

Contents:

Renault awaits punishment as Briatore and Symonds depart
Why did the FIA not act sooner?
The return of Team Lotus
BMW Sauber's mystery buyer
Manor to become Virgin?

Cosworth steps up to the mark
Todt and the Mexicans
Korea gets political green light
Martin staying on at Hendrick
IRL hits trouble with TV coverage

21 September 2009

Issue 09.38

thebusinessofmotorsport

ECONOMIC NEWS AND ANALYSIS FROM THE RACING WORLD



Renault awaits punishment as Briatore and Symonds depart

Flavio Briatore and Pat Symonds have both resigned from their positions within the ING Renault F1 Team as a result of the revelations about last year's Singapore Grand Prix, at which Nelson Piquet Jr. deliberately crashed his car in order to force a Safety Car. This was done just after Fernando Alonso had pitted, very early in the race, and put the Spanish driver into what quickly became an unassailable position. There are obviously suspicions that Alonso was involved in the plot, but it appears from what is being said that he was not a party to it, although Nelson Piquet Sr. has remarked that Fernando must have known. There is no real explanation as to why he would have adopted such a bizarre strategy, but there is no evidence against him beyond that. Nonetheless Alonso has been called to appear at the World Council in Paris today.

Renault last week announced that it "will not dispute" the charges brought by the FIA. This is a nice way of saying that the team admits that it "conspired with its driver, Nelson Piquet Jr., to cause a deliberate crash at the 2008 Singapore Grand Prix with the aim of causing the deployment of the safety car to the advantage of its other driver, Fernando Alonso". It also means that the team accepts that it breached Article 151c of the International Sporting Code, which states that "any fraudulent conduct or any act prejudicial to the interests of any competition or to the interests of motor sport generally" will be punished.

The rules allow for punishment of any breach committed "by any organizer, official, competitor, driver, or other person or organization". This would seem to cover all those involved but we have heard that the FIA is worried about taking action against those who do not hold licenses.

If this turns out to be a problem then the FIA will have left itself open and will deserve all the criticism that comes if Briatore and Symonds are not punished.

It is clear from what has happened that the ING Renault F1 Team needed to separate itself from Briatore and Symonds in order to throw itself at the mercy of the FIA World Council. The company can blame the whole incident on the pair. It is very clear that Renault knew nothing about what was happening and indeed the entire plan was designed to hoodwink the company management into keeping the F1 team going when it was feared that the results did not really warrant the continued support of the car company. At the time it should be remembered Renault was loudly advocating cost-cutting but as the latest financial returns show it was spending more than ever. Its spending in 2008 increased by 38% to \$260m so not only was the team failing to produce results, it was also losing money. A victory was thus needed for the management to justify its own existence.

Renault has also had to suffer massive negative publicity in recent days, which should be taken into account.

The FIA has a problem in that Article 123 of the International Sporting Code states that "the entrant shall be responsible for all acts or omissions on the part of their driver, mechanic and passengers, each equally responsible for any breach of this code". The FIA may choose to ignore this because it does not necessarily want to punish the team for fear that Renault chief Carlos Ghosn will decide to get rid of the company's involvement in F1. The French firm has made a commitment to stay until the end of 2012, but there is nothing to stop the team being given to someone else or being sold if Renault decides to get out. And that could mean that two or even three teams would be looking for engines in 2010.

However it is unlikely that the World Council will try to do what happened in 1994 when Benetton admitted cheating but escaped major punishment as the FIA ruled that the changes had been made by "a junior employee". There was a separate secret deal in which Benetton agreed to make management changes to the team. This was an expedient solution but it could hardly be argued to be following the rules. A year later Toyota was caught using illegal turbo restrictors on the Catalunya Rally in Spain. The team admitted the situation and argued that it had been done without the knowledge of the team management. In that case the FIA World Council threw out the argument — and banned Toyota from the World Rally Championship for 12 months. However if one accepts that the team management did the cheating and the rest of the team did not know, then there may be an argument that the team could go unpunished, although the executives involved would then have to be penalized.

Briatore and Symonds must be punished if the federation is to have any credibility at all in this affair, if only because the plan that Piquet revealed goes against everything that the federation stands for in terms of safety.

