

As GM Exits, V-Vehicle Poised To Take Over Louisiana

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NEW ORLEANS (AP) — Louisiana has reached a crossroad in its quest to catch up with other Southeast states in the automobile manufacturing business: one of its companies is on the way out, while the other is waiting to get started — both with the help of Washington, D.C.

On the way out is General Motors Co. in Shreveport. After a deal with a Chinese manufacturer collapsed to sell the politically incorrect SUV, GM said last month it would phase out the brand. Hummer manufacturing at the Shreveport plant had stopped in January, pending the sale — and isn't likely to ever resume.

On the other side of the state in Monroe, much-lesser-known V-Vehicle Co. is awaiting word on a federal loan to produce what is basically a mystery car to the public, though the company has said it will get 40 miles per gallon and cost around \$10,000.

There must be some irony in V-Vehicle's federal involvement to the 950 GM workers who are scheduled to hit the street no later than mid-2012 after GM ends production of the Chevrolet Colorado and GMC Canyon pickup trucks.

A year ago, there was hope that GM would produce a new line of vehicles at the Shreveport plant. The optimism evaporated into an eventual closure notice after the government got into the GM bailout business.

The unsuccessful Hummer buyer had pledged to continue building the H3 and H3T pickup truck in Shreveport until June 2011, with a one-year option after that. The state was talking about Hummer being the key to an automotive complex, since Hummer would take up only 25 percent of the plant space. Now, the state is back to square one, though economic development head Stephen Moret says landing an automobile manufacturer is the top priority.

No matter what occurs — other than a last-minute Hummer buyer suddenly appearing — the plant seems headed for at least a period of idleness, which doesn't do the GM workers, once numbering 3,000, or the Shreveport-Bossier City economy much good.

V-Vehicle is hoping to have word on a \$320 million federal loan application by the end of March. The Energy Department is lending money to vehicle makers offering futuristic technologies — the Hummer need not apply — that will reduce gasoline consumption.

V-Vehicle, which eventually plans to employ 1,400 workers, says its car will fill that

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bill. The public, to this stage, has had to take the company's word for that, along with that of state officials who set up a \$67 million taxpayer incentive package for the startup.

The car is still under competitive wraps. That's standard procedure in the industry, but can raise eyebrows of some who still wonder whether the project is for real. Frank Varasano, former Oracle Corp. executive and V-Vehicle CEO, said recently that a prototype is under testing and a marketable product could be in dealer showrooms by the end of 2011.

However, state incentives, for now, have been cut off and V-Vehicle is returning \$6.8 million in incentive money to the state since a March 1 deadline for getting the federal loan passed. Varasano and Moret say they expect a favorable decision by the end of the month.

What happens if the Energy Department rejects the money? Varasano would say only that he expects favorable resolution of the issue — and didn't want to go down the what-if road. The company says it has raised \$86.5 million in private equity, but needs something around \$400 million to get the vehicle into production.

GM has said the Shreveport plant could close sooner, depending upon market demand for its pickup trucks. So, it's possible that about the time the last truck rolls off the line in Shreveport, the first V-Vehicle will be popping out in Monroe into economic times that are almost impossible to predict in terms of jobs and gasoline prices.

The Federal Reserve suggests the United States will have an unemployment rate of 8.2 percent to 8.5 percent by then, certainly not the best of times. But that could boost the appeal of a \$10,000 vehicle, or so V-Vehicle is hoping.

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