

Chrysler and Fiat in joint venture talks

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Chrysler and Fiat are in talks about creating a joint venture that would give the Italian carmaker a significant stake in Chrysler, several people close to the matter said on Monday.

One person involved in the talks said the companies had signed a memorandum of understanding on a deal to give [Fiat](#) a 35 per cent stake in Chrysler and an option to buy a majority of the company. The person said the deal could be announced within days.

But other people close to the matter said terms of the deal were still being negotiated. Fiat declined to comment. Chrysler said it would “not confirm or disclose the nature of its private business meetings”.

Shares in Fiat were suspended on Tuesday pending a statement from the company, the stock exchange in Milan said.

Under the proposal being considered, Fiat would help to finance the retooling of some Chrysler factories so they could manufacture Fiat cars and components and give Chrysler access to its technology. Fiat would not inject any cash into Chrysler.

The federal government gave Chrysler – smallest of the Big Three carmakers – a \$4bn emergency loan this month to avert a collapse of the company.

As part of the bail-out – through which the government also promised General Motors \$13.4bn – both US companies must restructure their operations and prove their viability by March 31. Fiat, which has been looking for partners in North America, has also held talks with Ford about a tie-up.

A Chrysler-Fiat link would be similar to the venture between Japan’s Nissan and France’s [Renault](#), which have built vehicle assembly plants together.

A Chrysler-Fiat combination would have a strong presence in North and South America and in Europe. Chrysler lost much of its capability in Europe when its unsuccessful merger with Germany’s Daimler fell apart.