GM Trimming Fat With Opel, Hummer Sales

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SHANGHAI (AP) — General Motors could finalize the sale of its German auto unit Opel as early as this week, the U.S. automaker's CEO said Tuesday.

Fritz Henderson, visiting China for the first time since GM was restructured last summer, was also upbeat about the prospects for the sale of the company's Hummer unit to Chinese buyer Sichuan Tengzhong Heavy Industrial Machinery Corp., which is still awaiting Chinese government approval.

Despite labor union objections over possible job losses, the sale of GM's Opel and Vauxhall units to Canadian autoparts supplier Magna International Inc. is expected to go ahead, Henderson told reporters.

Magna along with Russia's state-owned Sberbank agreed to buy a 65 percent stake in Opel from General Motors Co. last month. GM is retaining a 35 percent stake.

"It's quite possible that you'll see documents signed this week," Henderson said.

Though remaining issues are being worked out at the government level, he said for the new arrangement to succeed the business would have to be restructured.

"We're 35 percent of the business and we want it to succeed. In order to be successful we need to take a significant amount of cost out of the business," he said.

GM, which spent 40 days in bankruptcy protection during the summer and has received about $50 billion in U.S. government aid, also plans to sell its Saab brand and scrap Pontiac and Saturn as it tries to streamline its operations.

The company signed a much-anticipated deal to sell its off-road vehicle unit Hummer to Sichuan Tengzhong on Friday. The deal gives Sichuan Tengzhong an 80 percent stake in the company, while Hong Kong investor Suolang Duoji, who indirectly owns a big stake in Tengzhong through an investment company, will get 20 percent. The investors will also get Hummer's nationwide dealer network.

Henderson would not comment on the sale price apart from saying the company was "satisfied." A person close to the deal said the price was around $150 million -- much lower than the $500 million it was valued at in GM's bankruptcy filing.

Henderson denied reports he would meet with authorities while in China to push for the deal's approval, saying that it was up to the Chinese buyer to win needed government approvals.

A spokeswoman for Sichuan Tengzhong said Tuesday the company was still preparing an application for regulatory approval.

"The Tengzhong side is getting in touch with the relevant officials now," said Zheng Xiaohui, an account director at public relations company Brunswick Group Ltd. in Hong Kong.

China, where auto sales have outpaced U.S. sales for most months of this year, is central to GM's future plans for growth, Henderson said.

The company's total sales for January-September surged 55 percent to nearly 1.3 million vehicles, helped by tax cuts and subsidies that have whetted the appetites of first-time car buyers in regional cities for small cars.

But the company has no immediate plans to make China a major base for exports to other markets, said Nick Reilly, GM's executive vice president for international operations, who is based in Shanghai.

GM may eventually produce cars for export from China, but they would primarily go to emerging markets or help make up for shortfalls in vehicle models made in the U.S., he said.

"There are no plans to export to the U.S.," Reilly said.