Opel Approves Plan To Cut Costs, Boost Brand

The Associated Press

FRANKFURT, Germany (AP) — GM's struggling European unit Opel says its board of directors has signed off on a turnaround plan that envisages cost cuts, new models and efforts to win new export sales.

An Adam Opel GmbH statement says the plan aims at a "sustainable turnaround" for GM's money-losing European business.

The statement Thursday provided few details. The fate of the Bochum plant, one of four in Germany and regarded as the least efficient, was not mentioned in the release.

The company has previously said it is working on plans that envisions guaranteed jobs for German workers until 2016 in return for postponing pay increases, and the expectation that the plant in Bochum will close after that.

The company has also said it plans to launch new models, move into market segments where it has not been represented, and expand sales in emerging markets. It also expects synergies with new French partner PSA Peugeot Citroen.

"The plan we approved today paves the way for Opel's strong future," said Stephen Girsky, GM vice chairman and the chairman of Opel's board of directors. "GM stands behind Opel, and encourages both its management and employee representatives to continue working together to better satisfy customers and return quickly to profitability."

Top employee representative Wolfgang Schaefer-Klug said the plan covering 2012-2016 was "a good basis for the future of Opel."

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