Renault has yet to decide what to do with the team. There are various people who might replace Briatore but none of them are French. Nationality did not matter with Briatore but it may be more important in his replacement. If Renault is going to look outside F1 the most obvious choice would be Olivier Quesnel, who started his career back in 1978 with the Simca competition department but then went on to run the Michel Hommel automotive publishing empire for 23 years before being appointed as head of Citroen Sport in January 2008. He also took over Peugeot Sport at the start of this year. He has enjoyed much success already and might relish the challenge of a chance in F1. If Renault decides to rid itself of the team and remain only an engine supplier David Richards is the obvious buyer. He would want it to become an Aston Martin team in a few years from now but would be happy to pick up the operation at very low cost if he has the cash to run the team.

Why did the FIA not act sooner?

There have been various reports in recent days that Nelson Piquet Sr. told FIA F1 Race Director Charlie Whiting about the race-fixing incident in Singapore, as long ago as at the Brazilian GP in late October 2008. This was only a few weeks after the race took place and, importantly, was before the deadline by which all disputes for the season must be settled. The fact that nothing happened means that there was no chance to alter the results. The reality is that it was impossible to do much as the man who suffered the most was probably Felipe Massa, who was leading the race before the Piquet incident. One can argue that Massa lost the title because he pitted and in the ensuing confusion the team messed up his pit stop and Massa departed the pits with the fuel hose stuck on his car. Unfortunately for the Brazilian, one cannot say definitely that the incident would not have occurred anyway and as he finished out of the points there is no way that he can be credited with points that he might have lost.

It seems that Whiting informed FIA President Max Mosley about the conversations with Piquet, but that Mosley felt that no action could be taken unless someone involved was willing to admit the offense. It is not known whether Whiting or Mosley asked Piquet to file a complaint. In a normal legal action Piquet could have been ordered to appear before the court and, under threat of perjury charges, could have been made to confirm his allegations, but the FIA is not a proper court and has no such powers.

It is clear that before July the Piquet Family did not want to do anything, although Nelson Jr's career with Renault F1 was going nowhere. By the middle of 2009 the team had two fifth places to its name, both for Alonso. Piquet's best was a 10th. Pressure was mounting. Briatore may have felt that he needed a scapegoat to divert attention away from the overall disaster going on. On July 14 Grandprix.com reported that "Piquet might be thrown under the bus as a sacrifice to the gods at Renault HQ in Boulogne-Billancourt". Renault's financial situation at the time was bad. The company lost \$1.4bn in the second half of 2008 and as early as February ING had made it clear that it would not be renewing its sponsorship with the team in 2010. To make matters worse at the end of July Renault's figures were even worse with a loss of \$3.82bn in the first half of the year. There were very real fears (once again) that the F1 team might simply be axed.

It is not clear why Briatore decided to get rid of Piquet and hire Franco-Swiss driver Romain Grosjean. The fact that Grosjean was French might have helped a little with Renault. Whatever the case, by the end of July the Piquets clearly knew what was coming. Nelson was informed that Hungary was to be his last race and after the race Nelson Sr. picked up the phone and called Mosley and explained that Nelson Jr. would be happy to testify.

Four days later Nelson Jr. went to Paris and gave his testimony to FIA officials and legal representatives. That same day rumors were rampant that Piquet was about to be fired. That day Grandprix.com warned that "things are going to get messy if Renault F1 boss Flavio Briatore decides to drop Nelson Piquet from the team".

On August 3 Piquet announced his own demise, calling Briatore his "executioner". It was to be another 15 days before the team confirmed the news when it announced Grosjean's appointment. Throughout this period the FIA and Piquet kept the investigation quiet and it was not until August 28 that the Renault team learned of the inquires when members of its staff were called in to be interviewed by the federation on arrival at Spa.

Keeping the whole investigation under wraps clearly caught Renault by surprise and almost certainly contributed to the company's decision not to contest the findings. In other words the FIA's strategy resulted in Renault being caught with no possible defense to the charges.

As with earlier leaks it is fascinating to know who is leaking the latest information and what they hope to gain from all of this. Clearly it is not in the interest of the FIA nor Piquet for the world to know that action might have been taken earlier. It is hardly in the interest of Renault to leak anything at all at the moment. Flavio Briatore has something to gain from such a leak as it suggests that action against him was taken as a political move.

This is an interesting reflection, but the FIA's explanation that it needed evidence to back up the claims is plausible, if not 100% convincing.

Be that as it may, the fact remains that Renault is not disputing the charges. Briatore and Symonds are therefore guilty in the eyes of their employer.

