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Carmakers target R&D departments to survive

Vehicle manufacturers say that cuts to research and development budgets – the future lifeblood of their businesses – are likely as global car sales collapse further.

Car companies, after slashing sales forecasts and idling underused plants, are now reviewing their product lines and deciding whether to delay or pull the plug on planned models.

Ford has already said that it is postponing production of a new version of its Transit van. Meanwhile, Fiat's Alfa Romeo and Lancia brands have delayed launching their planned Alfa 940 and Ypsilon models, which were planned for this year, until 2010.

Honda and Cadillac have recently announced the dropping of their respective S2000 and XLR roadsters after the current model year; while BMW has shelved plans to produce the CS, a sleek high-end car, and the X7.

Christopher Huss, a BMW group vice-president and president of the international Association of Automotive Engineers, said: "It is inevitable that some companies will be forced to review certain production of engineering projects, along with wider spending cuts in areas like marketing." (**Financial Times: February 9**).