Former owner GM blocks Saab takeover

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The future of Swedish automaker Saab remains undecided following a decision by former owner General Motors to block a proposed takeover by two Chinese firms. The move has tentatively prevented a full sale of Saab to Pang Da and Youngman.

GM took the step after it was announced that Saab's current owner, Swedish Automobile, was willing to sell 100 percent of its holdings to the Chinese companies. Pang Da and Youngman had made this a condition for their investment, rejecting a previous plan to take only 53 percent of shares. A November 15 deadline was set for the deal to be finalised, but there has been no news of an agreement.

The deal announced at the beginning of November would have seen Pang Da and Youngman assume a 60 percent and 40 percent stake in Saab respectively. Both companies agreed to pay a sum of €100 million for the purchase, a quarter of Saab's value 18 months earlier when its present owner bought it from GM.

Although Swedish Automobile, led by CEO Victor Muller, initially appeared opposed to full Chinese ownership, this position was reversed when it became clear no financing would be forthcoming without such an agreement.

GM's response was to threaten to cancel Saab's intellectual property licenses, which allows it to access GM technology, if the sale went through. The US automaker is concerned that the ability to make use of its designs would allow the Chinese companies to compete with them in what is now GM's fastest growing market globally.

Pang Da currently controls several hundred distribution centres across China and Youngman manufactures buses and trucks mainly for the domestic market. GM is conscious of the threat posed to its operations in China by such a distribution network with access to improved technology.

China is increasingly becoming one of the most important markets for GM and other major automakers. As sales stagnate in America and Europe as a consequence of the world economic crisis, China is one of the few areas with potential for large growth. In 2008, China rose to second place globally in the number of cars it manufactures, behind Japan. Analysts predict that the market could expand tenfold by 2030 and GM, the largest overseas manufacturer in the Chinese market, has forecast a sales increase of 10 percent next year alone.

US and European manufacturers, however, are facing a growing challenge in China from domestic automakers. According to the *Financial Times*, some Chinese firms have seen production grow rapidly. Exports grew by 80 percent at the state-owned company Chery this year, and the firm has plans for a multimillion-dollar development in Brazil. Competition is also being intensified by fears that the global economic crisis will hit car sales in China next year.

Although the exports of China's auto industry are still concentrated in underdeveloped countries, Fiat and Chrysler CEO Sergio Marchionne warned at an industry conference in August, "Even assuming China were to export only 10 percent of what it produces, the risk we face in our home markets is enormous."

Having produced more than 10 million units for the first time in 2009, domestic manufacturing in China could top 40 million cars in the coming years, observers are predicting.

Ford took this into consideration when selling its Swedish brand Volvo to Chinese automaker Geely last year. The Detroit-based automaker ensured that Volvo no longer had licenses to its intellectual property rights before completing the deal. A previous deal to buy Saab when it was still owned by GM collapsed over the same issue. When the Koenigsegg group sought Chinese backing to purchase Saab in late 2009, GM scuttled the proposed takeover, above all because of the danger of losing technology to Beijing Automotive (BAIC), a possible competitor in the Chinese market.

The intervening two years have only intensified GM's determination to maintain its market share. This will involve the elimination of several thousand jobs in the Swedish auto industry, together with thousands more at suppliers and dealerships internationally if Saab should fail.

Such an outcome appears increasingly probable. Unless an alternative deal can be presented which assuages GM's concerns, Saab will face the prospect of exiting its three months of bankruptcy protection next month with no funding secured for its survival. Moves by suppliers and employees to have the firm declared bankrupt would then be reactivated.

Even if an agreement is reached, it will do little or nothing for the livelihoods of the more than 3,500 workers directly employed by Saab, or those employed at related industries and firms that depend on Saab.

The plans drawn up by Swedish Automobile and the Chinese investors to make Saab a profitable concern involve the immediate slashing of 500 jobs in Trollhättan. Although rhetorical commitments have been given to keep production facilities open in Sweden, it is clear a full Chinese takeover would lead in the mid- to long-term to the full transfer of manufacturing to China, where cars can be built for a fraction of the cost when compared with Sweden.

In either case, it will be the workers who lose out. Preventing this requires the intervention of workers fighting for their independent class interests on the basis of a socialist programme. Such a struggle must be waged in opposition to the trade union bureaucracy, which has at every point sought to subordinate the workforce to the company and various prospective owners.

Confronted with the imminent threat of bankruptcy, these organisations have not called for a single protest or action. Instead of the claim of the unions that workers must place their fate in the hands of each new owner, Saab workers must seek to align their struggle with auto workers internationally to fight for the socialisation of the auto industry as part of a broader restructuring of political and economic life directed towards meeting the needs of the population, not private profit.