

Peugeot to slash production by 20% as its sales tumble

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PSA Peugeot Citroën will cut production by at least 20 per cent, it announced yesterday, as it scrapped its profitability targets in response to sharply slower vehicle sales.

Europe's second-largest carmaker said it was planning "massive" production cuts and would lose money in the second half of the year. It is planning to eliminate shifts in France and Spain in the fourth quarter as it plans to reduce output by at least a fifth.

In a sign of the growing toll the world economic crisis is taking on consumer demand in emerging markets - formerly a cash cow for carmakers - Christian Streiff, chief executive of PSA Peugeot Citroën, told the Financial Times the company would also temporarily halt some production at its plants in Brazil and China.

Peugeot slashed its 2008 profitability target yesterday, cutting operating margin forecasts from 3.5 to 1.3 per cent. "This means we are losing money in the second half," Mr Streiff said.

He said that two-thirds of the loss Peugeot expected for the second half would be due to the restructuring as it prepared itself for 2009.

The company said it expected demand for cars to drop by 17 per cent in western Europe in the fourth quarter of this year.

Volkswagen, Europe's largest automaker, yesterday spoke of a "marked deterioration" for the car industry in September and said it would cut the number of contract workers in its German factories by about 20 per cent by the end of the year.

VW said it still expected to sell more vehicles this year than in 2007, but it said the pace of growth had begun to slow in important emerging markets. It said it would allow contracts for about 750 of its 3,700 temporary staff in Germany to lapse.

The bleak outlook from Europe came as Toyota, Japan's top automaker, revealed it had suffered its first quarterly sales decline since the months after the September 2001 terrorist attacks.

The rare reversal for Toyota, which is vying with General Motors for the world's number one spot, came as demand for cars and trucks in the US, its biggest market, tumbled towards two-decade lows. European and Japanese sales have also shrunk. This is only the second quarterly fall since Toyota began tallying comparable figures in 1999.

Peugeot said it planned to cut shifts rather than close plants, but Mr Streiff did not rule out factory closures in the future.

It has cut its staff by 15,000 through voluntary departures since early 2007, and yesterday said it would not be renewing contracts for 2,000 temporary staff.

Peugeot has aggressively cut back capacity to avoid building excess inventories at dealerships.

Fonte: Financial Times, London, October 25 e 26 2008, Primeiro Caderno, p. 9