

# Hyundai suspends domestic production over China outbreak

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Hyundai operates 13 factories around the world, including seven in South Korea

South Korea's largest automaker Hyundai Motor will suspend all domestic production because of a lack of parts due to the coronavirus outbreak in China, it said Tuesday.



The global car industry operates on tight supply lines and was thrown into turmoil when Japan's Fukushima earthquake and tsunami in 2011 knocked out a Renesas Electronics factory producing a vital and widely used computer chip.

The outbreak of the coronavirus had disrupted the supply of parts for Hyundai, the company said.

"Hyundai Motor has decided to suspend its production lines from operating at all of its plants in Korea," the carmaker said in a statement.

The order of suspensions would vary, it said, adding that all domestic production would cease on Monday.

Hyundai operates 20 plants worldwide, including seven in South Korea, and last year sold a total of 4.4 million vehicles.

Its South Korean production amounted to around 1.8 million vehicles, or approximately 35,000 a week.

The virus outbreak had disrupted the procurement of auto parts called wiring harnesses, which are mostly supplied from China.

"The company is reviewing various measures to minimise the disruption of its operations, including seeking alternative suppliers in other regions," Hyundai said.

If it was successful, production could resume next week, Yonhap news agency cited a company official as saying.

The deadly virus that first appeared in the central Chinese city of Wuhan—a centre for the auto industry in the world's second-largest economy—has resulted in 425 deaths and spread to more than 20 other



countries.

It has prompted widespread business shutdowns in China and airlines around the world have cancelled flights, raising concerns about the hit to the world's number two economy and beyond.

Tuesday's move came after Hyundai cancelled overtime factory hours at the weekend to produce its flagship Palisade sport utility vehicle.

Markets have struggled in recent days as the World Health Organization declared a global health emergency over the virus, with analysts concerned about its impact on world economic growth.

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