GM Ends Joint Venture With Toyota At CA Plant

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NEW YORK (AP) — General Motors Corp. said Monday it is ending its joint venture with Toyota Motor Corp. at a Fremont, Calif., manufacturing plant, bringing to a close the first partnership of its kind between a U.S. and foreign automaker as GM continues to downsize under bankruptcy.

The Detroit automaker said it was unable to reach an agreement with Toyota over a new product plan at the facility. The plant, called New United Motor Manufacturing Inc., or Nummi, currently makes the Pontiac Vibe station wagon for GM and the Corolla compact car and Tacoma pickup truck for Toyota.

GM announced it was phasing out the Pontiac brand earlier this year. The facility will cease production of GM vehicles in August, the company said. A Toyota spokesman said the Japanese automaker is weighing its next move for the plant, which employs about 4,600 workers.

"The economic and business environment surrounding Toyota is also extremely severe, and so this decision by GM makes the situation even more difficult for Toyota," company spokesman Mike Goss said.

He said Toyota is disappointed to see the partnership end, but declined to comment further, including on whether the plant would close.

"We have enjoyed a very positive and beneficial partnership with Toyota for the past 25 years and we remain open to future opportunities," Troy Clarke, president of GM North America, said.

For Fremont, where the Nummi plant is the city's largest employer, the effects of GM's pullout remain uncertain. Fremont Mayor Bob Wasserman said while GM's move comes as no surprise, he's still trying to weigh the affect it will have on the plant.

Wasserman said the decision is a sign of the troubled economic times in California, which already faces a $24 billion budget shortfall and has a record 11.5-percent unemployment rate.

"We're hoping for a turnaround, but it appears there will be more damage before that happens," Wasserman said.

GM's announcement on Monday brings to an end a partnership first established in 1984. One of its purposes was to have American workers learn Toyota's production methods, which were much leaner and more efficient. The factory has been the subject of numerous labor relations studies.

Nummi was also Toyota's first plant to build vehicles in North America and marked a major escalation for the automaker in the U.S. market. Toyota now has more than a dozen manufacturing facilities in North America, which build most of the company's U.S.-sold vehicles.

GM, which filed for Chapter 11 bankruptcy protection earlier this month, is laying off employees, closing dealerships, shuttering factories and shedding four of its eight brands as part of a vast reorganization effort. The automaker said its 50-percent stake in Nummi will become part of the "Old GM" that will be liquidated under bankruptcy.

On Tuesday, a New York bankruptcy court is scheduled to rule on the proposed sale of GM's desirable assets — also called the "New GM" — to a new company that will be majority-owned by the U.S. government.

The Vibe station wagon has been a poor seller for GM recently. Sales rose 25 percent in the down market in 2008, but have tumbled 47 percent for the first five months of this year.

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