Audi to slash 9,500 jobs in Germany by 2025

26 November 2019, by Yann Schreiber

Audi is to shed jobs as it shifts to electric models

German luxury carmaker Audi said Tuesday it planned to slash 9,500 jobs in Germany by 2025 as part of a massive overhaul to help finance a costly switch to electric vehicles.

The job cuts will be achieved through an early retirement programme and natural turnover at its two German plants, the company said in a statement.

At the same time, the Volkswagen subsidiary said it would create 2,000 new jobs in the areas of electromobility and digitisation as it pivots to the smarter, cleaner cars of tomorrow.

The shake-up comes as Audi, like other carmakers, grapples with slowing demand in a weaker global economy, tougher pollution rules and the huge investments needed for the battery-powered era.

"In times of upheaval, we are making Audi more agile and more efficient," said CEO Bram Schot.

"This will increase productivity and sustainably strengthen the competitiveness of our German plants."

The remaining roughly 50,000 workers at Audi's Ingolstadt and Neckarsulm factories will have job security until the end of 2029 under the hard-fought deal struck with labour representatives.

"We have reached an important milestone," said Peter Mosch, head of Audi's works council.

"The extension of the employment guarantee is a great success in difficult times."

Audi said the reorganisation would help boost earnings by six billion euros ($6.6 billion) by 2029, keeping the premium brand on track to reach a profit margin of nine to 11 percent.

New CEO

The jobs cull comes after Audi was hit by falling sales, revenues and operating profits over the first nine months of 2019.

But the company is far from alone in feeling the pain from an industry in the throes of transformation and buffeted by the knock-on effects from US-China trade tensions and Brexit uncertainty.

German car parts suppliers Bosch and Continental have themselves announced thousands of job cuts to slash costs, while Mercedes-Benz maker Daimler is reportedly planning to axe 1,100 managerial roles.

Hoping to turn the tide at Audi, the Volkswagen group earlier this month said it had picked former BMW purchasing chief Markus Duesmann to replace Schot as the brand's chief executive from April.

Under Schot, Audi suffered more than other German manufacturers from the introduction last year of strict new emissions testing standards in the European Union, which led to expensive production bottlenecks.

And like its rivals, Audi is spending billions on new technologies, including battery-electric and hybrid vehicles, connectivity and autonomous driving.

But the firm last year also had to pay an 800-million-euro fine over its role in the "dieselgate" scandal.

The saga erupted in 2015 when the Volkswagen group admitted to installing cheating devices in 11 million diesel cars worldwide to dupe regulatory emissions tests.

Audi's engineers are suspected of having helped developed the software used to make cars emit less pollutants under lab testing conditions than on the road.

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