

Carmakers ask Brussels for US-style loan

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Concern over need to meet CO2 targets

European carmakers yesterday became the latest industry grouping to ask for support as they said they would approach the European Commission about a €40bn loan to develop environmentally-friendly products in response to a move by the US.

Sergio Marchionne, Fiat chief executive and former president of the European carmakers' association (Acea), told the Financial Times on Friday that there was unanimous agreement among manufacturers on the package.

The US Congress last weekend approved a \$25bn low-cost programme, mainly aimed at the big three Detroit manufacturers, to develop green vehicles and engines.

"We will approach the European Commission for a similar idea to the US. €40bn is a good number given the bigger size of the European industry. We need a level playing field," Mr Marchionne said.

The US loan has caused concern among German carmakers such as Volkswagen, which think it could discriminate against foreign manufacturers in the US.

Although the details need to be decided, at present the US loan would apply to factories older than 20 years -ruling out most foreign-owned plants. Stefan Jacoby, head of VW in the US, said the German carmaker was lobbying US authorities.

Other European carmakers - led by France's Renault and Italy's Fiat - favour approaching the European Commission directly.

Carmakers are worried it will be impossible to hit targets for carbon dioxide emissions, which Brussels is planning, because of the current economic difficulties.

"We are on our knees at the moment, so if they want us to invest billions of euros, the Commission has to help us out," one European car executive said.

Carlos Ghosn, chief executive of Renault, said before the Acea agreement that he hoped Europe would follow the US approach.

"Other governments should take inspiration from this. Why only in the US? The European Commission should perhaps do the same."

Mr Marchionne said reducing CO2 emissions was too big a task for support to be given in just one region.

"We need to deal with CO2 as an industry. The Americans want it, and I think we should have it too."

The approach on the car loan mirrors but differs from the debate over the financial bail-out in the US where European banks were initially excluded but then, after protesting, were largely included.

But European banks have made no approach to continental authorities, while regulators believe any problems in Europe are relatively isolated and not systemic.

Many in the industry believe they are in the middle of a big technological change as companies and consumers look for alternatives to the internal combustion engine.

Companies are ploughing billions of euros into electric cars, hybrids and hydrogen-powered cars but argue that if CO2 targets are to be reached, more wide-ranging efforts are needed.

Fonte: Financial Times, London, October 4 e 5 2008, Primeiro Caderno, p. 12.

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