The return of Team Lotus

The FIA has announced that it has granted an F1 entry to a Malaysian government-backed operation, a joint venture between the government and private enterprise. It will be headed by Tony Fernandes, the owner of the no-frills Malaysian airline AirAsia, which has been a Williams sponsor in recent years. The 45-year-old entrepreneur was educated in England and worked as an auditor with Richard Branson's Virgin Records in the late 1980s. He returned to Malaysia in the 1990s and became the managing director of Warner Music (Malaysia) but left after the Time-Warner merger with AOL and bought the troubled AirAsia from the government and set about rebuilding it. The airline is in competition with Vijay Mallya's Kingfisher Airlines. The company is now on the Kuala Lumpur stock exchange. He has since gone on to establish his own Tune Hotels chain, which follows the same no-frills policy.

Also involved will be Kamaruddin Bin Meranun his deputy at AirAsia and businessman SM Nasarudin, the 25-year-old son of the late Nasimuddin SM Amin, who died a few months ago of lung cancer. Nasarudin is the chairman and chief executive officer of the NAZA group of companies, which now has 14 different divisions including automobile and motorcycle businesses. The company is Ferrari's distributor in Malaysia and also has deals with Kia, Peugeot, Mazda and Mercedes-Benz.

The government of Prime Minister Najib Razak says it intends to use the team to promote not only the national automobile industry but also national unity. The team's holding company will be known as 1Malaysia F1 Team Sdn Bhd. The 1Malaysia concept is the

Prime Minister's campaign to unite Malaysians of all races and to create a performance-based culture. The idea was launched earlier this year but has been slow to catch on. The government is also looking at the team as a brand-building exercise for Proton, the national car company, which owns Group Lotus.

"If we want to export the Proton, we must ensure that the brand is strong," the Prime Minister said. "There is a strong element of marketing. It is not merely a sporting activity because there is an element of marketing for Proton and Malaysia while at the same time, the Air Asia and Naza brand names can be popularized. The plan is to include expertise from the Universiti Teknologi Malaysia and Universiti Petronas as well as Composite Technology Research Malaysia (CTRM), a leading local composite manufacturing expert. The team will integrate Malaysian technical and pit crew but for the moment it will be run by westerners, notably Mike Gascoyne, who recruited a core team of engineers to ensure that the team starts out at a suitable level. The team says it is talking to six drivers, some of them Malaysian. It is expected that two will be named at the end of October.

The team will initially be based in Norfolk in England, just 10 miles from the Lotus Cars factory. In the longer term however a design, manufacturing and technical center will be built at Malaysia's Sepang International Circuit.

Najib is not saying how much the team is going to cost, but the government investment will come by way of Proton.

"By establishing our racing center within the country, we hope to also attract more foreign investments and the best technical minds which, in turn, will spur the growth of our automotive industry where we hope to see more R&D into lighter, safer and more cost-effective cars," Najib says. "We further anticipate higher commitment by organizations and attendance by individuals during the F1 Petronas Malaysian GP which will be coupled with increased tourism related returns."

It is worth noting that in recent weeks AirAsia has joined forces with Mofaz Fortec Motorsport to run a team in the World Series by Renault Championship. Mofaz was originally a tobacco distribution company but it has diversified into many different sectors. The team is owned by Mohamed Fauzy Abdul Hamid, the President of Mofaz, who also happens to be the father of Fairuz Fauzy, the 27-year-old racer who competed in British F3 between 2002 and 2004 and then moved to GP2 on and off between 2005 and 2008. It is safe to suggest that the team will be used to develop new talent and that Fauzy is a leading candidate for one of the F1 drives. He won a race in GP2 Asia in February 2008 at the Sentul track in Indonesia.

BMW Sauber's mystery buyer

BMW has announced that a Swiss foundation called Qadbak Investments Ltd. has purchased the BMW Sauber F1 team. The foundation will be represented in the team by a Swiss citizen named Lionel Fischer. It is clear that he is a trustee of the foundation. The announcement from BMW revealed very little apart from the fact that Qadbak represents "the interests of certain Middle East and European based families". Trying to track down the identity of those involved is difficult as they clearly do not want to be identified.

