Opel Head Lays Out Plans For Turnaround

The Associated Press

FRANKFURT, Germany (AP) — General Motor's Opel unit will push into new export markets and increase the efficiency of its plants to return to profitability, the head of the Germany-based subsidiary said Monday.

Karl-Friedrich Stracke, the CEO of Adam Opel AG, told workers the company aims to start selling in Australia, North Africa, South American and the Middle East and build up its presence in China, Russia and Turkey.

It will also consider moving some Chevrolet production to Germany to make better use of plant capacity — a key issue for the struggling mass-market carmaker. And it will sink €11 billion ($14.15 billion) through 2014 into new mass-market models in highly competitive Europe.

GM Europe lost $700 million in 2011 and company officials have expressed their determination to turn around the Opel and Vauxhall brands.

Stracke says the new Astra model would have to be built at just two plants running three shifts, or 24 hours a day. Currently, the company's mainstay model is built at three plants with only two shifts, at Ellesmere Port, Britain, Gliwice, Poland, and its headquarters plant at Ruesselsheim, Germany. Unused plant capacity is a serious problem for GM and other carmakers because it means their factories are not running as efficiently as they could, raising the cost of making each vehicle.

Opel workers and local politicians have been on edge for weeks in response to news media reports that Opel is considering closing one of its European facilities or reassigning production.

Speaking to an employee gathering at the Ruesselsheim facility, Stracke underlined that GM will stick with labor agreements that keep it from closing plants through 2014. He says the company was open to new alliances like the one it recently agreed on with PSA Peugeot Citroen.

Stracke warned that simply increasing Opel sales in new markets would not be enough. "We have to do our homework in Europe," he said, according to a text outlining his remarks.

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