for incoming mechanics is unacceptable," David Bourne, director of the Teamsters Airline Division, said in the statement. "There is no need to place the financial burden for this agreement on the backs of future mechanics." The company's plan also offered lower profit-sharing payments, according to a memo on the Teamsters website.

While the union said it would ask the National Mediation Board for permission to strike, the likelihood of a walkout is "extremely, extremely low," said Jerry Glass, a labor-relations consultant with F&H Solutions Group and former US Airways executive.

Long Process

Permission to strike follows a long process that can include mediation, potential binding arbitration and a 30-day cooling-off period, a late step in which most disputes are settled, Glass said. The White House can also create an emergency board to forge a deal as a means of avoiding possible disruption to the nation's transportation system, Glass said. United and the Teamsters are expected to resume mediated talks.

"Negotiations can be difficult, and although we are disappointed by this outcome, we are eager to get right back to the table," United Chief Executive Officer Oscar Munoz said in a prepared statement. "I will personally meet with our labor leaders to make sure we reach an agreement that will work for our

technicians.”

United and its mechanics had been negotiating since November 2012 on an agreement that would unify the workforce. Since the 2010 merger of United’s then-parent, UAL Corp., and Continental Airlines Inc., mechanics have been working under separate agreements. United also faces a divided workforce among its flight attendants, with whom it has been working to reach a unified labor agreement.

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