The fact that the name of the company includes "Ltd" suggests that it is registered in a former British colony. There is no record of such a company in London and while it may be registered in the Channel Islands, where company documentation is kept private, it is more likely to be registered in one of the Caribbean tax havens, such as the British Virgin Islands or the Bahamas. Swiss trusts can be covered by the laws of any jurisdiction but are simply managed by a Swiss trustee. If there is no Swiss resident benefitting from the trust there is no national Swiss tax. Each of the 26 Swiss cantons have taxation schemes of their own, the cheapest usually being Zug. The main reason for establishing a corporate foundation is to preserve the assets of private individuals in perpetuity. Many corporate foundations exist only to increase the size of assets being held. What little is known about Qadbak is that it was involved in the purchase of the Notts County soccer club in England a few months ago. In that case, Qadbak created a British Virgin Islands company called Munto to acquire the team. This appointed Peter Willett as the chairman. He is a key player in Al Thani Investment Group, which is an oil-rich investment company based in Dubai and headed by Abdullah bin Saeed al Thani. There was speculation in soccer circles that Qadbak is an acronym for Qatar, Abu Dhabi, Bahrain and Kuwait. The interesting point, however, is the BMW revelation that there is a "European-based" element involved as well.

There is no doubt, however, that as an independent automobile company, answering to its shareholders, BMW needs to be quite sure that any deal is done with the right kind of people who have the kind of money that is needed. The company seems to be happy with the deal. Team boss Peter Sauber says he knows who is behind the team but is not at liberty to say who it is. The good news is that Qadbak's influence on Notts County has been spectacular with the team hiring former England manager Sven-Goran Eriksson and a string of promising players including Danish rising star Kasper Schmeichel and former England players Sol Campbell and Karl Hawley.

Manor to become Virgin?

Manor Grand Prix is expected to transform into the Virgin F1 team by the end of the year. Virgin executive Alex Tai is being lined up to be the team principal. The announcement has been kept quiet up to now because of Virgin's deal with Brawn GP. There was talk back at the start of the year of Virgin buying a shareholding in Brawn but the partners in the team were not keen on the price and so decided to let Branson go and do his own thing somewhere else. He was thus steered into Manor.

Virgin is, in effect, a venture capital organization that uses the Virgin brand. Many Virgin-branded companies are run under license, notably the Virgin Radio stations, Virgin Mobile and Virgin Megastores. Some Virgin companies have been sold but keep the name, such as Virgin Records, which is owned by EMI and Virgin Books, which is 90% owned by Random House. Virgin Atlantic is 49% owned by Singapore Airlines and Virgin Trains is 49% owned by the Stagecoach Group. Even the company's space program Virgin Galactic is 32% owned by Abu Dhabi's Aabar investment group.

Tai was a pilot with the Royal Air Force and then flew executive jets before joining Virgin Atlantic in 1995. Two years later he was appointed to head Branson's special projects division and was involved in such exploits as piloting the chase plane for Branson's Virgin Global Challenger round-the-world balloon flight. He is also chief operating officer of Virgin Galactic. He intends to be the pilot of the first commercial space flight.

It is anticipated that Manor's John Booth will take on the role of Sporting Director in the team.

The cars are being built for the team by Nick Wirth's Wirth Research in Bicester and the latest suggestion is that one of the likely drivers is BMW Sauber test driver Christian Klien who has been trying to get back into an F1 race drive since 2007 when he was dropped by Red Bull Racing to make way for Mark Webber. Prior to that he competed in 48 Grands Prix, his best result being sixth place in his first season of F1 with Jaguar Racing in 2004. He stayed with the team when it became Red Bull Racing. In 2007 he was Honda's test driver but he then moved to BMW Sauber at the start of 2008.

Cosworth steps up to the mark

There has been much talk that the Cosworth engines in 2010 will not be competitive, but various sources are now arguing that the engines will probably be a lot better than people in F1 think.

Cosworth has undergone a great deal of change in the last five years. Back in 2003 it was owned by Ford and producing engines for Jaguar. These were not very successful and the highly political nature of the team resulted in a wave of departures from Cosworth at that time. Ford then sold the business at the end of 2004 and although the revamped engineering team at Cosworth built the new CA V8 for the 2006 season, the company was unable to remain in F1 in 2007 because no team wanted the engines, because the manufacturers were offering better deals. The second wave of departures was even more destructive than the first. These included Cosworth's main F1 player Bernard Ferguson (now consulting), and a string of engineers including former F1 designers Alex Hitzinger (now at Red Bull F1), Simon Corbyn (now chief experimental engineer at Rolls-Royce), John Marston (now with the FIA) and Andy Cowell, who went with a number of others to Mercedes in the winter of 2006/2007 and is credited with the recent success of the Mercedes-Benz F1 engines.

The technical team at Cosworth is now run by Bruce Wood, who has been with the company since 1987, but spent most of his time working in CART. The company's general manager is Jog Lall, who took on the role at the end of last year and has been with Cosworth since joining from Delphi in 2005.

