

FORD AND PSA PEUGEOT CITROËN ANNOUNCE PLANS FOR EXPANSION OF DIESEL ENGINE PRODUCTION



December 16, 2004 – Ford Motor Company and PSA Peugeot Citroën are planning to expand production capacity for the 1.4, 1.6 and 2.0 litre high technology diesel engines from the ongoing cooperative agreement between the two companies.

This cooperative agreement is enabling both companies to be world leaders in diesel engineering and manufacture and to achieve industry-leading economies of scale. At the same time the cooperation provides both partners with a wide breadth of state-of-the art common-rail diesel engines. Between 2002 and 2004, more than four million high technology common rail engines have been produced within the framework of this successful cooperation .

Increasing engine demand

This success has led to a high demand for the latest technology diesel engines resulting from the agreement with the result that this demand will soon outstrip the existing supply base. As a result it is proposed to optimise supply by adding production capacity for the 1.4 and 1.6 litre diesel engines at Ford's purpose-built Dagenham Diesel Centre, in the UK from 2007, and for the 2.0 litre engine at Volvo's Skövde engine plant in Sweden from 2006.

These installations of additional diesel engine production capacity will create employment opportunities in Ford Motor Company, while maintaining the corresponding high level of employment in the mechanical plants of PSA Peugeot Citroën. This is a clear indicator of the strength of the cooperation between Ford Motor Company and PSA Peugeot Citroën and the fact that it is providing increasing benefits for both sides as it continues to develop.

The agreements signed by PSA Peugeot Citroën and Ford Motor Company in September 1998 involve a large-scale cooperative programme covering the joint design and production of four families of common-rail, direct injection diesel engines. Specifically these are: 1.4 and 1.6 litre engines; 2.0 litre engines; a 2.7 litre V6 engine; and a new family of engines for light commercial vehicle applications. The details for this fourth phase of the cooperative programme are still to be announced.

Accommodating success

Engine programmes resulting from this agreement are led by one or other of the partners. PSA Peugeot Citroën have taken the lead in the engineering and production for the first two phases of engine families while Ford has the lead engineering and production responsibility for the V6 premium diesel engine and for the family of engines for light commercial vehicles – the details for which are still to be released.

This latest announcement involving the expansion of production capacity for engines resulting from the first two phases of the agreement is the first time that the manufacturing responsibility has been spread to both partners to accommodate the demand in sales for models using these engines. The continued success of this cooperation will be further demonstrated by the announcement of additional new engine derivatives and families during 2005.

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