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Chrysler withdraws application for Department of Energy loan

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Chrysler said it has decided to withdraw its application for a loan from the U.S. Department of Energy that it had been seeking since 2008.

The Auburn Hills automaker had applied for a loan under program designed to encourage the development of hybrid and electric [vehicles](#).

“The Department of Energy’s proposed terms were very restrictive and compliance would have negatively affected our operational flexibility,” Chrysler said in a statement.

Ford received \$5.9 billion and Nissan received \$1.4 billion loans from the program in 2009.

General Motors, in contrast, withdrew its \$14 billion application in January 2011. Russian steelmaker Severstal’s \$730 million loan, which received conditional approval last year, was rejected last month.

“The company remains confident in its strategy to bring competitive, fuel-efficient vehicles and technologies to market on schedule,” Chrysler said in a statement today. “This decision will not impact Chrysler’s ability to achieve its previously announced business plan targets.”

Damien LaVera, spokesman for the Department of Energy, said political pressure from Republicans that have been critical of its loan programs had no affect on discussions with Chrysler.

“While we were continuing to work with Chrysler to come to an agreement, we are pleased that they are capable of achieving their business goals without department support,” LaVera said in a statement.

As recently as last April, Chrysler and Fiat CEO Sergio Marchionne said the loan “needs to get done to make us competitive.”

But in January, at the North American International [Auto](#) Show, Marchionne began to express increased frustration about the lengthy process.

“If the number ends up being so small that it doesn’t reflect what our expectations were in terms of the funding, and if it doesn’t match what other carmakers got, then I ask myself the question, ‘Why am I bothering?’” Marchionne said in January.

Energy Secretary Steven Chu met with Chrysler CEO Sergio Marchionne last month.

But loans for advanced technology from the Department of Energy became politically controversial since solar panel manufacturer Solyndra filed for Chapter 11 bankruptcy last year. The company received more than \$500 million in loans from a different Department of Energy program.

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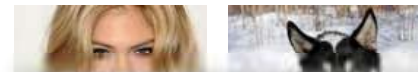
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