The idea of getting back into F1 kicked off in October last year when the FIA asked for tenders for a spec F1 engine. Cosworth won that tender to redevelop the 2006 CA V8 engine, which was built for Williams in 2006. This was designed for the new engine rules at the time that mandated a minimum height for the center of gravity height and a minimum weight. The center of gravity and weight limits have not changed and so the basics of the engines are unchanged but Cosworth had obviously fallen behind in terms of developing fuel-efficiency, which is very important in 2010 as there are no longer going to be fuel stops. The engine will also be limited to 18,000rpm. Initially the FIA was planning to make a concession for Cosworth to allow the engines to rev up to 20,000rpm. This was over-ruled by the other F1 teams and Cosworth had to agree to the same limitations. Cosworth says that by lowering the revs the fuel efficiency of the engine has improved on what it was in 2006 and that stories that the engines will have to carry a great deal more fuel than its rivals will prove to be wide of the mark. Cosworth believes that reliability will not be a problem. Cosworth says that it will be producing a KERS system but probably not until 2011.

If all goes to plan Cosworth will supply eight cars in 2010.

Todt and the Mexicans

FIA Presidential candidate Jean Todt has announced his full list of candidates for his team. The choices of Senate and Council members underline the importance in this election of Central and South America, with Todt naming representatives from Ecuador, Paraguay, Argentina and no fewer than three Mexicans. The most interesting choice is Carlos Slim Domit from Mexico. He is the 42-year-old son of Carlos Slim Helu, one of the richest men in the world, who has built an impressive fortune in telecommunications. Slim Jr. is very young for a position on the FIA Senate but is the man in charge of one of the Mexican federations and is a big fan of racing.

It seems that the Mexican support was needed to offset the influence in the Americas of the American Automobile Association (AAA) which is believed to be supporting Ari Vatanen.

It is not a surprise to see a Malaysian on the Senate list in addition to a German representative from the Automobilclub von Deutschland. Its rival ADAC is a big supporter of Ari Vatanen. Todt has also put a Chinese delegate on the Senate list.

On the Mobility side it is no surprise to find Portugal's Carlos Barbosa, who has long been a supporter of Max Mosley. The members include a representatives from the Philippines and Slovenia, both interesting choices. On the sporting side the choices are very much from the Mosley supporters club, including Jose Abed (Mexico), Michel Boeri of Monaco, who seems happy to accept a lesser role than previously as he was Mosley's head of Senate.

There is no surprise at all to see Mohamed ben Sulayem of the United Arab Emirates (UAE), the man who is credited with saving Mosley during last year's confidence vote, nor Kenya's Surinder Thatti, who looks after Africa for Mosley.

Korea gets political green light

The Korean National Assembly has passed the F1 Supporting Act, which will provide government support for the Korean Grand Prix and is seen as a critical milestone for the development of automobile culture in South Korea. As a result the preparations for a Korean GP can now go ahead. The race is being promoted by the the Korea Auto Valley Operation, Co Ltd, with support from South Jeolla Province. The vote passed with 207 of the 224 delegates in agreement. The F1 Act publicly acknowledges the economic importance of the event and its likely impact on the local economy. It also provides funding for the construction work, and to support the promoter and deregulates some of the restrictions that had slowed down the progress.

"With the passing of the F1 Act and the construction of the circuit well above its progression rate, the dream of having an international motor sport circuit has become a reality for the motor sports community," said Young-Cho Chung, the chief executive of KAVO. "By maintaining strong cooperative relationships with the central government and with the support on a national level we will do our best to make the 2010 F1 Korean Grand Prix an event of unprecedented success".

This means that the Korean GP must be fitted into the 2010 calendar as a contract is in place.

KAVO involves seven public-private entities including the South Jeolla Province, the South Jeolla Development Corp, SK Construction Co., the Shinhan Bank, Farmers' Cooperatives, the Kwangju Bank and MBH.

