

Italy to guarantee 6.3-bn-euro loan for Fiat Chrysler

June 24 2020



The request for Italian state support on such a large loan has proved controversial, particularly as the Fiat Chrysler's corporate headquarters are in Amsterdam

Italy's government said on Wednesday it would guarantee a 6.3-billion-euro (\$7.1 billion) loan to Fiat Chrysler, as the automaker struggles with

the impact of the coronavirus pandemic.

The loan, which reportedly includes conditions not to relocate or cut jobs as the firm merges with French rival PSA, is "an operation that aims to preserve and reinforce the Italian auto industry", Economy Minister Roberto Gualtieri said in a statement.

He said the loan from the Intesa Sanpaolo bank, which will benefit from an 80 percent state guarantee, would also help launch "investments, innovation and employment in a strategic sector for the economic and industrial future of the country".

The request for state support on such a large loan has proved controversial, particularly as the company's corporate headquarters are in Amsterdam.

However, FCA—which directly employs close to 55,000 people in Italy—said in a statement that all of the money would be spent on its Italian operations.

"This is an example of Italy coming together to safeguard a vital industrial ecosystem," said company official Pietro Gorlier.

He added that the loan was essential to help the whole industry kickstart Italy's economy following a punishing lockdown and wider crisis triggered by the pandemic.

Gualtieri said the government would check that Fiat kept its promises, without specifying what those promises were.

According to Italian media, the company has pledged not to cut or transfer jobs before 2023.

The Italian-US carmaker, which also includes the Jeep, Maserati, Alfa Romeo, Dodge and Ram brands, is trying to merge with PSA of France, which holds the Peugeot, Citroen, DS, Opel and Vauxhall marques, to become the world's fourth-largest automaker.

EU regulators are looking into the impact of the merger on competition for vans, which could delay the merger.

© 2020 AFP

Citation: Italy to guarantee 6.3-bn-euro loan for Fiat Chrysler (2020, June 24) retrieved 28 April 2024 from <https://techxplore.com/news/2020-06-italy-bn-euro-fiat-chrysler-loan.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--