

Sweden's Saab reaches end of the road

Written by AFP / The Swedish Wire

Tuesday, 20 December 2011 01:51 - Last Updated Tuesday, 20 December 2011 01:53



Saab Automobile filed for bankruptcy on Monday, bringing to an end two years of efforts to rescue the iconic brand which has been the hallmark of Swedish cars for six decades.

The final desperate attempts to raise funds in China were frustrated by Saab's former owner General Motors which still holds key licences.

Saab's owner Swedish Automobile said in a statement that "the company without further funding will be insolvent and that filing bankruptcy is in the best interests of its creditors.

The court approved the filing several hours later and appointed receivers for Saab Automobile.

Swedish Automobile's charismatic chief executive Victor Muller had been due in court on Monday to determine whether to lift or extend the three-month bankruptcy protection Saab had been placed under while it was attempting to negotiate a rescue deal.

Muller had struggled to clinch an agreement in recent months with two Chinese groups, carmaker Youngman and car distribution company Pang Da.

But GM repeatedly said it would refuse to agree to the necessary technology licence transfers to the Chinese firms and Pang Da pulled out of the negotiations a few weeks ago.

GM owns the rights to Saab's models 9-3, 9-5 and 9-4X.

As recently as this weekend, GM reiterated its opposition to any deal with a Chinese suitor, a

Sweden's Saab reaches end of the road

Written by AFP / The Swedish Wire

Tuesday, 20 December 2011 01:51 - Last Updated Tuesday, 20 December 2011 01:53

statement seen as the death knell for Saab.

"Each proposal results either directly or indirectly in the transfer of control and/or ownership of the company in a manner that would be detrimental to GM and its shareholders. As such, GM cannot support any of these proposed alternatives," GM spokesman James Cain said.

Swedish Automobile said Youngman pulled out following Cain's remarks.

"In the end, the complete lack of cooperation from GM was a big problem," Muller told a press conference at Saab's main plant in Trollhaettan, Sweden, adding that he had lost some 13 million euros of his own money in Saab.

He said, however "there are parties out there that have expressed an interest in Saab.

"Although this may seem like the end, it may not necessarily be so. There could be a new beginning, a possibility for Saab to rise like a phoenix out of the ashes," he added.

The attempts to sell Saab to Chinese partners were seen as the last chance of saving the carmaker, which was already on the brink of bankruptcy when GM sold it to Swedish Automobile -- at the time called Spyker -- in early 2010 for \$400 million (308 million euros).

It has been a rocky road since then.

Saab -- which began life in 1937 as an aircraft manufacturer, something which became evident in the aerodynamic, sporty shape of its first concept car designs -- was forced to halt production in April as suppliers stopped deliveries over mountains of unpaid bills.

Its funds ultimately ran out and Saab's 3,700 employees did not receive their November

Sweden's Saab reaches end of the road

Written by AFP / The Swedish Wire

Tuesday, 20 December 2011 01:51 - Last Updated Tuesday, 20 December 2011 01:53

paychecks.

Employees and union officials were dejected after Monday's news.

"It's so sad," Ulf Drufva, who has worked at the Trollhaettan plant for 39 years, told Swedish news agency TT.

He said GM's blocking of the Chinese deal was "strange."

"It's as if GM sees Saab as a threat. And I can't understand that, as small as we are."

The head of the IF Metall union, Stefan Lofven, said bankruptcy was a tragedy for the employees and voiced hope that a buyer would save Saab intact.

"A scenario where the company is divided up is much worse and a lot more jobs risk being lost," he told TT.

The head of Trollhaettan city council, Paul Aakerlund, who was formerly the head union representative of Saab's branch of IF Metall, said there was still hope for the town's carmaking future.

"I know there are parties who want to buy all of Saab and run the business in Trollhaettan."

Others were less optimistic.

"I would be very surprised if anyone wanted to take over Saab," Lars Holmqvist, the chief

Sweden's Saab reaches end of the road

Written by AFP / The Swedish Wire

Tuesday, 20 December 2011 01:51 - Last Updated Tuesday, 20 December 2011 01:53

executive of the European Association of Automotive Suppliers, told TT.