Martin staying on at Hendrick

Mark Martin started racing in his teens, being fortunate to have a father who had done well in the haulage business in Arkansas. He started his career on the quarter mile dirt tracks of Arkansas and then became competitive at regional level and at 18 he went to Rockford, Illinois, to win the ASA National Short Track Championship, against some celebrated names. He went on to win the ASA national title in 1978, 1979 and 1980 and then in 1981 made his debut in NASCAR at North Wilkesboro. He ran a full season in 1982 but money was short and at the start of 1983 he was forced to auction off all he had and did whatever races he could get. In 1984 he went back to the ASA. This would lead to a fourth title in 1986 and the following year the chance to drive in the NASCAR Grand National Series for car owner Bruce Lawmaster. At the time Jack Roush, a highly successful team owner in TransAm and IMSA decided to enter NASCAR and signed Martin to lead his challenge in 1988. They won their first race at Rockingham in 1989 and Martin was runner-up in the Cup in 1990, 1994, 1998 and 2002. In the same period he won the IROC title five times. He remained with Roush until the end of 2006 when he announced his retirement but in 2007 he was lured back to race a limited number of races for Bobby Ginn. He did the same in 2008 after Ginn's team was merged into DEI and then signed for Rick Hendrick for this year, running a full season and thus far winning four races. He has now extended his contract until the end of 2011. Sponsorship for half the races will come from Internet domain registrar GoDaddy.com. By the end of 2011 Martin will be 52.

"Mark is an incredible racer and one of the classiest guys around," says Hendrick. "He is a driver who makes everyone around him better."

IRL hits trouble with TV coverage

In August last year the Indy Racing League agreed a 10-year deal with the cable TV network Versus, a sports-driven subsidiary of the country's largest cable operator Comcast. The deal included coverage of a minimum of 13 races plus extensive pre-race coverage and replays of events. Versus won the deal by promising to pay \$60m over the term of the contract — and to increase the amount of IRL programming compared to what ESPN had previously been showing.

ESPN and its parent ABC retained the Indy 500 and four other events at a cost of \$4m a year. This was all that they were interested in covering as IRL's television viewing figures did not justify more. ESPN's 100m households across the United States still compares favorably to the 75m of Versus, which has struggled to compete against the big players when it comes to acquiring the rights to major sports, having to make do with what they do not want.

Versus is distributed by both satellite and cable and one of its major deals was with the DirecTV satellite television company. Earlier this year, however, John Malone's Liberty Media — a competitor of Comcast — took full control of DirecTV and since then negotiations between Versus and DirecTV over the terms of a new deal have failed to reach an agreement. Versus charges DirecTV to use its programming, but the satellite company says that asking for a 20% increase in fees is not justified by the ratings and that Versus should in fact be dropped to provide to a different tier of viewer. Versus is arguing that this will cost it access to around six million of its 75m homes. Despite the dispute Versus is still available on DirecTV's rival, the Dish Network and on digital cables channels, but it is believed that around six million households now cannot get coverage of the races.

Versus is working hard to push up its viewer numbers and has just announced a multi-year deal with NASCAR to air a weekly half-hour show about the 12 drivers competing in the 10-race Chase for the Sprint Cup.

IndyCar says that it hopes there will be a speedy resolution of the dispute so that DirecTV subscribers will again be able to watch the action.

In the interim, however, the value of sponsorship in IRL will decline.

WHISPER WHISPER WHISPER

■ There have been many reports in recent days suggesting that the Canadian GP will be back on the calendar in 2010. The race is deemed to be important as it is Canada's biggest sporting event and brings in considerable economic rewards for the city of Montreal. The government was not very helpful with support but once the race was thrown off the F1 calendar its full value is now better appreciated and understood. For F1 the race is important as it will provide a foothold in the Americas as the F1 circus continues to look for a suitable venue in the United States. New York City remains the target for F1 but it is hard to imagine that a promoter can be found and the city authorities are not going to be interested as they are trying to find \$2bn in spending cuts at the moment. The only way that this kind of idea might make sense would be for the F1 circus to come up with a structure similar to Singapore where the government has invested to pay 60% of the costs but the promoter, Singapore GP Pte Ltd, has a cap on the profits it is allowed to make. Any money made above that limit will go to the government. To balance the books the government has introduced a special tax on hotel rooms that has hiked up the cost for visitors. The government can thus justify the expenditure. The reason this arrangement makes sense is that Singapore GP Pte Ltd is owned by billionaire Ong Beng Seng, who owns hotels, restaurants and shops throughout Singapore and so is profiting from the visitors.

■ Andy Soucek is the inaugural FIA Formula 2 Champion. The Spanish driver wrapped up the title in the penultimate race of the year at Imola collecting enough points to make it unnecessary for him to even take part in the final round of the championship in Barcelona at the end of October. The battle for second place in the series is between the Canadian Robert Wickens and Russia's Mikhail Aleshin. Soucek's title wins him a test with the Williams F1 team.

