Volkswagen Strengthens Focus On Chinese Market

Juergen Baetz, Associated Press

BERLIN (AP) — German carmaker Volkswagen moved Saturday to strengthen its strategic focus to expanding sales in China, while reshuffling the leadership of its truck business.

Volkswagen AG's supervisory board approved the creation of a new position on its board of directors managing all business related to China. Europe's biggest carmaker — which includes Volkswagen, Audi, Lamborghini, Porsche, Skoda and Bentley — said in a statement the move "reflects China's importance as the world's largest car market."

The company sold 2.3 million cars in China last year, resulting in a €2.6 billion operating profit. "We want to further increase our pace there," said Volkswagen group chief executive Martin Winterkorn.

Amid mostly flat sales in Europe, German carmakers have become increasingly dependent on Chinese demand. China is Volkswagen's single largest market, and an important growth driver. It is the third-largest market for Daimler AG and its Mercedes Benz cars, while for BMW AG, the Munich-based maker of luxury cars and SUVs, deliveries in China recently overtook those in the United States.

Volkswagen said after Saturday's board meeting that its new China department will be run by Jochem Heizmann, who leaves his position as the head of the group's truck business.

Heizmann will be succeeded by the chief executive of Sweden-based truck manufacturer Scania AB, Leif Ostling, whose position goes to Scania board member Martin Lundstedt.

Volkswagen only recently took majority stakes in Scania and Germany's MAN, making Ostling's main job now to strengthen cooperation between the two companies and Volkswagen's own utility division to make the business line more profitable.

Volkswagen group CEO Winterkorn hailed the internal management reshuffle as a major step in boosting the group's competitiveness.

"At the same time, we are now further intensifying knowledge transfer and management links within the group. That is how we can leverage synergies and consistently harness growth opportunities — to the benefit of each individual brand and the group as a whole," he said.

In other decisions Saturday, the Wolfsburg-based group said the CEO of the company's high-end brands Bentley and Bugatti, Wolfgang Duerheimer, will join Audi as its new head of technical development department.

Most of the management appointments — 30 in total — will come into effect in September, it said.

Volkswagen reported in April that its first quarter net profit rose to €3.19 billion from €1.71 billion as revenue grew by a quarter to €47.33 billion. The company's earnings were also boosted by big profit on financial items stemming from share options related to the company's attempt to fully integrate sports car maker Porsche.

Volkswagen has some 500,000 employees worldwide and sold about 8.3 million cars last year. The company hopes to sell 10 million cars a year by 2018 and become the world's number one carmaker.

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