Swedish automaker Saab nears collapse

Jordan Shilton
30 April 2011

Barely a year after being taken over by Dutch firm Spyker, Swedish automaker Saab is again in danger of shutdown with the loss of thousands of jobs. Production at Saab's Trollhättan factory has been at a standstill for three weeks, and Saab reportedly needs €45 million immediately to meet payments to suppliers.

Saab sales have continued to fall since Spyker's acquisition of the company. Although new CEO Victor Muller set a target of between 50,000 and 60,000 car sales in the first year of Spyker ownership, no more than 30,000 Saab units were sold last year. As he took over the company in January 2010, Muller said that sales of 100,000 cars would be needed to make the concern profitable.

The European Investment Bank (EIB), which helped fund the Spyker takeover to the tune of €400 million last year, announced that its support to the firm would be slashed to just €280 million. With over €200 million of the funds already having been spent, this leaves the carmaker with little capital for operations.

A relatively small firm, Spyker is in no position to offer real support. The high-end automaker makes less than 50 custom-built cars per year, with a workforce of slightly more than 100. Since Muller established the brand in 2000, it has yet to achieve a profitable year.

The proposed solution to Saab's current problems has been to turn to Russian financier Vladimir Antonov to inject new funds. Antonov, who had links with Muller through Spyker, was formally excluded from the initial deal last year. While this was publicly put down to his possible ties to organised crime, another concern on the part of Saab's former owner General Motors (GM) was unwillingness to sell one of its brands to a competitor in the expanding Russian market.

The new proposal would see Antonov invest €50 million in exchange for control of Saab's Trollhättan facilities, which he would then lease back to the company. The deal has been approved by the Swedish government, which agreed to act as a guarantor for Saab's EIB loan last year, but ministers have insisted on waiting for the go-ahead from the EIB before Antonov completes the purchase.

Antonov would stand to benefit significantly at the expense of the workers from a Saab bankruptcy, which would leave him in control of large facilities in Trollhättan that could be sold off or redeveloped. The threat of outsourcing work to cheaper locations would also be used to extract concessions from the work force.

All this is being organised in collaboration with Sweden's right-wing Alliance government. Antonov was in Stockholm on Tuesday for talks with government officials, including the head of Sweden's debt office, which provides the guarantees for Saab's loan from the EIB.

If the deal is finalised, workers at Saab and its suppliers face the immediate threat of redundancy. Auto analyst Lars Holmqvist commented, "This is not a solution. This is just a very short-term thing. It's like putting someone on life-support for one more day."

In the last days, an alternative deal between Spyker and three Chinese companies—Great Wall Motor Co, China Youngman Automobile Group Co. and Jiangsu Yueda Group Co.—was floated. Muller said, "We hope these discussions will result in a solution very shortly so we can resume production," adding, however, "It is too early to speculate" on a capital increase.

Relying on Chinese investors to play Antonov's role would still not make for a going concern, however. Spyker has admitted first-quarter losses of €79.4 million at Saab, before taking interest and tax into account.

Suppliers have revealed that any further delays in resuming production by Saab would lead to lay-offs amongst their staff. Speaking to the TT news agency, Svenake Berglie, from a suppliers association, stated that up to 3,000 workers would be out of work if Saab

© World Socialist Web Site

no longer required supplies from these companies.

Like the government, which agreed to support Saab last year through loan guarantees instead of direct state aid, the chief advocates for Saab's current owners were the trade unions. During GM's year-long negotiations to find a buyer, the unions campaigned on a nationalist platform for Saab's independence to maintain its "distinctive" character.

When the Koenigsegg Group emerged as the first prospective buyer in the summer of 2009, the unions hailed them as a viable option to take over the company. This was in spite of the fact that Koenigsegg manufactured cars on a tiny scale, and that questions over its financial strength were obvious from the beginning.

When Spyker confirmed the purchase of Saab in January 2010, the IF Metall union at Saab's Trollhättan plant led the celebrations. Spyker was described by IF Metall President Paul Akerlund as a "stable owner," which would allow Saab "to be a danger to our competitors." "It feels really great right now, wonderful that it worked out," he continued.

The trade unions, together with the government, consciously worked to facilitate the sale of Saab to a company which offered no viable future for the automaker, and no job security for its more than 3,000 members. Even now the prospect of Antonov taking over Saab's facilities evoked no protest from the unions. Instead, local IF Metall head Hakan Skött praised the government's willingness to back the deal: "It was a decision in the right direction."

The *World Socialist Web Site* warned workers about the dangers of the course being pursued by the unions and the result of a buy-out by Spyker. In an article published on January 15 2010, as GM began winding down operations at Saab, we wrote, "In promoting each new bid as offering a secure and viable future, the unions have repeatedly worked to sow illusions in potential buyers while keeping workers in the dark about the real danger of the closure of Saab. At the same time, they have consistently sought to boost the standing of the right wing Alliance government in Stockholm, which has been held up as being on the side of workers even as it explicitly stated that no state aid to the automaker would be forthcoming."

On 2 February, 2010, after the purchase of Saab by Spyker, we wrote, "Workers can place absolutely no confidence in Saab's new owners or the trade unions for the protection of their jobs. The outcome of over a year of negotiations over the sale of Saab demonstrates clearly the need for workers to break with the nationalist, pro-employer unions and advance an independent alternative based on the socialist mobilisation of the working class."

This task is presented with even greater urgency today than it was a year ago, as workers face the shutdown of the company and the destruction of their jobs.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site