

French President Says Peugeot Plan Is Unacceptable

The Associated Press

PARIS (AP) — President Francois Hollande on Saturday denounced a plan by carmaker PSA Peugeot-Citroen to cut 8,000 jobs as unacceptable, and said it must be renegotiated.

The struggling French carmaker announced the cutbacks Thursday, along with its intention to close a major factory north of Paris. Employees staged a protest the same day, and unions are calling for more.

In his Bastille Day interview on French television, Hollande said the plan was a "shock" for workers, their families and their communities.

He told two interviewers from the major television networks TF1 and France-2 that the "plan is not acceptable as it stands and therefore it will not be accepted."

Hollande, who took office in May, said the government wants an expert to assess Peugeot's finances and make recommendations for the company. He added that the government would soon unveil a plan for the car industry, including incentives to buy French-made cars.

Hollande campaigned for the presidency on a promise to "re-industrialize" France, reinvigorate its manufacturing sector and prevent jobs from going to Asia. Sorting out France's car industry may be his first big test on that front.

Peugeot-Citroen, like its peers, is struggling, warning that it faces a first-half loss of €700 million (\$850 million) this year. The company wants to save €1 billion as it tries to compete in Europe's stagnant car market. It is suffering particularly amid a slump in sales in the recession-hit south of Europe, and saw sales plunge 20 percent in Europe in the first quarter.

But Hollande wouldn't let the wider European economy take all of the blame for Peugeot's troubles. He said the company shares responsibility and criticized its management for holding back the cost-cutting plan until after he took office, saying that the delay amounted to a lie.

During the campaign, French media reported that advisers for then-President Nicolas Sarkozy, who ran against Hollande, were pressing company executives to avoid announcing big layoffs.

Peugeot-Citroen Chairman Philippe Varin acknowledged on Friday that the decision had been made earlier this year. But he said the announcement was put off because the company didn't want it to be an issue during the election campaign.

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