

GM Chief Engineerer 'Really Happy' To Keep Opel

Tom Krisher, AP Auto Writer

DETROIT (AP) — When General Motors Co.'s board halted the sale of the company's European car business last week, no one was happier than the automaker's chief engineer.

Engineers with the Ruesselsheim, Germany-based Opel have designed the basics of GM's new compact and midsize cars that are sold across the globe, and they do much of the company's research on safety and electric vehicles. So it would be difficult to separate them from engineering operations in the U.S. and elsewhere, said Mark Reuss, vice president of global vehicle engineering.

"It would have made everything a lot harder," said Reuss, who was picked to head GM's engineering shortly after the company emerged from bankruptcy protection last summer.

GM wouldn't have lost all of its designs and technology if it had sold Opel, which it has owned since 1929. "But I'm really happy that we're keeping it," Reuss said.

The reason GM even considered selling Opel was because it was it headed toward bankruptcy protection when it agreed to the deal in May. Since then, it's cut its debt, scaled back operations and seen car sales stabilize.

Under the deal, 55 percent of Opel would have gone to a consortium of car parts maker Magna International Inc. and Russian lender Sberbank. The sale was ditched partly over fears that GM would lose control of Opel-designed technology, which includes next-generation designs for some key cars to be sold in the U.S.

GM would have kept 35 percent of Opel and the British Vauxhall unit, but without controlling interest, Opel resources could have been diverted away from GM's global cars to projects that were priorities of the new owners, Reuss said.

"You're competing for resources at that point, because you've only got a 35 percent share," he said.

He also had concerns about losing technology to rivals, even with a sale agreement that put some controls on how the new owners could use GM technology.

BATTERY-POWER LOSS: Much of GM's expertise in battery-powered electric vehicles has been done by Opel and Magna has plans to design an electric car.

DESIGNS FOR U.S. SEDANS: Opel engineers have also designed the frame and underpinnings of GM's next-generation midsize cars, the Buick LaCrosse and Regal, and for the Chevrolet Cruze compact.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

CHEVY'S RUSSIAN RIVAL: Sberbank likely would have ceded its interest in Opel to Russian automaker Gaz, another area of concern for GM officials.

Gaz, which is years behind other automakers in technology, competes against Chevrolet in Russia, which is expected to be a big growth market.

Source URL (retrieved on 03/31/2015 - 9:41pm):

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