Mitsubishi To Stop Making Cars In Western Europe

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AMSTERDAM (AP) — Mitsubishi Motors Corp. said Monday it will stop building cars at its Netherlands factory — the company's only plant in Western Europe — at the end of 2012.

The decision will likely lead to layoffs for the 1,500 workers at the "NedCar" plant in the southern city of Born, which produces Colt and Outlander models.

The company said in a statement that "due to the wildly fluctuating operating environment which automobile manufacturers currently face" the factory was "not viable" and Mitsubishi could not find a place for NedCar in its "global production operation structure."

Last week, Mitsubishi forecast it will have sold 113,000 cars in Europe during its financial year ending March 31, 2012. That's down 7.4 percent from a year earlier, and the company said sales were weakening in the second half as Europe's debt crisis intensified. Mitsubishi expects an operating loss in Europe of euro219 million ($287 million) for the period.

Relatively high production costs in the Netherlands were also almost certainly a factor, though the company would not confirm that. Mitsubishi broke ground on a new plant in Indonesia earlier this year that will produce Outlanders. The company said it will continue to sell cars in Europe built in Thailand and Japan.

Union leader Henk van Rees said Mitsubishi has previously touted the Dutch plant as "the best kid in the class."

"Today they're throwing that best kid in the class out with the trash," he said. Workers plan to strike Tuesday to coincide with a visit by Mitsubishi's international chief Hiroshi Harunari.

Mitsubishi spokesman Daniel Nacass said "we're not (necessarily) talking about closure" of the Born plant. But "we're not going to be building a new line of cars there," he said by telephone from France.

The company's Dutch operating officer Joost Govaarts said at a press conference Monday the company has been in talks with several potential buyers.

The Netherlands' Economic Affairs Minister Maxime Verhagen said he planned to help find a buyer that is willing to continue production in the Netherlands, and that

Mitsubishi has agreed to sell the Born factory for nominal price of euro1 — if the buyer is willing to retain the workers.

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