■ Morgan McClure Motorsport has been largely absent from the NASCAR Sprint Cup for the last two seasons and the latest news from the team is that the 18-acre MMM campus, near Abingdon, Virginia (close to the North Carolina state line) is up for sale. The facility includes a museum which chronicles the team's success since it was established in 1983 by Chevrolet dealers Larry McClure and Tim Morgan. The team is hoping to raise \$8.5m from the sale. The team says that it has not given up hope of returning but needs to find a big sponsor in order to make that happen.

■ General Motors and the Penske Automotive Group have confirmed details of a proposed transaction under which Penske will acquire the Saturn brand. When completed, the deal will save more than 350 dealerships and 13,000 jobs at Saturn and its retailers in the United States. To begin with GM will spend two years providing Penske with its current models, while he will market them. It is expected that after this period Penske will do a deal with a foreign car manufacturer to produce cars that will be sold under the Saturn name. Penske is reportedly basing the company on the successful business model he built with Smart. He took over all the sales, marketing and service requirements, leaving Daimler to simply build the cars for him.

■ The prize money for the FIA World Touring Car Championship's Independents' Trophy is to be increased by 23% next year rising to \$735,000. The money is coming from tire supplier Yokohama. The series is currently negotiating with another partner and hopes to push up the money by an additional \$365,000, which would create a fund of \$1.1m. The aim is to bolster grids with private entries. The FIA has announced that in 2011 the championship will have a single specification engine, a standard 1.6-liter turbo gas engine.

■ Bruton Smith of Speedway Motorsports Inc. (SMI) is taking legal action against the city of Concord and Cabarrus County over \$4m worth of road works that he has paid for at Charlotte Motor Speedway. The law suits claims that the city and county officials have attempted to delay reimbursing him for that work, which was part of an \$80m package agreed upon in November 2007 after a dispute over whether Smith should be allowed to build a \$60m drag strip and upgrade the speedway. The deal came only after Smith threatened to shut down the facility after the council voted against the drag strip. Smith also says that when the local authorities submitted a formal agreement, it contained terms which had not been agreed upon and meant that while SMI would spend the money over 10 years it would not be fully reimbursed for up to 40 years.

■ It is now certain that Q3 qualifying next year in F1 will take place with low-fuel loads. As refueling during a race will be forbidden in 2010 there is no reason for the teams to now have to choose fuel loads before qualifying. Testing will remain restricted next year with eight aerodynamic tests and a number of promotional events only being allowed. Tire warming blankets are still allowed and the eight-engines-per-driver rule remains in place, rather than the planned five. Gearboxes must once more last for a minimum of four races. The weight of the cars will be increased to 620kg and KERS remains legal unless the teams agree unanimously to drop it. Wind tunnel testing is limited to no more than 60% scale models and the wind tunnels cannot be run faster than 50m/s.

■ Ola Kallenius, the managing director of Mercedes-Benz High Performance Engines, has departed to take on a new role as chief executive of Mercedes-Benz US International Inc. in Tuscaloosa, Alabama. The 40-year-old had been in charge at Brixworth since 2004 and prior to that worked for a year as the executive director of operations for the Mercedes-Benz SLR McLaren at McLaren Automotive. The Swede worked in Tuscaloosa for three years in the late 1990s.

■ There are rumors in the United States that the bourbon whiskey company Jim Beam is going to end its sponsorship of Robby Gordon at the end of the current season and will cease to be involved in NASCAR. Jim Beam Bourbon is owned by Beam Global Spirits & Wine, which is a division of the giant Fortune Brands company. It is reported that the company is going to concentrate on its alliance with American rapper Kid Rock, who has thus far sold 22m albums in the United States.

■ Penske Racing has signed Discount Tire as its sponsor for half the NASCAR Nationwide Series races next year with Brad Keselowski driving. Discount Tire will be an associate sponsor on the Sprint Cup cars of Keselowski and Kurt Busch and will also have a presence on all three Penske Racing entries at the Indianapolis event. Discount Tire currently sponsors David Ragan's Roush Fenway Racing Ford in the Nationwide Series.

■ The Durango GP2 team has missed the last two races of the year. The team started the season with drivers Davide Valsecchi and Nelson Panciatici and the former finished third in Turkey but he later moved to the Addax team when Romain Grosjean left to join the Renault F1 team. At Valencia the team ran Stefano Coletti but the following weekend he had a huge crash at Spa. The team said that the car could not be repaired in time for Monza and as the Coletti could not drive Panciatici's car because

of the discomfort he was in, the team withdrew from Monza. The teams says it could not find suitable drivers for Portimao. Having said that, this is strange. There have been suggestions that the team's link with Renault boss Flavio Briatore may be in part responsible for the problems.

