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Volkswagen to Continue Russia Expansion

By The Moscow Times

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HANOVER — Germany's Volkswagen will stick with ambitious expansion plans in Russia even as European leaders consider sanctions over the country's seizure of Crimea, the carmaker's chief executive said.

"I believe we should not scale back our activities [in Russia] because of this," VW's Martin Winterkorn said Thursday on the sidelines of a conference in Hanover, Germany.

Europe's largest automotive group, which spent 1 billion euros ($1.4 billion) on Russian operations from 2006 to 2013, said in December 2012 that it would invest a further 840 million euros in its sixth-biggest market through the end of 2015.

Volkswagen is building a new engine factory in Kaluga, where it already employs more than 5,100 people at an assembly plant that makes VW and Skoda models.

The company has a goal to boost sales in Russia by more than 60 percent to 500,000 cars, from 303,000 last year.

"Our sales numbers continue to look good, but we are paying very close attention to what is happening there," CEO Winterkorn said. "Investments are still running; we will not stop the [new] engine plant."

VW's finance chief Hans-Dieter Poetsch last week said that the carmaker was grappling with effects of "extreme" currency volatility that was placing a "clear burden" on operations in Russia.

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