

Volkswagen to cut 30,000 jobs in huge post-dieselgate revamp

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Volkswagen currently employs 215,000 people worldwide

Volkswagen on Friday announced the biggest revamp in its history, cutting 30,000 jobs in a huge savings plan to help it recover from the dieselgate emissions cheating scandal.

The deal, agreed with labour representatives after months of tortuous negotiations, will lead to annual savings of 3.7 billion euros (\$3.9 billion)

by 2020, VW brand chief Herbert Diess announced.

"Worldwide we will cut about 30,000 positions, including 23,000 positions in Germany," he said, adding that these would be mostly through measures such as attrition and temp job losses and not through forced lay-offs.

"It's a major step forward, and undoubtedly one of the biggest in the history of the company," said Diess.

'Painful'

Jobs will also be lost in Brazil and Argentina, two markets where the brand is struggling.

"I am very sorry for those affected, but the situation of the brand at the moment gives us little room for manoeuvre," Diess told a press conference at the group's Wolfsburg headquarters in northern Germany.

The so-called "Future Pact" agreed with labour leaders will also see VW create 9,000 new positions in areas of new technology, as part of the group's shift to electric vehicles in the wake of dieselgate.



VW brand chief Herbert Diess hopes the job cuts will save 3.7 bn euros by 2020

"We are tackling the problems at the root, even if it's painful. Many didn't think we could do it," Diess said. "Today, we have shown that Volkswagen can and will change."

The VW brand, which employs 215,000 people worldwide, had already been struggling with profitability, weighed down by high costs and low productivity.

But the group, which also owns brands including Audi and Skoda, was plunged into the biggest crisis in its history last year after it admitted to installing emissions cheating software in some 11 million diesel vehicles.

The so-called defeat devices could detect when a vehicle was undergoing regulatory tests and lowered emissions accordingly to make the cars

seem less polluting than they were.

The crisis hurt sales and damaged the image of the proud German company, pushing it to its first loss in over two decades last year.

In response to the controversy and to burnish its environmental credentials, VW has revved up its focus on clean energy cars, announcing plans to develop and manufacture more than 30 new electric vehicles by 2025.

As part of the switch to future technologies, Diess said VW would invest some 3.5 billion euros in Germany over the next four years on projects focussed on automation, digitalisation and e-mobility.



VW chief Herbert Diess says he is "very sorry" for people who will lose their jobs

Analyst Ferdinand Dudenhoeffer, an expert on the German auto industry, told n-tv television that VW was on the right track with its massive restructuring plan.

"It's painful but it's the right decision," he said.

VW has set aside some 18 billion euros to cover the fallout of the scandal, but experts believe the final bill for the buy-backs, fixes and legal costs will be far higher.

Last month it agreed a \$14.7 billion settlement with authorities in the United States that includes compensation for nearly half a million owners of the affected cars.

But the group still faces a web of investigations and legal claims around the world.

The group's shares were up 0.55 percent at 118.20 euros Friday, outperforming the overall market, which was down 0.09 percent.

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