
BULGARIA, ROMANIA, SERBIA COMPETE FOR VW PLANT AFTER TURKEY PUT ON HOLD ‘

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Volkswagen Group's decision to put its Turkish investment on hold has started a contest among Balkan nations vying to host the 1.3 billion-euro (\$1.4 billion) plant.

Bulgaria, Romania and Serbia are hoping that VW returns to its earlier shortlist of sites, which featured the Balkan nations and North Africa.

The investment would be one of the biggest by an automaker in any of the three countries, which have long struggled to combat corruption and improve crumbling infrastructure.

VW had picked Manisa, 40 km (25 miles) northeast of Izmir on Turkey's western coast, for the plant, with production scheduled to start in 2022.

On Tuesday, the company said it had postponed the final decision on the site in Turkey amid international criticism of the country's military operation in Syria and concerns about potential reputational fallout.

Bulgaria's government is ready to boost its offer and double the subsidies available to VW to 260 million euros from an initial 135 million, said Rosen Plevneliev, a board member of the non-governmental Bulgarian Automotive Cluster.

"Bulgaria has prepared a wonderful proposal, which offers the utmost possible under European Union laws," Plevneliev, who is also a former Bulgarian President, told Bulgaria's BNR public radio on Wednesday.

"We can expand our cooperation with Volkswagen in different areas. Bulgaria is to build infrastructure for electric cars. We also have ideas how to back up the carmaker with additional infrastructure and educational measures," Plevneliev said.

InvestBulgaria Agency CEO Stamen Yanev said: "We have covered all requirements by the investor and we've offered more than that. We are still standing well as a factor of stability in the region, as a loyal partner and we are awaiting the final decision."

With VW's decision on hold, neighboring Romania said it has started new talks to lobby for the investment.

"We have initiated new talks with Volkswagen Group," trade minister Stefan Radu Oprea was quoted as saying by Romanian daily Ziarul Financiar on Wednesday.

Romania has a Ford Motor factory and is home to Dacia, which is owned by Renault.

Oprea is serving as interim trade minister until a new government is voted in, after the cabinet collapsed following a no-confidence vote in parliament earlier this month.

Serbia has also put itself out as a candidate.

An investment by VW would "help stabilize the whole region," and benefit VW because the area still has qualified labor for the industry, Marko Cadez, head of the Serbian Chamber of Commerce said. Serbia is outside the EU so unlike Bulgaria and Romania, its workers don't have access to jobs in member countries.

VW's new plant is scheduled to build the next-generation VW Passat and Skoda Superb midsize model lines with a maximum annual production capacity of 300,000 vehicles, according to an internal document seen by Automotive News Europe. It will ease capacity constraints at Skoda's Czech plants and allow VW's factory in Emden, Germany, to shift from Passat production to electric cars.

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