

**Production****stop**  
**at VW****no longer runs**

In the middle of the biggest restructuring in the history of the group, VW must stop production across Europe. CEO Herbert Diess speaks of a "dramatic crisis". China promises the only hope.

By **Simon Hage**

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Production of the VW ID.3 Matthias Rietschel / REUTERS

Actually, the VW Group's press conference on Tuesday morning should be a demonstration of strength. Whether sales, sales or profits, everything has developed upwards in

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the world's largest automaker into a crisis in 2020.

CEO [Herbert Diess](#) warned via video stream of a "significantly deteriorated sales situation" and an "uncertainty in the supply of parts to our plants". At the same time, he announced [temporary plant closings](#). Production at the most important VW locations in Spain, Portugal, Slovakia and Italy has already been interrupted. Most other European plants, including Germany, were gradually preparing to stop production, Diess said. In the late afternoon, Volkswagen finally announced that it would shut down production across the board on Thursday. This affects the plants in Wolfsburg, Emden, Dresden, Osnabrück, Zwickau, Bratislava (Slovakia), Pamplona (Spain), Palmela (Portugal) as well as the component plants in Braunschweig, Chemnitz, Hanover, Kassel, Salzgitter and the subsidiary Sitech. The production stop initially applies to two weeks.

### Trouble with the works council

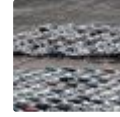
In the morning, the works council criticized in a letter to the workforce that the VW board wanted the employees in the German plants to work until the end of this week. However, driving the last shift on Friday was too late: "We now expect an orderly exit from production," the employee representatives said. While there are otherwise distance requirements at VW everywhere, the employees in the factories are still working "shoulder to shoulder on the vehicles".

Works council chief Bernd Osterloh had already criticized VW management for its crisis management last week. "The management board would now ask for leadership and

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In contrast, VW CEO Diess and HR Director Gunnar Kilian assured that the health of employees was a top priority. So far, 25 corona cases have occurred worldwide, three of them at the Wolfsburg headquarters. A sick employee came into direct contact with colleagues at the main plant in Wolfsburg. The contacts were quarantined. During the course of the day, the individual group brands should comment on the details of the production interruptions.

The corona pandemic hits the VW Group in the middle of the largest restructuring in its corporate history. Volkswagen is investing 60 billion euros in electrification, digitization and autonomous driving. In order to be able to manage the high sums, the group needs stable profits. But they are now in danger in the corona crisis. The group has already cashed in on its sales and profit targets for 2020. "At the moment, a reliable forecast is simply not possible," said CFO Frank Witter. The severity and duration of the crisis cannot currently be assessed. VW chief Diess said the corona pandemic presented VW with "unknown operational and financial challenges".

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However, the priorities for investments have not changed at this point. "We stand by our electrification plan," said Diess. The start of sales for the new electric car ID.3 is still planned for this summer. VW also wants to achieve the CO2 targets prescribed by the EU regardless of the crisis. Volkswagen therefore sees no need to relax the CO2 requirements due to the corona crisis, said Diess.

### Showrooms in China should be open again

The VW boss is hopeful about the development of the market in China, where the wave of infections began at the turn of the year. Through a "concerted action between the government agencies and the companies", it was possible to quickly restart production after weeks of interruptions, said Diess. The showrooms are open again, sales are increasing again.

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"This shows us that good crisis management, good coordination between politics and companies can also manage a dramatic crisis like Corona quite well," said Diess. He was cautiously optimistic that this would also work in Europe. **S**

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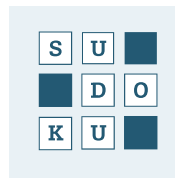
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