■ The McLaren team has confirmed that it will retain backing for Santander, despite the bank signing a major new partnership with Ferrari. Santander has decided to remain partners with McLaren in order to continue to use its links with Lewis Hamilton, who has played an important role in the rebranding of Santander's acquisitions in Britain. The Spanish firm has bought Abbey, Alliance & Leicester and Bradford & Bingley in recent years.

A RACE APART

Stories of the races that have been part of the FIA Formula 1 World Championship

United States Grand Prix (West) 1983

Two weeks after the Brazilian GP opened the season in Rio de Janeiro, with victory going to Nelson Piquet's Brabham-BMW, the F1 world went to Long Beach, California. Half the field was still using Cosworth engines but the turbos were gradually taking over while some of the smaller teams were beginning to drop out as they could not compete. The circuit at Long Beach was rather different than previously although this was the fourth different layout in seven years. The circuit no longer used Ocean Boulevard, which had proved to be too disruptive for the city traffic and so the parallel Seaside Way was adopted, including a tunnel beneath the Long Beach Convention Center, and the pits were moved to the Shoreline Drive section. It soon became clear that there was a real problem where the new section of track rejoined the old on Seaside Way, with the cars being launched into the air by a bump. The local authorities went to work overnight and the bumps were removed and all was well.

The field was as it had been in Brazil except that Arrows had lured 1980 World Champion Alan Jones out of retirement in an effort to find sponsorship for its all-white cars. Renault had finally finished the first RE40 and so Alain Prost raced the new car while Eddie Cheever remained with the RE30C. The tire war was to be a key element in the race with the Michelin and Pirelli runners uncompetitive against the Goodyear users. Ferrari was dominant in qualifying with Patrick Tambay on pole from team-mate Rene Arnoux. The two Williams-Cosworths of Keke Rosberg and Jacques Laffite were third and fourth while the leading Pirelli runner was Elio de Angelis, who was fifth in his Lotus-Renault (Nigel Mansell at that point still having the older Cosworth-engined car). Derek Warwick was sixth in the Toleman-Hart ahead of the Tyrrells of Michele Alboreto and Danny Sullivan (which were split by Prost) and Jean-Pierre Jarier's Ligier-Cosworth. Roberto Guerrero was eighth on the timesheets in his Theodore but the rear bodywork was found to be slightly too wide and so his time was disallowed. Jones did a decent job to qualify 12th, behind Riccardo Patrese's Brabham and ahead of Mansell in the Lotus-Cosworth. For Michelin it was a disaster with Piquet 20th and the McLarens of John Watson and Niki Lauda struggling in 22nd and 23rd. At the start Tambay took the lead while Rosberg pushed Arnoux out of the way to grab second (fortunately without damaging his car). Rosberg then looked to challenge the leader but spun through 360-degs but managed to get going again losing only one place. This put Laffite to second, with Alboreto fourth and Arnoux fifth. Rosberg quickly repassed Laffite and then the top four men ran together, leaving the rest behind. Jarier closed in on the battle but he then ran into Alboreto and the Italian had to pit. On lap 26 Rosberg tried to pass Tambay to take the lead, made a mess of it and crashed into the Ferrari. As Keke was getting going again he was hit by Jarier. This left Laffite in the lead with Patrese second and then a big gap back to Marc Surer's Arrows, although he was soon overtaken by the McLarens, which were moving up as the Michelin tires were now working well. On lap 33 Watson overtook Lauda and then the pair chased down Patrese, passing him on lap 44, when Riccardo went off up an escape road. Laffite was ahead but it took the McLarens just a lap to catch and pass him. The two then pulled away to score a memorable victory, with Patrese passing Laffite before suffering a turbo failure, which gave Jacques third until Arnoux charged past him in the final laps. By the end Laffite had been lapped. Surer was fifth while Johnny Cecotto, in only his second F1 race guided his Theodore to sixth.

THE BUSINESS OF MOTORSPORT is available only by subscription. 52 issues per year, distributed by Monday morning of each week. Subscription rates are US\$500.00 for internet e-mail, facsimile or mail service. If you would like to take out a subscription to THE BUSINESS OF MOTORSPORT, or would like further details, please contact our subscription office. Tel: (201) 784-0900, Fax: (201) 784-2099, email: info@grandprix.com, website: <http://www.grandprix.com>