

China biomass tycoon leads deal to buy Saab

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(AP) — The Asian consortium planning to rescue Swedish automaker Saab Automobile from insolvency is led by a mainland Chinese alternative energy tycoon whose company has close ties with China's State Grid electricity utility.

Being linked to the acquisition of Saab's car making assets could help bring the huge, state-owned utility a step closer toward its long-sought goal of breaking into the electric vehicle market.

"It's logical if they want to move into that market," said Yale Zhang, managing director of the independent consultancy AutoForesight in Shanghai.

State Grid is the main driver behind installing the charging stations and other infrastructure required to support electric vehicles. It has experimented with electric buses but lacks automotive technology.

With a brand name, "If they want to build a higher-end EV, it would be easier to penetrate the European, American, even the Chinese market," said Zhang.

Kai Johan Jiang, the alternative energy tycoon, was born in rural eastern China, went to school in Sweden and once worked for Volvo Trucks, according to his company's website.

Most of his career has been in the energy sector. His company, National Bio-Energy Group, specializes in building and running power plants

fueled by farm waste, such as straw and corn stalks. It has partnered in research on biomass energy with State Grid, whose logo is front-and-center on the Bio-Energy Group website.

National Bio-Energy Group also has cooperated with Sweden in biomass research.

Another of Jiang's companies, National Modern Energy Holdings, holds a 51 percent stake in National Electric Vehicle Sweden AB, the company set up to buy Saab's main assets. Sun Investment LLC, said to be a Japanese company, holds the remaining 49 percent.

Saab's buyers say they plan to meld Swedish car design and manufacturing know-how with Japanese electric vehicle technology to promote premium electric vehicles in China — a goal that has so far proven elusive.

Jiang and others did not disclose the price tag in announcing their purchase Wednesday of the Saab assets, which include the main parts of its auto manufacturing division.

"Chinese customers demand a premium electric vehicle, which we will be able to offer by acquiring Saab," Jiang told reporters at a news conference at Saab's manufacturing plant in Trollhattan, Sweden.

Perhaps, analysts say.

But buying a car factory will not guarantee success in actually making and selling premium electric vehicles, whether in China or elsewhere.

China's economic planners have made development of electric vehicles a top economic priority, driven both by the need to reduce smog and also to curb soaring dependence on imported crude oil.

But so far the market has failed to take off. Providing subsidies at the local level has only helped boost electric vehicle development in a couple of cities where local car manufacturers have relatively strong EV production, says Zhang.

Jiang and his partners have tapped a former executive of Volvo Trucks, Karl-Erling Trogen, to head their consortium, which says it is already hiring staff to begin product development.

Saab, which has more than 3,000 workers, filed for bankruptcy in December last year after its previous owner, the Dutch luxury car group Spyker — later named Swedish Automobile — failed to get sufficient backing for the brand.

Helping perhaps to minimize friction over intellectual property concerns, the carmaker's Saab Parts unit was not included in the agreement. IP rights for the Saab 9-5 car model, owned by the brand's former owner General Motors Corp., were also excluded.

Though Saab is not especially known for its prowess in [electric vehicles](#), it will likely provide a platform for a prototype that State Grid could use to gain better cooperation with mainstream auto manufacturers, said Bill Russo, president of the consultancy Synergistics Ltd. Such companies have not been willing to take State Grid's lead in pushing ahead with new products.

"You wouldn't buy Saab for its EVs. It's about the ability of a power systems company to commercialize EV technology," Russo said.

"Will this lead to a high volume car business? Definitely not anytime soon," he said.

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