

What Would a GM Bankruptcy Mean for the UK?

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American carmakers have been a fairly constant presence in Great Britain ever since Ford opened its first U.K. assembly plant in 1911. In 1925, General Motors acquired Vauxhall and built it into a mass-market manufacturer that since the 1980s has been the U.K.'s second largest carmaker.

Now that **GM faces such big problems** in the U.S., Vauxhall is likely to be spun or sold off as part of any restructuring of its parent company. Here's a quick rundown of the effects such moves might have on various groups in the U.K.

Consumers

A U.K. market share of 14 percent and sales of 298,000 vehicles last year make Vauxhall second only to Ford in the U.K., with four of the country's 10 top-selling models. Vauxhall sold 100,000 Corsas, just 2,000 fewer than Ford's best-selling Focus, and the 91,000 Astras were just 4,000 behind its rival's Fiesta.

In the worst-case scenario, if the line were to be shut down completely, losing those models would impose a severe constraint on consumer choice, and the loss of competition could mean higher prices. If GM were to sell Vauxhall to a company like Fiat, though, some loss of models would likely take place as Fiat combined its lineup with that of Vauxhall's, but some models would survive. As in the U.S., any kind of restructuring will likely lead to a significant reduction in the number of local Vauxhall dealerships, which could lead to inconveniences for current owners.

Employees

Vauxhall employs 5,500 U.K. workers at Luton, 30 miles north of London, and in Ellesmere Port on Merseyside, with 23,000 more employees in its dealerships and an estimated 8,000 at supplier companies. With other U.K. manufacturers laying off staff or cutting hours and van maker LDV going into administration last month, prospects for employment in the industry are thin.

The Economy

Job losses would be a major blow to the local Luton and Merseyside economies, where unemployment is high, but the loss of output would also be a significant blow to the whole of Britain. Suppliers and distributorships are spread throughout the country. Some lost Vauxhall production would be made up by orders for other British-made cars, but 80 percent of U.K. sales are imports, so losing Vauxhall could mean nearly 250,000 more cars purchased from Fiat or other foreign firms. It would be a double blow to the balance of payments, however: half the 111,000 Astras made last year, plus almost two-thirds of the 87,000 Vivaro vans, were exported.

Government

Ministers would be loathe to lose a major manufacturer like Vauxhall, especially during a recession, or to see a European takeover that could move production and high-value jobs abroad. After 106 years of making cars, Vauxhall is part of the U.K.'s motoring heritage. The government put together a 2.3 billion (approximately \$3.5 billion) state aid package for the industry this year, including a 2,000 (about \$3,500) subsidy for owners to scrap their old cars and buy new ones, and 800 million (\$1.2 billion) of aid for Indian-owned Jaguar and Land Rover. There was no specific aid for LDV, though, and help for Vauxhall would stretch budgets as well as E.U. rules.

The Brand

GM puts the Vauxhall name on Opel cars made in Germany and Opel's name on exported English Astras. Most cars made by the sister companies share model names, and the Vivaro vans made at Luton sell abroad as Opel, Nissan, and Renault. But even for the U.K. market, it is hard to see Fiat keeping the Vauxhall name since the Italian company is already well-established in Britain. And that would likely mean the end of more than 100 years of automotive history, the majority of that under GM's wing.

- **Read more:** [How the UK Lost its Auto Industry](#)
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