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Volvo Cars will ask Belgian authorities for guarantees on a European Investment Bank loan after Sweden broke off talks earlier this month, chief executive Stephen Odell said in an interview on Thursday.

The Swedish carmaker, owned by US giant Ford, had been in discussions with Stockholm to act as guarantor for 200-million-euro (266-million-dollar) loan from the EIB.

Volvo Cars has a factory in Ghent in Belgium's Flanders region and Odell said that the company would now ask Belgian authorities to back their application, while hinting that the result of those talks could influence where new models were built.

"It is clear that a loan guarantee from Belgium could affect our future decisions on the location of production and product development," he told the Swedish business daily Dagens Industri.

"I cannot allow Volvo Cars to be at a disadvantage against competitors which have the backing of their governments...I must do something," Odell said.

"The opportunities in Belgium are greater in the short term. They also have a more flexible system that increases capacity to retain more employees," he added.

However, the chief executive stressed the company had no plans to close its factory in Torslanda, just outside Gothenburg in southwestern Sweden

"Volvo's DNA is found in Sweden," Odell was quoted as saying.

Volvo Cars looks to Belgium for guarantees

Written by AFP / The Swedish Wire

Thursday, 14 May 2009 18:58 - Last Updated Saturday, 16 May 2009 20:37

On March 12, the European Investment Bank granted 3.0 billion euros in loans to a number of European carmakers, 200 million euros of which was earmarked for Volvo Cars.

But the securing of those loans was dependent on the Swedish government agreeing to act as a guarantor, leading the company to intensify discussions with regional and national authorities in Belgium.

Volvo Cars spokeswoman Maria Bohlin told AFP initial talks had been held with Belgian officials earlier this year.

Volvo Cars has been a separate company from the Volvo Group, the truckmaker, since it was acquired by Ford in 1999 for 6.45 billion dollars.