
Slowdown signs - Toyota Motor to end production at California plant

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Toyota Motor said that it was abandoning a plant in California that it jointly owned with ailing US giant General Motors, marking the first time it has pulled the plug on a factory. The move follows GM's decision in June to drop its ownership stake in the joint venture, New United Motor Manufacturing Inc, as it restructured under bankruptcy protection.

While a final decision on the fate of the plant and its 4,700 workers will be left to the NUMMI management, its closure now looks almost certain. Toyota has never been involved in shutting an assembly plant anywhere in the world, so it would be a first for the world's largest automaker.

The plant in Fremont will end production for Toyota in March and shift output of Tacoma pick ups to a factory in Texas, while Corollas will be manufactured in Canada and Japan for the North American market.

Mr Atsushi Niimi Toyota's North American head said that "We have determined that over the mid to long term, it just would not be economically viable to continue the production contract with NUMMI. This is most unfortunate, and we deeply regret having to take this action."

Toyota, which overtook US rival GM in 2008 as the world's largest automaker, is struggling to cut costs after falling into the red for the first time, with a JPY 436.9 billion loss in the year to March. Toyota actively expanded its global production facilities in recent years to meet brisk demand, particularly for its fuel efficient cars, leaving it vulnerable to the current collapse in worldwide sales.

New United Motors Manufacturing Inc is the only unionized Toyota plant in the United States, but Niimi said the presence of United Auto Workers had no direct impact on its decision. Toyota entered the joint venture in 1984 as an experiment to see if American workers could build cars according to their standards.

(Sourced from AFP)

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