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## Electric car plant lined up for Fiat's Sicily site

CARS

By Vincent Boland in Milan

An Italian private equity manager plans to build electric cars in Sicily when Fiat stops producing cars at a plant on the island next year.

The €900m (\$1.2bn) proposal aims to combine Italian money and design flair with Indian technology to produce cars as well as a network of recharging facilities powered by the island's most obvious and underused energy source - the sun.

It is one of a handful of proposals - and, according to its backers, the most credible - presented to the Italian government in recent weeks as a possible solution to the loss of car production at Fiat's Termini Imerese plant near Palermo, which employs 1,400 people. The Italian car company is shifting production to other plants in Italy and abroad from 2011.

Simone Cimino, chairman of Cimino & Associates Private Equity (Cape), a €550m Milan investment house, said he had raised about €50m from investors including the Sicilian regional government and Natixis, the French bank that is already one of his firm's backers. He is also in negotiations with Reva, the Bangalore maker of electric cars, to produce its vehicles in Sicily.

Mr Cimino said the minimum investment needed to make the electric car proposal viable was €65m. The production facilities would be in a part of the Termini Fiat plant. If the proposal were accepted by the Italian government, backed by public funding for "clean" technology, and the product was successful with Sicilian motorists, the investment would eventually rise to €900m as the plant became the production hub for Reva electric cars around the Mediterranean.

"How successful we are depends on how big we become," Mr Cimino told the Financial Times. Production of 30,000 vehicles a year would allow the venture to break even, he said.

He estimated that his proposal, if successful, could create 3,500 jobs in production, systems and the network of charging stations that electric cars require.

Keith Johnston, president of Reva's European operations, said the Sicily proposal would allow the company to produce a next generation line of cars to succeed the models that can be seen on the streets of Bangalore and London.

Taking over and modernising part of the Termini plant would enable it to cut production times as well as use a Fiat-trained workforce producing an electric car that would sell for about €16,000-€17,000.

"Between 1 and 1.5 per cent of new car volume will be purely electric by 2015," Mr Johnston added.

"Makers of conventional cars have only a 65-70 per cent utilisation rate [at existing car plants] and they are simply not viable at that level. So something has to change. We can replace traditional jobs with clean-tech jobs."