Volvo Cars expands production in China and unveils new China strategy

Volvo Cars, the premium car maker, has unveiled a new manufacturing strategy for China in which production capacity will be increased and China will be developed into a global manufacturing and export hub servicing growing demand for its new range of cars in the US, Europe and Asia Pacific.

Volvo Cars will make its top-of-the-range S90-series cars based on its Scalable Product Architecture (SPA) at its plant in Daqing, Heilongjiang province, in northern China. It also announced today that production of the new S90 premium sedan will in future be moved from Europe to China.

The Swedish company also announced that existing and future 60-series medium-sized SPA-based cars will be built at its plant in Chengdu, Szechuan province, in Western China, while its planned 40 series smaller cars, based on its Compact Modular Architecture (CMA), will be made at a plant that is currently being built in Luqiao, 350km south of Shanghai.

"With three plants – and the designation of one car line for each plant – Volvo creates an efficient production structure ensuring future capacity for growth," said Håkan Samuelsson, president and chief executive.

The Luqiao plant, which is owned by Zhejiang Geely Holdings but operated by Volvo Cars, will make Volvo’s new range of smaller 40-series CMA-based cars, as well as CMA-based cars for LYNK & CO, the new car brand launched in October by Geely Auto, highlighting the growing industrial synergies being developed by the automotive group.

Volvo’s expanded production capacity in China forms an integral part of its broader global industrial footprint.

Volvo currently operates two plants in Europe, in Sweden and Belgium. The Sweden plant in Gothenburg will continue to make 90 series and 60 series SPA cars while its plant in Ghent, Belgium, will in future be a CMA-only production facility making new 40 series cars.

Volvo is also building a new plant in South Carolina in the US that will also make SPA-based vehicles for domestic US consumption and for export.
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The details of Volvo's new manufacturing strategy in China came the same day it unveiled a new China-built version of its S90 sedan and a top-of-the-line, specially upgraded luxury model called S90 Excellence, in advance of their first public appearance at the 2016 Guangzhou Motor Show.

The new S90 will be the most premium car ever made in China. Both versions will be built in Volvo Cars' production facility in Daqing and exported globally, demonstrating the high levels of quality control that underpin Volvo’s global manufacturing strategy.

All Volvo Cars' plants adhere to Volvo Cars' global Volvo Car Manufacturing System (VCMS), utilising and following the company’s global manufacturing and quality standards.

Volvo has paved the way in developing China’s exports of locally made cars to global markets. It was the first Western car maker to export a premium China-made car to the US in 2015 with the S60 Inscription.

Volvo Car Group in 2015

For the 2015 financial year, Volvo Car Group recorded an operating profit of 6,620 MSEK (2,128 MSEK in 2014). Revenue over the period amounted to 164,043 MSEK (137,590 MSEK). For the full year 2015, global sales reached a record 503,127 cars, an increase of 8 per cent versus 2014. The record sales and operating profit cleared the way for Volvo Car Group to continue investing in its global transformation plan.

About Volvo Car Group

Volvo has been in operation since 1927. Today, Volvo Cars is one of the most well-known and respected car brands in the world with sales of 503,127 in 2015 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding (Geely Holding) of China since 2010. It formed part of the Swedish Volvo Group until 1999, when the company was bought by Ford Motor Company of the US. In 2010, Volvo Cars was acquired by Geely Holding.

As of December 2015, Volvo Cars had almost 29,000 employees worldwide. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for China is located in Shanghai. The company’s main car production plants are located in Gothenburg (Sweden), Ghent (Belgium), Chengdu and Daqing (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).

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