

Volkswagen says China recovery accelerating

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China is Volkswagen's biggest market and deliveries increased 33 percent in September.

Auto giant Volkswagen said Friday its recovery in China was accelerating, but sounded a note of caution on geopolitical risks as concerns grow over German dependence on the Asian giant.

The German group, whose brands also include Audi and Skoda, saw [net](#)

[profits](#) in the July-September period slide due to the suspension of its Russian operations and costs linked to listing luxury brand Porsche.

But there was a 26 percent increase in deliveries in China, Volkswagen's biggest market, in the same period, and a 33 percent increase in September alone.

The news is a boost for the group which, like other international companies, saw its business in China impacted by lockdowns and other restrictions as part of the country's zero-COVID policy.

China remains a "strong market for Volkswagen... We have strong partnerships in China," said the group's CEO Oliver Blume, who will accompany Chancellor Olaf Scholz on a visit to the world's number two economy next week.

German companies are however facing growing scrutiny over their reliance on authoritarian China, after many in Europe's top economy got badly burned by an over-reliance on gas imports from Russia.

Moscow has slashed vital energy deliveries to the continent, in suspected retaliation for the sanctions imposed over the Ukraine war, leaving consumers and businesses facing huge bills.

Need to be 'flexible'

Asked about growing tensions over China, Blume responded that the company was keeping an eye on the "geopolitical situation".

It was important for Volkswagen to be "flexible with our global footprint in terms of being able to react on geopolitical crises", he added.

Worries about China were laid bare recently when a row erupted in the

ruling coalition about whether to sell a stake in a Hamburg port terminal to a Chinese company.

Scholz ultimately defied calls from six ministries to veto the sale over security concerns, instead permitting the company to acquire a reduced stake.

In the third quarter, Volkswagen made a [net profit](#) of 2.13 billion euros (\$2.12 billion) in July to September—a fall of more than 26 percent from the same period a year earlier.

Results were "weighed down by non-recurring costs totalling around 1.6 billion euros related to revaluation effects due to the group's suspended activities in Russia and costs associated with the Porsche IPO", said Volkswagen in a statement.

Along with other German automakers including rivals Mercedes-Benz and BMW, Volkswagen halted exports to Russia shortly after the invasion of Ukraine and closed its local production sites.

Last month, luxury sports carmaker Porsche floated on the Frankfurt stock exchange in one of Europe's biggest listings in years. Volkswagen is expected to use some of the cash raised in the listing in its shift towards [electric vehicles](#).

The group confirmed its outlook for 2022 in most areas. It expects sales revenues to be eight to 13 percent higher than in the previous year.

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