

BMW and Peugeot team up in hybrids

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French automaker PSA Peugeot Citroen Chairman Philippe Varin (right) and German car maker BMW's CEO Norbert Reithofer address a news conference to announce a joint-venture for the development of a hybrid car in Geneva. The firms said they would invest 100 million euros (\$138 million) in a joint venture to develop hybrid vehicle technology.

The German luxury carmaker BMW and PSA Peugeot Citroen of France announced Monday they would invest 100 million euros (\$138 million) in a joint venture to develop hybrid vehicle technology.

The 100 million euro investment is "just to start" said Philippe Varin, Chairman PSA Peugeot Citroen's management board, at a press conference on the eve of the Geneva motor show.

"It will be a key move for creating an European leader in hybrid technologies, it will be also a key move for creating European standards for the industry," he said.

The companies have already collaborated for over a decade in developing engines.

BMW Peugeot Citroen Electrification, in which the two companies will hold equal stakes, will conduct research and development work outside of BMW's home base Munich, Germany, while production will be in Mulhouse, France.

Most of the 400 initial employees to be based in the Munich area will come from the two companies, but new jobs are expected to be created in Mulhouse when the site begins operations in 2014.

"BMW Group and PSA share the same vision of the importance of hybridisation in the future," BMW Management Board Chairman Norbert Reithofer said in a statement.

"The joint venture will enable us act more strategically and with a single, shared approach. For us, joining forces also means significant economies of scale, shared development costs, using standardised components and a faster development process."

The German luxury carmaker BMW unveiled earlier this month its long-awaited new brand, BMW i, with two new models to be equipped with electric and hybrid drive systems from 2013.

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