

# Sweden: GM threatens Saab shutdown by year's end

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Following the collapse of the attempted sale of Saab to the Koenigsegg Group at the end of November, General Motors announced December 1 that it will be closing down operations at Saab at the end of the month if no new buyer has emerged.

GM noted that it would continue to pursue the sale of the brand, as officials from Saab and the Swedish government travelled to Detroit to urge the GM board not to announce an immediate shutdown.

GM is confronting growing problems, expressed in the resignation of chief executive Fritz Henderson at the same December 1 meeting. Notwithstanding its exit from bankruptcy in July, which was backed by the Obama administration, GM has been hit in recent months by the failure of a number of deals.

In September the attempt to sell its Saturn division to a group of US financiers fell through, and last month the company performed an about-face with regard to its Opel operations in Europe, deciding to maintain control rather than sell to Magna. Henderson is believed to have backed the Magna deal and, after other disagreements over strategy, he was forced to go. One report suggested that Henderson had called for Saab's immediate closure, a move opposed by the other board members mainly due to the substantial costs involved with the shutdown of an entire unit's operations.

The main candidate in the running to buy Saab is Dutch luxury sports car maker Spyker. The firm has much in common with Koenigsegg Automotive, whose bid to purchase Saab fell through last month. It sold only 40 cars last year at a price of over 200,000 euros each. Employing just over 100 people, Spyker has been a loss-making concern ever since it began trading in 2000, and it is currently in the process of relocating its production centre from the Netherlands to Coventry,

England in a bid to cut costs. An idea of the uncertainty surrounding the automaker is given by the fact that in July its chief executive Victor Muller declared that financing for 2010 was yet to be secured. In spite of this, Spyker's bid is considered the most likely to be successful.

On Monday, an agreement was confirmed between Saab and Beijing Automotive Holding Co. (BAIC) to purchase the intellectual property rights and production equipment for the old Saab 9-5 and 9-3 models. BAIC, who were set to assume a stake in Saab through the Koenigsegg Group before the deal fell through, have been keen to acquire new technology for the development of their own brand of vehicles for the growing Chinese market. The fee for the technology was reportedly around \$200 million, prompting the Swedish Daily *Dagens Industri* to report that Saab could now continue production until the end of the first quarter in 2010.

BAIC made clear that it has no interest in purchasing Saab as a whole, noting that the company's production centre in Trollhättan was not in its plans. GM has also expressed concerns regarding the sale of the whole brand to a Chinese automaker, since this could open the way for a competitor to emerge in one of the world's fastest growing markets.

In an attempt to avoid losing ground to its rivals, GM may also be considering Shanghai Automotive (SAIC), who currently have partnership agreements with GM, as a potential owner of the Saab brand and its remaining platforms after GM has shut it down.

Ira Rennert, a US billionaire who controls the Renco Group, is also said to be interested in acquiring Saab. A brief review of his background is enough to demonstrate that such a purchase would not be in the interests of Saab's thousands of workers. Rennert

heads one of the biggest industrial empires in the US, financing his investments in companies by means of junk bonds. He has previously invested in the auto industry, acquiring some parts of the Delphi auto parts maker, which filed for bankruptcy in 2005.

Analysts have noted that the currently favoured Spyker bid is in fact even weaker than that of Koenigsegg, which from the outset struggled to obtain the necessary financial backing for the takeover. Christian Berggren of Linköping University commented to TT, “When GM chose Koenigsegg, anyone who knew anything about the industry knew that this was a very weak bidder. But GM couldn’t find anything better. As much as possible they want at any cost to put off being liable for the costs of closing the concern. They’re clutching at straws.”

Spyker is relying on Russian financial backing for the potential acquisition of Saab, with investor Vladimir Antonov and his Convers Group controlling a third of the company. Antonov is involved in banking, with the Convers Group controlling Investbank, which was merged with Conversbank last year.

With a carve-up of Saab threatening the loss of thousands of auto jobs, the Swedish government and the trade unions have united to sow illusions in GM and the sale of the whole company. Jöran Hägglund, the state secretary at the enterprise department and the government’s chief negotiator with Saab, travelled to Detroit for the GM board meeting to outline the support which Stockholm would provide to Saab in the future. Sweden’s right-wing government has consistently refused to directly fund Saab in any way, although in October it did announce its willingness to give backing for a €400 million loan from the European Investment Bank (EIB).

Union representative Annette Hellgren stated that the GM announcement had given unions “renewed hope.” Throughout the entire process of attempting to find a new owner for Saab, the unions have offered no perspective for workers to defend their jobs and livelihoods. They consistently promoted the Koenigsegg Group as a safe option for Saab’s future, even as evidence emerged pointing to the deal’s collapse.

Now, with a potential shutdown just weeks away, the unions have nothing to offer Saab workers who want to defend their jobs other than desperate appeals to the

Swedish government to step in.

Enterprise Minister Maud Olofsson made clear that any state support would be dependent upon GM finding a suitable buyer who was prepared to guarantee production in Sweden. She stated, “If we’re to go in with the taxpayers’ money, then the production must be kept in Sweden, and also create jobs in Sweden.”

Workers concerned with the defence of their jobs and livelihoods must reject the illusions being promoted by the unions. Even in the event GM concludes an agreement to sell Saab, most likely to Spyker, the new owner would immediately be compelled to launch massive job-cutting and restructuring measures to return the automaker to profitability. Moreover, given Spyker’s own less than stable financial record, the future of Saab operations under its ownership would be far from guaranteed.

It must also be recognised that the latest bids could fall through, and that, having sold all of its most profitable assets, GM could take the decision in the new year to liquidate the remainder of Saab’s operations including its production facilities in Trollhättan. The shutdown of Saab would threaten at least 10,000 jobs in Sweden, and thousands more at dealerships and suppliers internationally.

The defence of auto jobs requires the unification of workers internationally on the basis of a socialist programme. At the same time as it decides the future of Saab, GM is outlining plans for over 9,000 job cuts at its other European operations in Germany, Poland, Britain, Belgium and Spain. It is with these workers, as well as their colleagues in North America and throughout the world, that Saab workers must fight for the transformation of the auto industry into a publicly owned utility.



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