

Table 7. 2: Examples of crises and bankruptcies in the global car industry since 1945

Year	Firm	Reasons for the bankruptcy or near-bankruptcy
1949-50	Toyota	Reduced credit and recession lead to drastic reduction in demand. Toyota is forced into using redundancies to downsize. Manufacturing and Sales companies are split, and remain so until 1982. Toyota returned to profitability as the Japanese market picked up again, and did not post an operating loss again until 2009.
1958-59	BMW	In 1958 BMW's losses meant that it only narrowly avoided a take-over by Daimler-Benz. Capital for new products was provided by Herbert Quandt. The new 1600, 1800 2000 series BMW models launched in 1961, and became a commercial success.
1975	BLMC	The failing national car champion was nationalised after a series of loss-marking years. Cash injection for 'product-led recovery'.
1979-80	Chrysler	In 1979, Chrysler ran out of cash and was forced to turn to the US government for support. A \$3.6 billion aid package was provided. The funds supported the development of the K-car.
1992	Volkswagen	Following Carl Hahn's expansion strategy in the late 1980s, the recession of 1990 left VW 'two weeks away from bankruptcy'. New CEO, reduction in headcount, cuts in prices to suppliers, consolidation of product development, cost reduction.
1997	Kia	In 1997, Kia was pushed into bankruptcy protection due to its large debt. It faced production overcapacity and the Asian financial crisis provided a trigger. Hyundai's acquisition of Kia Motors in 1998 marked the beginning of the company's turnaround. A wide-ranging restructuring program led to the closure or sale of under-performing affiliates.
1999	Nissan	Nissan made losses every year from 1993, apart from 1997. With poor sales in key markets, Nissan's corporate debt spiralled and by 1999 Nissan was struggling to raise more capital. Merger discussions took place with Ford and DaimlerChrysler, until Nissan entered an alliance with Renault in 1999.
2001-04	Fiat	Fiat was loss-making from 2001-2004, losing €-4.8bn pre-tax in 2002 alone. It recapitalised in 2003, and in 2005 GM paid in US\$2bn to exit from a planned merger between the two firms.
2005	MG Rover	MG Rover ran out of cash as sales declined and no partner could be found. The firm was liquidated and the remaining assets auctioned off to Nanjing Automotive.
2008-10	GM	The global financial crisis of 2007-8 causes sales of autos to fall dramatically, particularly in the US market. GM loses US\$30.9bn in 2008, and turns to the US Government for aid. It seeks Chapter 11 bankruptcy protection by June 2009. The US government provides US\$51bn in funds, which GM repays by April 2010.
2008-11	Chrysler	Chrysler, then owned by Cerberus a private equity house, runs out of cash and turns to the US Government for aid. It enters Chapter 11 in April 2009, and receives a total US\$ 12.5bn in government funds, conditional on a partnership with Fiat.
2009-11	Saab	As part of its global restructuring under Chapter 11, GM sells Saab to Dutch sports car maker Spyker. Spyker fails to restore sales and runs out of cash. No new investor can be found and Saab declares bankruptcy in 2011.
2014	Peugeot-Citroën	Following losses during 2008-9, PSA briefly returns to profit but loses €5bn in 2012, and €2,3bn in 2013. The French government initially provides a €3bn bridging loan, and in 2014 agrees to take a part-stake (14%) in PSA. PSA's Chinese JV partner Dongfeng takes the same share in the firm (14%).

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