

GM's Opel, Employees Seal Deal On German Plant

Geir Moulson, Associated Press

BERLIN (AP) — General Motors Co.'s Opel unit reached a deal with its employee council on Thursday to keep car production going at a troubled German plant until the end of 2016, after which it hopes to keep the site open as a components factory.

The announcement followed long-running and sometimes rancorous negotiations on a turnaround plan for GM's struggling European unit. A month ago, GM pressed for a deal by the end of February and warned that, if none was reached, car production at the Bochum plant would end two years earlier than previously planned, at the beginning of 2015.

Opel said Thursday that Bochum can keep producing cars until the current Zafira model is phased out at the end of 2016. However, it said that, starting in this year's second quarter, it plans to cut one of three daily shifts there. The company said it would offer severance packages and partial retirement programs to 700 employees.

About 3,000 people work at the Bochum factory, one of four Opel plants in Germany. Opel said that, even after car production ends, it wants to keep its warehouse there and convert the site into a components plant, securing about 1,200 jobs.

Opel, like several other mass-market car manufacturers on the continent, has been struggling amid economic gloom across Europe and overcapacity in the auto industry. Its turnaround plan envisions cost cuts, new models and efforts to win new export sales.

Opel said the agreement it has now reached rules out compulsory layoffs through the end of 2016.

"General Motors fully supports Opel and is securing the necessary financing for the coming years, until we once again return to profitability," Steve Girsky, the chairman of Opel's board of directors and GM vice chairman, said in a statement. In return, pay increases will be deferred and extras such as Christmas bonuses dropped, the company said.

Germany accounts for more than half of Opel's 37,000-strong European workforce.

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