

VW chief warns workers of 'pain' to come because of scandal

October 6 2015, by David Mchugh



The Oct. 5, 2015 photo shows a man sitting on a bench in front of the Volkswagen factories in Wolfsburg, northern Germany. For Volkswagen, the cost of its cheating on emissions tests in the U.S. is likely to run into the tens of billions of dollars and prematurely end its long-sought status as the world's biggest carmaker. (Julian Stratenschulte/dpa via AP)

Volkswagen's new CEO has told more than 20,000 workers that overcoming its emissions-rigging scandal will "not happen without pain" and that the company will have to review its investment plans.

Matthias Mueller vowed Tuesday that "we will overcome this crisis" but said that the company would have to be more careful about costs.

He told the meeting at the company's sprawling home plant in Wolfsburg, Germany, that the company would have to put its future investments in plants, technology and vehicles "under scrutiny" to spend only what was needed to maintain a leading edge.

"We will do everything to ensure that Volkswagen will stand for good and secure jobs in the future as well," he told concerned workers.

The head of Volkswagen's influential employee council said later Tuesday that the scandal won't have any immediate effect on jobs.

"It is not possible to say today whether and how this wrongdoing could affect our jobs in the medium and long term," Bernd Osterloh told reporters. But "at the moment ... there are no consequences for jobs," including those of temporary workers, he added.

Employees at Volkswagen's German factories at the very least face a possible reduction in their profit-sharing checks. Those under the union contract received 5,900-euro bonuses for 2014, when the company made net profit of 10.8 billion euros. Analysts have been slashing profit forecasts for this year and next.

Volkswagen AG faces fines and lost sales after U.S. environmental regulators found it had installed software that disabled pollution controls when the vehicle was not on the testing stand. The company has set aside 6.5 billion euros (\$7.3 billion) to cover costs but analysts say that likely is not enough.



The Oct. 5, 2015 photo shows the Volkswagen factories and administration and sales buildings in Wolfsburg, northern Germany. For Volkswagen, the cost of its cheating on emissions tests in the U.S. is likely to run into the tens of billions of dollars and prematurely end its long-sought status as the world's biggest carmaker. (Julian Stratenschulte/dpa via AP)

Osterloh also acknowledged that recovering from the scandal won't be painless. But he said the employee council "will watch carefully that this crisis, which was caused by a circle of managers, is not settled on the backs of employees."

"We assume that, for reasons of decency, the management board's bonus will in case of doubt fall in the same way as the workforce's bonus," he said.

Mueller said some of the affected cars - more than 11 million diesel engine vehicles worldwide - could be fixed by adjusting the software, while others would need hardware fixes. He didn't elaborate.

Volkswagen has until Wednesday to give German regulators a binding timetable that sets out when it will have a fix for the cars in the country and by when it can be implemented.



A VW employee enters the Volkswagen factory site through Gate 17 in Wolfsburg, Germany, Oct. 6, 2015. For Volkswagen, the cost of its cheating on emissions tests in the U.S. is likely to run into the tens of billions of dollars and prematurely end its long-sought status as the world's biggest carmaker. (Julian Stratenschulte/dpa via AP)

Osterloh said Mueller's speech went down well with employees, and added that he "can count on the support of employees to put Volkswagen back on the right track."

Osterloh sits on Volkswagen's supervisory board—the German

equivalent of a board of directors—as does the governor of Lower Saxony state, which is a minority shareholder.

In a letter to VW employees released Tuesday, state governor Stephan Weil said it is "intolerable" for the whole company and workforce to be placed under "general suspicion" as a result of the emissions cheating.

"I am aware that work at Volkswagen is the livelihood for many thousands of employees and their families, worldwide and above all here in Lower Saxony," Weil said. "So I view it as our task to work with all our strength for the security of these jobs."

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