By John Griffiths

Volkswagen is drawing up contingency plans to build its new Beetle model in Europe as a result of soaring demand for the Mexican-built car in North America and a global queue of more than 200,000 would-be buyers.

A decision on whether to proceed, and at which of the group's plants that should be, will be made by May, Ferdinand Piech, chairman, told the Financial Times at the European launch of the car. VW will start selling the new VW in Europe on November 27 at prices starting from DM34,950 (£21,300).

The original Beetle, launched in 1945, has sold more than 21m units and is still produced at Puebla in Mexico, mainly for developing world markets. Although production of the new Beetle is still climbing from the start-up phase, more than 40,000 have been delivered to North American buyers. A decision was taken several months ago to lift capacity at Puebla from 121,500 to 162,000 a year.

However VW, which has overtaken Toyota to become the world's third-largest car maker, is already poised to lift capacity further to 216,000 a year - the maximum Puebla could produce. Puebla also makes the Golf and Jetta.

With VW's executives in the US indicating that North American markets alone could absorb most of the Mexican output, only around 80,000 new Beetles will be allocated for sale in Europe next year, 45,000 of them for Germany. Dr Piech said: "Above the 800-a-day threshold, we would have to produce the car in Europe. We will reach a decision in May, but we cannot say yet in which country it might be produced."

In spite of the new Beetle's distinctive looks, it is based on the engineering structure, or 'platform' of the latest generation Golf hatchback, which also provides the basis for the VW Bora saloon, Audi A3 hatchback, Seat Toledo and Skoda Octavia - all brands owned by the VW group.

It could thus be built at any of a number of plants in Germany, Spain or the Czech Republic - although virtually all the group's facilities are already working at or close to capacity and would need additional investment.

Dr Piech emphatically denied reports circulating in the German press hinting that the new Beetle could be built in the UK as the result of purported talks between VW and BMW, owner of the Rover Group.

The UK market will not receive right-hand-drive versions of the new Beetle until the end of 1999, although VW will offer 1,000 left-hand drives in the spring to customers who have already ordered.