

Virus impact: Automakers look at restarting China operations

February 5 2020, by Joe McDonald



A rat figurine is displayed in a shop at Montenapoleone shopping district, in Milan, Italy, Tuesday, Feb. 4, 2020. China's virus outbreak is giving global business a chill. In Milan's luxury Montenapoleone shopping district, dozens of luxury brands decked out their windows for Chinese New Year. But wealthy Chinese shoppers, who are responsible for about one-third of all luxury purchases globally, have failed to arrive in their usual numbers. (AP Photo/Luca Bruno)

Automakers are considering whether to resume operations in China amid efforts to contain a virus outbreak while the impact on other companies spreads.

The latest developments as of Wednesday:

NISSAN MOTOR CO.: The Japanese automaker says it is considering reopening some factories in China on Monday but operations in the province at the center of the virus outbreak won't resume until at least Feb. 14. Nissan has a factory and offices in Wuhan, the city where the first virus cases were reported in December.

TOYOTA MOTOR CORP.: The automaker said it will decide Monday on further action for its 12 idled factories in China. Four of the facilities are vehicle assembly plants and the rest produce parts.

CATHAY PACIFIC AIRWAYS: The Hong Kong airline asked its 27,000 employees to take three weeks of unpaid leave while it struggles with plunging revenue. Cathay cut flights to mainland China by 90% this week and worldwide capacity by 30% after Beijing canceled group tours and told businesspeople to put off foreign travel. The South China Morning Post said CEO Augustus Tang, in a video message to employees, said the situation was as grave as the 2009 financial crisis.



In this Feb. 4, 2020, photo, a foreman wears a face mask as he communicates via radio at a container port in Qingdao in eastern China's Shandong Province. Deaths from a new virus rose to 490 in mainland China on Wednesday while new cases on a Japanese cruise ship, in Hong Kong and in other places showed the increasing spread of the outbreak and renewed attention toward containing it. (Chinatopix via AP)



A man wears a face mask as he rides a bicycle past Tiananmen Gate near Tiananmen Square during a snowfall in Beijing, Wednesday, Feb. 5, 2020. Deaths from a new virus rose to 490 in mainland China on Wednesday while new cases on a Japanese cruise ship, in Hong Kong and in other places showed the increasing spread of the outbreak and renewed attention toward containing it. (AP Photo/Mark Schiefelbein)



Dummies are displayed in a fashion shop at the Montenapoleone shopping district, in Milan, Italy, Tuesday, Feb. 4, 2020. China's virus outbreak is giving global business a chill. In Milan's luxury Montenapoleone shopping district, dozens of luxury brands decked out their windows for Chinese New Year. But wealthy Chinese shoppers, who are responsible for about one-third of all luxury purchases globally, have failed to arrive in their usual numbers. (AP Photo/Luca Bruno)



The photo exhibition 'Living in Shanghai' is displayed at the Montenapoleone shopping district, in Milan, Italy, Tuesday, Feb. 4, 2020. China's virus outbreak is giving global business a chill. In Milan's luxury Montenapoleone shopping district, dozens of luxury brands decked out their windows for Chinese New Year. But wealthy Chinese shoppers, who are responsible for about one-third of all luxury purchases globally, have failed to arrive in their usual numbers. (AP Photo/Luca Bruno)

WALT DISNEY CO.: The company says fewer people stayed in its Hong Kong properties, offset by growth in Shanghai before Disney parks in both cities closed due to the virus. The company said the impact of a two-month shutdown on the current quarter's operating income would be \$175 million.

RALPH LAUREN CORP: The fashion brand says it has temporarily closed about half of its 110 stores in mainland China. CEO Patrice Louvet said the company has diversified its supply network away from China over the past two years because of the U.S.-Chinese tariff war. "We'll need to see how employees return" to factories after the holiday, said Louvet during an earnings conference call. "We are working on being as agile as possible."

MOBILE WORLD CONGRESS: The organizer of the mobile phone industry's biggest trade show, due to be held in Barcelona this month, said it is taking extra precautions because of the virus. The group said it would make disinfection materials available, increase cleaning in high-traffic areas and advise people who attend not to shake hands.

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