

Fiat Heralds Naples Plant As Best In System

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NAPLES, Italy (AP) — Fiat and Chrysler CEO Sergio Marchionne on Wednesday heralded a modernized car plant south of Naples as the best in the Fiat-Chrysler system and an example of how Italy can emerge from the financial crisis that is threatening to engulf it.

Marchionne was applauded by about 100 workers who temporarily idled production as he strode down the pristine new manufacturing line for the presentation of the new Panda subcompact, which Fiat began producing here last month.

The Pomigliano plant is exemplary for the Italian automaker, which took over Chrysler LLC in 2009. It is the first in Italy to approve more flexible work rules — which will be extended to the rest of Fiat's Italian plants under a new deal signed Tuesday with unions — and was the first to get fresh investments, a total of euro800 million (\$1 billion) to move production of the new Panda from Poland to Italy.

Marchionne has made future investments in Italy contingent on the new work rules that he has insisted are fundamental to creating a car company that can compete globally. He has cited Fiat's inward-looking business model as a main cause of losses in the early 2000s, before he was brought in to turn it around.

But the Italo-Canadian CEO told reporters that future investments in Italy won't be publicized until the time is right.

"All of Fiat's car plants will receive adequate investments. They won't be publicized, but they will be announced when there are the right market conditions," Marchionne said.

Marchionne in the past had pledged to invest euro20 billion (\$26 billion) in Italy from 2010-2104, but he stopped referring to the figure after intense media speculation prompted Italy's stock market regulator to request elaboration.

"There is no car industry in the world that is pressed to give the level of specificity on the investments it plans, not in Germany, not in America and not in Japan. I recently closed a deal with the American union UAW, and no one asked me how many investments it would take," Marchionne said.

He presented Pomigliano as an example of "promises kept" regarding Fiat's commitment to Italy.

The euro20 billion figure to double production in Italy was proffered before the recent financial crisis took the bottom out of car sales in its main Italian market, and Fiat already has indicated some production delays. A new report by Morgan Stanley

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last week said it expected Fiat, excluding Chrysler, to invest less than euro15 billion in the period 2010-2014.

In a sign of Fiat's importance to the Italian economy, where it is the largest private sector employer, Marchionne gave a tour of the plant to Italy's new economic development and labor ministers, who are part of a government of technocrats charged with coming up with austerity measures and reforms to help Italy emerge from the debt crisis.

"We know that the world is watching Italy with worry, and that often it does not like what it sees," Marchionne told workers and journalists. "We know that we are facing a difficult period, but we know that what will make the country take off again is not just the work of politicians."

The philosophy prevails all around the plant, where printed banners insist: "We are what we do."

Marchionne said the 2008 crisis spurred his decision to move production of the Panda from Poland, where it has been built for seven years, back to Italy, even though he said it didn't make the most economic or industrial sense.

"We did it because, within the possible limits and without endangering the position of our company, we believe it is our duty to give precedence to the country where Fiat has its roots," Marchionne said.

The Pomigliano plant, which was idled in 2008 after years of producing Alfa Romeos, restarted production in November with a new, highly automated line dedicated to the Panda. Fiat has brought back 600 of its some 4,500 workers, but Marchionne declined to say how many would eventually be employed here.

The plant is currently producing 100 cars a day, with plans to increase that to 1,050 a day. Fiat expects to build 230,000 Pandas in 2012, in both Italy and Poland, where production will be phased out in the coming months. It will be sold in 40 countries in Europe, South America and Japan.

Fiat has sold 6.4 million Pandas since its launch in 1980, but it faces increased competition in the segment, including from Volkswagen, which this year launched the Up!, and Renault, which updated the Twingo.

The more flexible work contracts, which allow for more shifts a week and greater leeway in demanding overtime, could set a precedent in Italy, where labor agreements are generally set sector by sector, not company by company.

A couple of dozen activists from FIOM, the only union that has refused to sign on, protested outside the plant gates. Inside the workers were upbeat.

"We hope with all of our hearts that everyone will return to work," said Francesco Acunzo, who has been employed by Fiat since 2005. "If we work well, we will have a good future."

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Marchionne's goal is to build a global automaker with Chrysler that by 2014 can build 6 million cars a year, the scale he says is necessary to survive in the highly competitive industry. The two car companies combined this year expect to build 4.2 million cars this year, to make it the fifth-largest automaker in the world.

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