

Fiat, Chrysler Aim To Produce 6M Cars By 2014

Colleen Barry, AP Business Writer

FRANKFURT (AP) — Fiat and Chrysler CEO Sergio Marchionne said Tuesday that the combined companies still aim to produce 6 million cars a year by 2014 despite the increased uncertainty in global financial markets.

Speaking on the sidelines of the Frankfurt Auto Show, Marchionne expressed frustration at Europe's spiraling debt crisis, which threatens to engulf Fiat's key market of Italy. It already is sapping consumer confidence with auto sales in Italy forecast at around 1.8 million this year, the lowest level since 1983.

"People don't even know how to buy groceries for the weekend right now, and we are worrying about 2014," Marchionne said with some irony.

"In the absence of a cataclysmic event the answer is yes, that is what we are trying too build," he said, referring to the companies' production goals.

Fiat SpA has a 53.5-percent majority stake in U.S. automaker Chrysler Group LLC and is looking to combine the companies to create a global automaker. The market volatility, however, makes it impossible for the moment to float Chrysler shares on the markets.

"You can't get anything from the markets right now. The market is closed," he said.

Marchionne said Chrysler is nevertheless in a better position than Fiat because U.S. policymakers have done more to stimulate the economy.

The Italian-Canadian CEO said there need to be serious discussions in Europe about promoting growth, and that governments across the continent need to reduce their costs to confront the crisis credibly.

"Anybody who runs a business knows, the only way to maintain a structure when you are under pressure is to reduce costs. ... I am talking about everyone in general. Tighten belts, remove all unnecessary expenditures and try to gear up these places toward growth," Marchionne told the Associated Press.

Despite the weakening market, Fiat premiered the third generation of the Panda city car, the best-selling car in the segment in Europe, at the Frankfurt Auto Show. The car is slightly longer with more trunk space and three passenger seats in the rear, but retains much of the look of the original, which has sold more than 6 million units since its launch in 1980.

Roberto Giolito, Fiat Design director, said they aimed to retain the concept "that people still love, while creating a brand new car."

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

The Panda is being challenged by Volkswagen, which is launching the Up, the latest entry in the market for tiny, fuel-efficient city cars. Volkswagen last year acquired the Italian design house Italdesign Giugiaro, which contributed to the original Panda design in the 1980s.

"The Germans are imitating us in a very awkward manner," Marchionne said.

Marchionne said there was no choice but to go ahead with the new Panda launch.

"It is never the right moment when the market is weak," he said. But if the company had to follow volatile markets "then we close up shop and go home."

Production of the Panda will begin in November at the Pomigliano plant near Naples. But Marchionne has put other investments on hold — including plans to build Alfa Romeo and Jeep SUVs at a plant in Turin — while the crisis sorts itself out.

"Everything is on the table now because this uncertainty makes everyone concerned about what the future looks like," he said.

Marchionne has pledged to invest euro20 billion (\$27 billion) in Italy to double production by 2014.

The Fiat CEO also confirmed talks with Suzuki on supplying engines, but indicated the deal was not yet finalized.

"I think there is a potential deal with Suzuki on engine supply. We are going to continue working with the company. ... anything that works for them and for us, we will do," Marchionne said.

Suzuki Motor Corp. on Monday said it will end its alliance with Volkswagen AG following a nearly two-year marriage, after Volkswagen accused Suzuki of violating the terms of its partnership by deciding to buy diesel engines from rival Fiat SpA.

Source URL (retrieved on 09/22/2014 - 6:30pm):

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