

VW plans US\$2.2bil electric car plant in Germany

FRANKFURT: German auto giant Volkswagen (VW) says it has approved a €2bil (US\$2.2bil or RM9.2bil) investment in a new electric car plant, as it seeks to overhaul its business in the face of stiff competition from US rival Tesla.

Construction on the new German factory next to the group's historic home in Wolfsburg will begin "as early as spring 2023" for a production start in 2026, VW said in a statement.

The new site will be dedicated to the production of mass-market "Trinity" vehicles, the centre point of Volkswagen's new all-electric fleet.

The decision was an "important milestone" for the company, the head of the VW brand Ralf Brandstaetter said in a statement, as it plans its move away from traditional combustion engines.

The VW group – whose 12 brands include Audi, Porsche and Skoda – is pumping €35bil (RM159.85bil) into the shift to electric vehicles and aims to become the world's largest electric carmaker by 2025.

The announcement of the US\$2.2bil (RM9.19bil) investment came on the same day as Volkswagen's rival, electric car pioneer Tesla got the green light from local officials to start production at a new plant near Berlin, Tesla's first "gigafactory" in Europe.

With Tesla's ambitions parked on its front lawn, Volkswagen is hoping to match its United States rival with the new purpose-built factory by producing new electric vehicles in the space of 10 hours. — AFP