

General Motors to close Australian plants by 2017

SYDNEY, AUSTRALIA: Car company General Motors said it will close its Holden plants in Australia by 2017, prompting Toyota to review its operations and unions to warn that the local car industry was 'finished'.



The Holden Ute range that are a hallmark of the brand. Holden says it will stop producing cars by 2017. Image: [Holden](#)

Holden's decision to move to a national sales company - resulting in 2,900 jobs being lost - comes after Ford said in May it would stop making vehicles at its unprofitable Australian factories by 2016. This would result in 1,200 people losing their jobs.

With Mitsubishi closing its Adelaide plant five years ago, only Toyota Australia - which employs more than 4,000 workers - will be left making cars in the country.

Even that appeared uncertain, with the Japanese firm immediately announcing a review of its own operations in Australia.

"This will place unprecedented pressure on the local supplier network and our ability to build cars in Australia," Toyota Australia said in a statement about Holden's

closure.

"We will now work with our suppliers, key stakeholders and the government to determine our next steps and, more particularly, whether we can continue operating as the sole vehicle manufacturer in Australia," the company said.

Toyota expected to close too

The Australian Manufacturing Workers Union (AMWU) said it expected Toyota to follow Holden's lead.

"It's now highly likely that Toyota will leave Australia. In fact it's almost certain," AMWU national vehicles division secretary Dave Smith told reporters. "It's a very bleak day indeed."

GM's chief executive Dan Akerson said the decision to shut Holden's Australian operations reflected what he called a "perfect storm of negative influences face by the automotive industry in that country."

"These issues includes the sustained strength of the Australian dollar, high cost of production, the small domestic market and arguably the most competitive and fragmented car market in the world," he said.

Holden, maker of the Commodore car, said 2,900 jobs would be axed over the next four years - 1,600 from its Elizabeth vehicle manufacturing plant in Adelaide and about 1,300 from Holden's workforce in Melbourne.

It spells the end of a long association with Australia. The company began as a saddlery in 1856 and first started manufacturing cars locally in 1948.

Unions have warned of a multi-billion-dollar hole in the economy and the loss of up to 50,000 automotive industry-related jobs if car manufacturing in Australia ceases altogether and prompting analysts to forecast that Holden's departure could see the entire manufacturing industry collapse.



The Holden Burina Spark, one of many small cars in its range. Image: [Holden](#)

Australian economy vulnerable

"This could possibly lead to the demise of the remaining manufacturing sector, leaving the Australian economy vulnerable

when the mining boom inevitably ends," said Sydney University manufacturing experts Stephen Clibborn and Russell Lansbury.

Treasurer Joe Hockey said the government would work closely with the state governments and unions to ensure Holden's departure does not lead to a significant economic downturn in South Australia or Victoria.



The top-of-the-range and sporty Commodore Redline from Holden. Image: [Holden](#)

Australia's car industry has struggled against a high dollar for years and Canberra extended a Aus\$3.2bn bailout to the sector at the height of the global financial crisis.

The announcement by Holden follows debate over whether the Tony Abbott-led government should provide more subsidies to the company to keep its doors open or let market forces take their course.

Holden chairman Mike Devereux said the priority over the next four years would be to ensure the best possible transition for workers in South Australia and Victoria. "This has been a difficult decision given Holden's long and proud history of building

vehicles in Australia," he said.

South Australia's peak retail automotive business group, the Motor Trade Association of South Australia, lashed out at the government for not doing more to ensure Holden remained in Australia.

"The federal government could have prevented this decision by Holden to close," said chief executive John Chapman.

"Without any certainty of federal support for the industry, the parent company General Motors have weighed up the costs and decided that it's just too expensive to manufacture Holdens in Australia.

"Our attention must now go to those component manufacturers and Toyota. The federal government must immediately begin working on plans to keep this important manufacturing base in Australia," Chapman added.

Source: AFP via I-Net Bridge

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