

GM Europe In Talks To Fix Loss-Making Opel

David McHugh, Associated Press

FRANKFURT, Germany — The head of General Motors Europe says the company is in talks with unions and employee representatives on ways to cut costs and return the company's Opel and Vauxhall brands to profitability.

GM Europe head Karl-Friedrich Stracke turned aside questions about plant closings, saying there were "several options" available as the company works to stem losses. GM Europe lost \$700 million in 2011 and company officials have expressed their determination to turn it around.

Stracke said that "we expect to have more to say soon...We are in discussions with the unions and the works council and it is all targeted at getting Opel-Vauxhall back to profit."

"We know that our overall performance is not where we need it to be and where we want it to be," he said.

GM's German labor contracts do not permit plant closures through 2014. Employee representatives say they're willing to talk about ways to help improve the company's finances — but insist on sticking to the contracts.

Wolfgang Schaefer-Klug, the company's top employee representative, said that worker representatives and management need to work on "common solutions" on the basis of the existing contracts.

GM CFO Dan Ammann, speaking along with Stracke on a conference call with journalists, said that excess capacity was a general problem in the industry.

"We have to get the business set up so that we're making money in whatever environment comes along," Ammann said. "It's clear based on the overall industry right now that the industry is in an overcapacity equation, I'm not going to comment specifically on anything further as relates to our capacity," Ammann said.

Ammann said there were other issues beside capacity such as combining duplicated back-office functions between divisions.

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