

VW to close most European plants 'for two to three weeks'

March 17 2020, by Michelle Fitzpatrick



German auto giant Volkswagen is to close its European factories for two to three weeks to cope with the impact of the coronavirus crisis

German auto giant Volkswagen said Tuesday it was preparing to shutter most of its European plants, joining a slew of other carmakers as the coronavirus pandemic disrupts supply chains and sends demand plummeting.

Production will be halted in Spain, Portugal and Slovakia and Italy before the end of this week," CEO Herbert Diess said in a speech.

"Most of the other German and European plants will begin preparing to suspend production, probably for two to three weeks," he added.

The move comes as European governments take ever more drastic measures to keep people at home, and factory closures around the world interrupt deliveries of parts needed to keep car production going.

Volkswagen's powerful works council, which represents employees at the group, said separately that VW's closures would broadly take effect from Friday—and slammed bosses for not taking more urgent action.

"We believe this is too late! We expect an orderly exit from production now," Germany's works council chiefs said in an open letter.

VW staffers who have to work closely together on assembly lines don't understand why they should "risk infection" for "a few hundred more cars" when executives were already working from home, they wrote.

Car manufacturing factories are being idled across Europe.

Italian-American automaker Fiat Chrysler has halted production at six plants in Italy and one each in Serbia and Poland until March 27.

France's PSA Group, whose brands include Peugeot, Citroen and Opel, has said it too will shutter its European production sites starting this week.

Its French rival Renault said it was suspending production at its four factories in Spain.

'Very difficult

Diess said the VW group faced a "very difficult" year as the coronavirus epidemic wreaks havoc with the global economy.

In a press release announcing the company's 2019 results, he said the coronavirus outbreak posed "unknown operational and financial challenges".

The group, whose stable of 12 brands includes Porsche, Audi, Seat and Skoda, declined to unveil an outlook for 2020.

Volkswagen said the volatile situation and the unprecedented shocks to supply and demand made it "almost impossible" to make a reliable forecast.

Volkswagen's finance chief Frank Witter said it was "uncertain how severely or for how long" the pandemic upheaval will affect the company.

But he said the group would make "full use of all measures" available "to support our employees and their families and to stabilise our business."

In a rare spot of bright news, VW said it had resumed operations in China, with the exception of its factories in Changsha and Urumqi, as the country appears to have turned a corner in the virus fightback.

Looking at its 2019 results, the group said it saw revenues climb 7.1 percent to 252.6 billion euros (\$282 billion).

It achieved a net profit attributable to shareholders of 13.3 billion euros, up 12.8 percent on 2018, driven by strong sales of more expensive models.

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