

Volkswagen to invest some €1 billion by 2026 – South America region to be geared to sustained profitability



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“Latin America is an important future market for Volkswagen. Over the last two years we have achieved a very good starting position in the region through a very consistent restructuring program. We are now driving implementation of our ACCELERATE strategy with a major investment program, strengthening our competitive position in the region and thus gearing up for sustained profitability,” Ralf Brandstätter, CEO of Volkswagen, said.

Following the deep recession in 2013, Volkswagen is celebrating a remarkable comeback on the Latin American market with the expected return to profit in the 2021 financial year. This success is in part attributable to systematic reductions in fixed costs as well as capacity adjustments at the six plants in the region under an ambitious restructuring program. At the same time, Volkswagen launched a comprehensive model campaign in 2017 to radically renew its product portfolio: 20 new models tailored to the needs of the South American market debuted in the space of four years, the majority of them built locally at Volkswagen’s plants in Brazil.

Alexander Seitz, CFO of Volkswagen, commented: “Robust and profitable regions are a key success factor in our ACCELERATE strategy, because we have to earn our transformation. The expected turnaround in Latin America is a very important milestone on the road to sustained competitive profitability for Volkswagen.”

Volkswagen is continuing its successful strategy in Latin America focusing on a product portfolio tailored to the needs of the region with the market launch of the new compact car family for the entry-level segment starting in 2023. The first model is the Polo Track based on the MQB platform. As a result, Volkswagen do Brasil can develop a fast-growing market segment efficiently and at a high technological level. Using the MQB platform also brings development cost savings. The Polo Track is to be produced at the plant in Taubaté, Brazil.

“The high level of future investments in our region demonstrates the great importance of the Latin American market for Volkswagen. This is based on three key success factors: The excellent productivity of our plants achieved through consensus with the unions, the outstanding performance of the entire team, and our strong focus on the wishes of Latin American customers,” Pablo di Si, President and CEO of Volkswagen Latin America, underscored.

Tailored to the region: Local approaches to digitalization and decarbonization

In addition to expanding the product portfolio, Volkswagen is also stepping up the pace of the transformation into a software-oriented provider of sustainable mobility with these additional investments in Latin America. Here, too, Volkswagen is tailoring its measures to the specific needs of the market.

Volkswagen is therefore making further investments in the existing Biofuels Research & Development Center located in Latin America. Particularly in regions where travel involves covering long distances, where charging networks are not widespread and where green energy supply levels are low, biofuels with a positive CO balance can build a bridge to the electric era. Both the fleet and the company are to be carbon-neutral by 2050. The roadmap for achieving that goal – the Way To Zero – is a core element of the ACCELERATE strategy. E-mobility is both the core and the lead technology for decarbonizing transport. In the long-term perspective, this also holds true for Latin America.

“With Way To Zero, we are committed to providing sustainable mobility for all. Bioethanol is a meaningful regional complement to our electric strategy, because it reduces carbon emissions by up to 90% compared to gasoline. It is an excellent example of ‘think global, act local’” Pablo di Si said.

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