

Fiat To Lay Out Investment Plans In October

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MILAN (AP) — The Italian carmaker Fiat, which controls Chrysler, reiterated Thursday that it will provide details on future investments in Italian plants along with planned products rollouts when it presents its third-quarter results, amid growing domestic concern over the possibility of plant closures.

With the impact of the continent's financial crisis bottoming out sales in Italy, Fiat called it "an imperative that the product plan and related investments are constantly revised and aligned to prevailing market conditions." In April 2010, Fiat said it would invest €20 billion (\$25.8 billion) to double auto production in Italy, but said in the statement that "it is unrealistic to think that a project announced two and a half years ago would remain unchanged."

Sales in Italy, Fiat's main market in Europe, dropped by 20 percent in the first six months of the year, compared with 6.8 percent across the European Union.

Fiat repeated its intentions to outline its plans during its next earnings call on Oct. 30 — previously stated by Fiat and Chrysler CEO Sergio Marchionne during a call with analysts in July and in a meeting with unions in August.

Fiat, Italy's largest employer, said together with U.S. carmaker Chrysler, it has "the right" to make "rational" industrial choices — but said it would do so "remaining conscious of the importance of Italy and Europe."

Fiat plants have been running well below capacity because of the plunge in consumer demand. The Mirafiori plant in Turin will be closed six days in October, idling 5,000 workers.

The head of the Fim-Cisl union in Naples, Giuseppe Terraciano, said Fiat's statement that it can't stick to a 2 ½-year-old project "alarmed" workers at the recently refurbished state-of-the-art Pomigliano plant, where Fiat has transferred production of the new Panda city car from Poland.

"We can't run the risk in Naples of a social revolt caused by the problems that we are experiencing. A social problem is being created with workers who are ready to man the barricades," Terraciano said in a statement. "We need to work to find an adequate situation to restore trust."

Fiat Chairman John Elkann said in an interview with the weekly Panorama news magazine that Fiat expects to finish 2012 with better results than in 2011, when it doubled earnings thanks to strong results at Chrysler.

Elkann defended the decision to delay new car launches in Europe, which has slowed investments.

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"Luckily, we delayed some launches. Our competitors continue to push new products and are suffering a lot. Fiat has always been brought to its knees when consumption decreases. For the first time, this has not happened because we manage investments," Elkann said.

Fiat's partnership with Chrysler, he said, had helped protect it financially from the crisis, noting that while Fiat was losing money in Europe, the partnership was posting earnings in the United States, Brazil and Asia.

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