

German Officials Still Seeking Opel Rescue Plan

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BERLIN (AP) — German officials readied for another try at a rescue deal for General Motors Corp.'s Opel subsidiary after last-minute financing demands stalled overnight talks Thursday, officials said.

Germany had hoped for an agreement to shield automaker Opel — which employs 25,000 people there — from a looming GM bankruptcy by making it legally independent under a trustee. The government could then provide bridge financing while Opel looks for a new, permanent owner.

But Economy Minister Karl-Theodor zu Guttenberg blamed extra financing needs brought up by GM totaling euro300 million (\$418 million), over and above the government's offer of euro1.5 billion in bridge financing, for preventing a decision at all-night talks led by Chancellor Angela Merkel.

More talks were expected Friday after the parties have had time to come up with a response.

"This is something that one could have known about earlier and should have said earlier," Foreign Minister Frank-Walter Steinmeier said, complaining that the urgency of the matter was "not sufficiently clear" in the U.S.

"The communication between Europe and the USA is not good enough," Steinmeier said. He called for "constructive participation by General Motors and the U.S. government."

Finance Minister Peer Steinbrueck said that two investors — Italy's Fiat Group SpA and Canadian auto parts maker Magna International Inc., which submitted a bid along with Russian lender Sberbank — remain in the running after U.S. financial investor Ripplewood Holdings LLC bowed out.

GM would choose any new investor, but Germany plays a key role because it will decide whether a new owner would get further government assistance to make the deal happen, and if so what kind. National elections in September are putting pressure on politicians to quickly find a solution that avoids as many layoffs as possible.

The government, however, needs further information from GM and the U.S. Treasury Department before decisions can be made, Guttenberg said. He said he expected to get it Friday.

Steinbrueck said that Fiat and Magna "have been asked by GM and the US Treasury to do their homework" on how they would handle the additional short-term cash needs and rework their concepts. The results of that also are expected on Friday, he

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said.

The ministers insisted that neither of the two investors was being favored at present, although Steinbrueck singled out Magna's willingness to take on the additional short-term cash burden.

"I was very pleased to see that Magna wants to be helpful in solving this additional cash problem, that seems very attractive," Steinbrueck said.

Merkel had brought together several of her ministers and the governors of four German states that have Opel plants with representatives of GM, the U.S. government and the bidders for a summit aimed at putting Opel on the road to safety.

Hours earlier, Opel's supervisory board approved a plan to package GM assets for a new investor by pooling GM's European plants, sales operations, patents and other assets, excluding Sweden's Saab unit, debt-free under the German-based Adam Opel GmbH subsidiary.

The consolidation would help keep Opel's assets separate from a bankruptcy filing by GM — fulfilling a demand by the German government to prevent tax money from flowing to the U.S.

After the overnight talks, Guttenberg said there was still not the necessary "security at this point to offer bridge financing."

Officials said they remain confident of saving Opel.

"I think that after tonight we can positively expect to reach a solution that will lead to the continuation of Opel as an auto maker," Steinbrueck said.

Separately, the European Commission said it would host talks among ministers on Friday to coordinate government efforts to save GM's European operations.

Opel and sister brand Vauxhall also have operations in Belgium, Spain and Poland among other countries. GM officials will not be present.

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