

Starting up

- Which country is the biggest market for pick-up trucks?
- What kind of vehicles do you associate most with Ford, and what with Volkswagen?
- How old do you think the Ford company is?

Reading

Volkswagen and Ford are in talks about forming an alliance. To find out more, read the article and then answer the questions below.

Reading comprehension

Based on the information in the article, find answers to the following questions.

- 1 What can Ford bring to an alliance with Volkswagen?
- 2 What can Volkswagen bring to an alliance with Ford?
- 3 Where in the US does Volkswagen intend to invest to build electric vehicles?
- 4 How much does Volkswagen intend to invest to build electric vehicles in the US?
- 5 Have Ford and Volkswagen already agreed a deal on joint development of electric and autonomous cars?
- 6 What does Herbert Diess, VWs chief executive, think about the prospects for autonomous vehicles?
- 7 How old is the Ford company?
- 8 What is Ford going to spend \$11 billion on?
- 9 What is Ford going to do in Europe?
- 10 Why are many carmakers seeking partnerships and alliances?

Ford and Volkswagen to deepen ties

¹Volkswagen will manufacture pick-up trucks with Ford and is open to building electric vehicles for the US carmaker in its Tennessee plant as part of a sweeping alliance between the two groups, the German company's chief executive said.

²The two companies are expected to announce on Tuesday morning that they will collaborate on several joint projects while continuing talks on co-operating on the development of self-driving and electric vehicles.

³Herbert Diess, VW chief executive, said at the Detroit auto show that the groups would combine their mid-size pick-up trucks, allowing the German group to launch in the US, the world's biggest pick-up market. Trucks are an area where Ford is strong but VW is comparatively weak. He said the move was "one of the big positive impacts of the Ford alliance".

⁴Jim Hackett, Ford chief executive, told the Financial Times in an interview that the US carmaker plans "an alliance or two" as part of its strategy of reshaping the company, adding that "there is no reason to add additional risk to the balance sheet" by making all investments, including in new technologies, on its own. "We are not looking to partnerships as much as alliances," he said.

⁵VW would also spend \$800m to build electric vehicles at its Chattanooga plant in Tennessee, in a move that opens the way to it assembling battery cars for manufacturers that licence the German company's electric architecture, Mr Diess said.

⁶Mr Diess said the two carmakers had yet to reach a deal on joint development of electric and autonomous cars after several months of talks. "There's still a lot of hype" about autonomous vehicles and "a lot of money flowing in, but I think there's still a long way to go until we really get the first paybacks", he said.

⁷"There's one alternative, which could be joining forces with Ford. It's not yet decided. But there's still a long way to go, many millions to be poured in and probably some setbacks to expect."

⁸Mr Hackett, who was appointed chief executive of Ford almost two years ago, has been under pressure from Wall Street to provide more details of his \$11bn restructuring plan for the 115-year-old carmaker. Last week Ford announced it would cut thousands of jobs in Europe, and slim its product line-up.

⁹This week's progress report on Ford and VW's global partnership comes as carmakers seek to team up to overcome the costs of investing in new technologies because of the constraints of operating in a competitive and capital-intensive industry.



Vocabulary

Find words and phrases in the article with the following meanings.

- 1 is willing to consider doing something (para 1)
- 2 large, covering lots of areas (para 1)
- 3 work together as partners (para 2)
- 4 changing the way things are organised (para 4)
- 5 a lot of advertising and promotion (para 6)
- 6 financial return (para 6)
- 7 problems that prevent smooth progress (para 7)
- 8 make smaller (para 8)
- 9 work together in partnerships and alliances or for particular projects (para 9)
- 10 restrictions that place a limit on something (para 9)

Grammar – direct speech to reported speech

Turn the following direct statements from Herbert Diess and Jim Hackett into reported speech. Remember to change the tense of the verb to a more past form. This includes modal verbs. You will also need to change personal pronouns and adverbs of time and place. Follow the example.

“Volkswagen will manufacture pick-up trucks with Ford.”



Herbert Diess said that Volkswagen would manufacture pick-up trucks with Ford .

- 1 “Volkswagen is open to building electric vehicles for the US carmaker in our Tennessee plant.”
The German company’s chief executive said that _____ .
- 2 “There is no reason to add additional risk to the balance sheet by making all investments, including in new technologies, on our own.”
Jim Hackett, Ford chief executive, told the Financial Times that _____ .
- 3 “We are not looking to partnerships as much as alliances.”
Jim Hackett said that _____ .
- 4 “There’s still a lot of hype about autonomous vehicles.”
Herbert Diess said that _____ .
- 5 “There’s still a long way to go until we really get the first paybacks.”
Herbert Diess said that _____ .

Discussion

- 1 A well-publicised previous US-German alliance between carmakers (DaimlerChrysler) did not succeed and the two parties separated. Do you think the Ford – Volkswagen alliance will do better? Give your reasons.
- 2 Volkswagen is investing a lot in technology to build electric vehicles. Do you think this is a good strategic direction?
- 3 According to Herbert Diess, there is still a lot of hype about autonomous vehicles. Do you agree with him? How long do you think it will be before companies really get the first paybacks on their investment in these vehicles?

ANSWER KEY**Reading comprehension**

- 1 Its expertise and experience in building pick-up trucks.
- 2 Its expertise in building electric vehicles.
- 3 At its Chattanooga plant in Tennessee.
- 4 \$800 million.
- 5 Not yet.
- 6 He thinks that the prospects for autonomous cars are rather exaggerated by the media and it will be a long time before manufacturers start making money from producing them.
- 7 115 years old.
- 8 Restructuring the company.
- 9 Cut thousands of jobs and slim its product line-up.
- 10 To reduce the costs of investing in new technologies because of the constraints of operating in a competitive and capital-intensive industry.

Vocabulary

- 1 open to
- 2 sweeping
- 3 collaborate
- 4 reshaping
- 5 hype
- 6 paybacks
- 7 setbacks
- 8 slim
- 9 team up
- 10 constraints

Grammar

- 1 *The German company's chief executive said that Volkswagen **was** open to building electric vehicles for the US carmaker in **their** Tennessee plant*
- 2 *Jim Hackett, Ford chief executive, told the Financial Times that there **was** no reason to add additional risk to the balance sheet by making all investments, including in new technologies, on **their** own.*
- 3 *Jim Hackett said that **they were** not looking to partnerships as much as alliances*
- 4 *Herbert Diess said that there **was** still a lot of hype about autonomous vehicles*
- 5 *Herbert Diess said that there **was** still a long way to go until **they** really **got** the first paybacks.*

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