

Winning with railways

It may be a good way to triumph in Monopoly, but after Buffett's big buy, investors should be wary

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SECTION B THURSDAY, NOVEMBER 5, 2009

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Report on Business

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AUTO MAKING » OPEL SALE

'Totally unacceptable.'
Rainer Bruederle, Germany's Economy Minister, denouncing GM's behaviour after the U.S. auto maker announced it would abandon the Opel sale.

'I have serious concerns about the future of the company and its jobs.'
Roland Koch, Prime Minister of Opel's home state in Germany

'The GM board decision is surprising.'
Spokesman for Russian Prime Minister Vladimir Putin



GM IGNITES OPEL STORM

BY ERIC REGULY ROME

The knives are out for **General Motors**.

Fury erupted across Europe as government and union officials who spent months immersed in negotiations over the survival of Opel lashed out at GM for suddenly ending plans to give control to Magna International Inc. and Russia's Sberbank.

GM's board decision late Tuesday to retain ownership of Opel put an end to a battle be-

tween corporate interests, leaders of major European countries, and workers at Opel's far-flung operations to shape the auto maker's restructuring and preserve its economic benefits.

Officials in both Berlin and Moscow, which both have big stakes in the outcome, denounced GM for deciding to keep Opel in its fold. Germany demanded repayment of a €1.5-billion (\$2.4-billion) bridge loan, while union leaders planned strikes today and

tomorrow.

The government of German Chancellor Angela Merkel, which had enthusiastically endorsed the takeover by Magna and Russian partner Sberbank, lashed out. Rainer Bruederle, the Economy Minister in the new German government, yesterday called GM's behaviour "totally unacceptable" and demanded repayment of the loan given to GM to keep Opel alive while a restructuring plan was put in motion.

» SEE 'OPEL' PAGE 4

An Opel plant in the central German city of Ruesselsheim. The Economy Minister demanded repayment of the loan given to GM to keep Opel alive while a restructuring plan was put in motion.

MARTIN OESER/AFP/GETTY

» RESTRUCTURING

Chrysler pledges to repay Ottawa

Auto maker says it will pay back government bailouts within five years

BY GREG KEENAN
AUTO INDUSTRY REPORTER,
AUBURN HILLS, MICH.

A flood of new models and co-operation with partner Fiat SpA will drive **Chrysler Group LLC** to break even in 2011 and repay its U.S. and Canadian government loans by 2014, Chrysler executives vow.

"The fate of the Fiat car business and Chrysler are now inextricably intertwined," Fiat and Chrysler chief executive officer Sergio Marchionne told an audience that included analysts, suppliers, key union leaders, media and the great-grandson of Walter Chrysler, who founded the company in 1925. "It is an ideal combination," Mr. Marchionne said.

The return to profits after a trip through U.S. bankruptcy court is based on an ambitious plan to nearly triple sales of Chrysler vehicles around the world by 2014 to more than 2.8 million. Chrysler sold a little more than one million vehicles in 2009.

Meeting those sales projections would require a recovery of the U.S. automotive market and Chrysler boosting its share of vehicle sales there. "We do need to reacquire some of the market share we lost in the past," Mr. Marchionne said yesterday as he wrapped up a six-hour presentation by senior executives in the design dome at the company's headquarters in suburban Detroit.

To achieve that leap in sales, Chrysler is refreshing and re-designing 75 per cent of its portfolio by the end of 2010 and the entire lineup by 2012 at a cost of \$23-billion (U.S.).

» SEE 'CHRYSLER' PAGE 4

THE MARKETING PITCH

'What's missing with Chrysler is this clarity of what makes each of their brands different. What is this essence, how do they communicate it ... and how do they deliver it? They need to nail this before making more empty advertising promises.'

—Greg de Koker of Instinct Brand Equity, a Toronto-based brand coaching firm

CHRYSLER'S NEW TAGS



JEEP: I live, I ride, I am, Jeep



RAM: My name is Ram



DODGE: Soul by Design

TRADE

Where buyers and sellers meet, China offers signs of hope

BY CAROLYNNE WHEELER GUANGZHOU

In 20 years of travelling to China to do business, Hasan Ipek has learned to take the historic halls of the Canton Fair as a barometer for the country's economy.

This spring, when the sports-equipment dealer travelled from his native Istanbul to Guangzhou to place his bi-annual order at China's largest trade fair, he had never seen the aisles so empty. As the economic crisis gripped the world, China's exports plummeted as much as 25 per cent in February alone from the year earlier.

This fall, however, some life has returned to the Canton Fair — just as it has in China's export industry as a whole. Organizers of the 106th Import-Export Fair — better known as the Canton Fair after the former name of this historic southern port city — said the number of purchasers early this week jumped an encouraging 13 per cent to 182,642 from the spring fair and 7 per cent over last year's autumn fair.

"In May there were very few people. Now is so-so. I think people were afraid of the economic crisis effects, so they stopped coming," Mr. Ipek said

through his daughter and assistant, Ebru, after signing \$3-million (U.S.) in contracts for treadmills and other fitness equipment.

China's export machine is still running several gears below the furious pace set during the boom before the economic crisis set in last year. But China is leading the world out of recession, with growth expected to top 8 per cent this year.

It is by no means a full recovery, but in a quarterly analysis released yesterday, World Bank economists credited China with leading economic recovery in East Asia.

» SEE 'CHINA' PAGE 6

INSIDE



Intel Corp., the world's largest computer chip maker, faces new charges that it used illegal threats and kickbacks to dominate the market. The lawsuit filed by New York's attorney-general includes revealing corporate e-mails.

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ENERGY

Pipeline toll hike a blow to hard-hit gas producers

BY NATHAN VANDERKLIPPE CALGARY

The dramatic decline in Alberta's natural gas production has created another problem for the hard-hit sector: a surge in pipeline costs.

TransCanada Corp., which moves most of the province's gas, is warning that its transportation tolls will rise by nearly 50 per cent on its Canadian mainline system next year as it works to maintain profitability in the face of dwindling natural gas production. Based on current prices, the increase will eat away about 10 per cent of revenues for companies who transport

gas out of Alberta to Eastern Canada.

The higher costs come as the latest in a long series of punches to the bottom line for Alberta's suffering gas sector. Production in the province fell by about 6 per cent last year, due to the freefall in gas prices, the emergence of new competition in U.S. shale gas reservoirs and changes to Alberta's royalty regime.

"We can only take so many hits," said Darren Gee, chief executive officer of Peyto Energy Trust, which is focused solely on the production of natural gas and natural gas liquids.

» SEE 'TRANSCANADA' PAGE 8

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