GM Continues Work With German Government Over Opel Bids

BERLIN (AP) — The German government said Monday that it sees "encouraging" signs of progress in negotiations on the future of auto maker Opel as it prepares for more talks with parent General Motors Co. and the two bidders.

The Economy Ministry said it expected another round of talks in Berlin on Tuesday between German federal and state officials, GM and the bidders: a consortium of Canadian car parts maker Magna International Inc. and Russian lender Sberbank; and Brussels-based investor RHJ International SA.

In the U.S., GM's new board was expected to consider Opel's future at a meeting starting later Monday.

Germany's impression that the talks are well advanced "has been confirmed in the past few days — there were encouraging signals," government spokesman Klaus Vater said.

"That means the government has a positive expectation as far as the talks that will happen this week," are concerned, he added. He did not elaborate.

The government has made clear that it prefers the bid from Magna and stressed that GM needs to take its views into account in deciding on a buyer, because it is offering financial help to make a deal possible.

Under a structure created earlier this year to keep Opel out of GM's filing for bankruptcy protection, 65 percent of Opel has been formally under the care of a trustee since the beginning of June, with GM holding the remaining 35 percent.

GM's chief negotiator, John Smith, last week wrote that the U.S. company has not specified a preferred bidder.

However, he said the Magna bid, as submitted, "contained elements around intellectual property and our Russian operations that simply could not be implemented" and discussions were ongoing to resolve that.

RHJ's bid "would represent a much simpler structure and would be easier to implement," Smith wrote.

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