VW May Drop Magna Due To Opel Deal

Yuri Kageyama, AP Business Writer

TOKYO (AP) — The chief executive of the Canadian parts maker that is buying a stake in Opel from General Motors said Tuesday talks are planned with Volkswagen to ease the German automaker's concerns about the deal.

"Volkswagen has said they are concerned, so we need to finalize internal procedures and have more discussions with them," Don Walker, co-chief executive officer of Magna International Inc., told reporters.

He declined to give details, saying he hadn't talked with Volkswagen yet.

One concern over the deal is that Magna could give Opel preferential treatment in supplying parts. Another is about conflict of interest in that Opel or customers of Magna may get hands on coveted technology.

Analysts say some automakers, such as Volkswagen AG, may decide to move away from buying Magna parts.

Walker acknowledged he needs to ease concerns from customers, but reiterated that Opel and Magna will remain separate.

He said Magna, based in Aurora, Ontario, wasn't "taking over" Opel and will remain a parts maker.

"Most of the customers I have talked to personally want to know how we have a separation to protect technology, but they have told me that they are comfortable with it," said Walker.

U.S. automaker General Motors Corp. said Sept. 10 that it had agreed to cede a 55 percent stake in the German-based Opel to Magna International Inc., the auto parts supplier, and Russia's state-owned Sberbank.

GM keeps 35 percent and Opel's workers get 10 percent. Under the deal, expected to close by Nov. 30, the German government also pledged $6.5 billion in credit.

Magna, the world's third largest auto supplier, will send executives to fill three seats on Opel's 20-member board, but those executives will no longer be with Magna, Walker said.

"Opel will be a stand-alone company," he said, adding that the final deal will likely close in the next few months.

GM is Magna's biggest customer. Detroit-based GM emerged from bankruptcy protection on July 10 and has received $50 billion in U.S. government aid.

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