
General Motors says in talks to invest \$2.73 billion in Brazil till 2024

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General Motors Co said on Saturday it is negotiating “feasibility conditions” to invest 10 billion reais (\$2.73 billion) in Brazil from 2020 to 2024, after having warned last month that new investments would depend on returning to profit.

The automaker also said it is completing an investment plan of 13 billion reais between 2014 and 2019.

“As market leaders, we are taking on the responsibility of facing the challenges of competitiveness that the industry is experiencing in order to make a sustainable future possible for our businesses and the proper return to shareholders,” said Carlos Zarlenga, chief executive of GM Mercosul, in a statement.

“We continue to work with unions, dealers, suppliers and the government in order to enable this new and additional 10 billion reais investment in the factories of São Caetano do Sul and São José dos Campos,” he added.

Newspaper Valor Economico reported on Friday that General Motors Co was in talks to invest 9 billion reais (\$2.5 billion) in the state of Sao Paulo over the next three years in return for tax incentives.

GM has in recent weeks warned its employees in Brazil that “sacrifices” would be necessary for the company to return to profit in the country, raising concerns about layoffs or shuttered assembly lines. Last month, the carmaker told public officials and unions it was in talks with Sao Paulo state about tax incentives.

Valor reported that GM would invest in its product line until 2022, and then the following year, the company would start to enjoy tax rebates. Valor, which also reported that GM’s losses in Brazil last year totaled 1 billion reais despite being the country’s market leader, did not specify the exact amount GM would expect to generate in tax incentives.

(Reuters)