

SHOWROOM

JOURNAL

German official: GM still wants to sell Opel

BERLIN - A German government official says General Motors Co.'s negotiator has made clear during a meeting with federal and state officials that the automaker is still interested in selling its European Opel unit.

The government official says that new management at GM has been requiring more information on the pair of offers, therefore delaying a decision.

GM negotiator John Smith was in Berlin Tuesday to discuss offers from Canadian auto parts maker Magna International Inc. and Russian state-owned bank Sberbank over an offer from Brussels-based investor RHJ International SA to take over Opel.

Rumors had swirled recently that GM was eager to hold on to the unit.

John Smith met with the German government's Opel Task Force at the Economy Ministry as the two sides grappled with differences over which of two suitors' offers was better.

The German government favors an offer from Canadian auto parts maker Magna International Inc. and Russian state-owned bank Sberbank over an offer from Brussels-based investor RHJ International SA, because fewer jobs are at risk under Magna's offer.

Opel employs about 25,000 people in Germany, about half of GM Europe's total work force. German politicians have been keen to safeguard jobs ahead of elections in September. The government is a key player in the negotiations because it is offering financial help to make a deal possible, including the euro4.5 billion (\$6.5 billion) credit sought for the Magna bid to avoid lengthy negotiations with other European countries that have Opel facilities.

Opel workers also largely backed Magna's plan and voiced intentions to pool funds to buy a stake in an independent company.

However, GM's new board last Friday balked at picking a bidder

because it reportedly has fears about GM's global small and midsize car technologies being used by Russian automaker OAO GAZ to update its vehicles and compete with Chevrolet. GAZ has ties to Magna and Sberbank and is likely to benefit from the deal.

Magna and GM's management reached an agreement in principle on control of the patents, as well as several other unresolved issues, and Magna submitted a new bid several weeks ago, said another person briefed on the talks. But the GM board on Friday essentially rejected the deal, the person said.

The board refused to make a recommendation on either bid due to concerns about Opel technology and financial issues that had GM paying too much for Opel expenses, said another person briefed on the talks. Neither wanted to be identified because the negotiations are private.

Also, the German government offered aid only for the Magna proposal, according to these sources.

Meanwhile, media reports Tuesday widely contradicted one another, quoting unidentified people close to the situation on both sides, saying both that GM was interested in finding a way to keep Opel for itself and also that GM didn't have an interest in keeping Opel.

GM is still trying to work on the Magna or RHJ deals but would consider keeping Opel if they fall through, a person briefed on the talks told the AP.

GM would rather sell controlling interest in the money-losing operation as long as it can protect Opel's patents and other intellectual property from being used by a competitor, said the person, who asked not to be identified because the talks are private.

Under an arrangement formed earlier this year to keep Opel out of GM's filing for bankruptcy protection, 65 percent of the car-maker has since the beginning of June been formally under the

care of a trustee, with GM holding the remaining 35 percent.

Fred Irwin, head of the trusteeship, told Deutschlandradio Kultur on Tuesday that GM still wanted to sell Opel.

In other developments, workers at Opel retracted their offer to sacrifice vacation pay to help the struggling automaker in protest at GM's indecision over the company's fate.

Franco Biagiotti, the workers' council chief at Opel's Bochum plant told the AP that union members were upset over GM's hesitation as well as the reports that it may want to keep the company to itself.

Biagiotti said workers at Opel's Ruesselsheim, Kaiserslautern and Eisenach plants had taken back the offer to give up vacation pay which could have saved GM millions of dollars.

The Bochum plant was not involved in the offer from the outset, Biagiotti said. (AP)



In this Dec. 3, 2008 file photo, workers are seen at the assembly line of the Opel Insignia car at the Opel plant in Ruesselsheim, central Germany. General Motors' new board may yet sell its money-losing European Opel unit to a group led by Canadian auto parts maker Magna International, but it still needs guarantees that Opel technology won't be used in Russia to compete against GM's Chevrolet, according to a person briefed on the sale talks. AP Photo/Daniel Roland

Cash for Clunkers generates 700K new car sales

WASHINGTON - Cash for Clunkers generated nearly 700,000 new car sales and ended under its \$3 billion budget, the Transportation Department said Wednesday.

Releasing final data, the government said dealers submitted 690,114 vouchers totaling \$2.88 billion. New car sales through the program ended late Monday and dealers were allowed to submit paperwork to the government until late Tuesday.

Japanese automakers Toyota, Honda and Nissan accounted for 41 percent of the new vehicle sales, outpacing Detroit automakers General Motors, Ford and Chrysler, which had a share of nearly 39 percent. Toyota Motor Corp. led the industry with 19.4 percent of new sales, followed by General Motors Co. with 17.6 percent and Ford Motor Co. with 14.4 percent.

The Toyota Corolla was the most popular new vehicle purchased under the program, followed by the Honda Civic, Toyota Camry and Ford Focus.

Transportation Secretary Ray LaHood said U.S. consumers and workers were "the clear winners" under the program. "Manufacturing plants have added shifts and recalled workers. Moribund showrooms were brought back to life and consumers bought fuel-efficient cars that will save them money and improve the environment," he said.

The White House Council of Economic Advisers said the program will boost economic growth in the third quarter by 0.3 to 0.4 percentage points because of the increased auto sales in July and August. An estimated 42,000 jobs will be created or saved during the second half of the year, the White House said.

The program, which began in late July, offered consumers rebates of \$3,500 or \$4,500 off the price of a new vehicle in return for trading in their older,

less fuel-efficient vehicles. The trade-in vehicles needed to get 18 miles per gallon or less and were then scrapped.

It proved far more popular than lawmakers originally thought. Congress was forced to add another \$2 billion to the original \$1 billion budget when the first pot of money nearly ran out in a week. The extra money was supposed to last through Labor Day, but in the end, Cash for Clunkers ran only about a month.

Dealers loved the new sales, but reported major hassles trying to get the government to repay them for the rebates they gave customers. The government extended the deadline for them to file deals, but many still haven't received their money.

Peter Kitzmiller, president of the Maryland Automobile Dealers Association, said most dealers appeared to get their paperwork in by the Tuesday night deadline. He expressed hope the pace of repayments would pick up now that government officials are working through the backlog.

The Transportation Department said Wednesday that 2,000 people are processing dealer applications, but Kitzmiller said the rate of repayment hasn't increased. "I'm a little concerned that we haven't seen any improvement," he said.

The government said 84 percent of the trade-ins were trucks and 59 percent of the new vehicles were passenger cars. New vehicles bought through Cash for Clunkers had an average fuel-efficiency of 24.9 miles per gallon, compared with an average of 15.8 mpg for trade-ins, a 58 percent improvement.

American companies accounted for all the top-10 traded-in vehicles. The Ford Explorer four-wheel-drive was the most popular, followed by the Ford F-150 Pickup two-wheel-drive, the Jeep Grand Cherokee four-wheel-drive and Ford Explorer two-wheel-drive. (AP)

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