
Daimler plans of shifting spark union concerns in Germany

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FT reported that this week's decision by Daimler to shift parts of the future production of its best selling Mercedes C Class sedan to the US exposes the mismatch between large domestic footprints and global sales of many German industrial companies.

Daimler said earlier this week that it would centralize German production of the C Class in Bremen and would start assembling the next generation of the model in its Tuscaloosa plant in the US from 2014. The plan was a blow to its 94 year old Sindelfingen plant, where the C Class will no longer be produced, and highlighted how managers are looking to expand plants in regions with low labor costs and weak currencies.

Less than 25% of Daimler's sales are generated in its home country, but Daimler continues to employ about 60% of its 273,000 workers in Germany. Rival carmakers and other large German industrial groups also lag behind in moving production to low cost countries. Siemens, Europe's largest engineering group, is one example.

Other premium carmakers such as BMW and Audi have been producing sports utility vehicles and smaller models in Eastern Europe and other low cost regions for a while. They have also started to spread production of their smallest sedans such as the C Class around the world. Daimler is producing the C-Class at its South African plant and in China.

Daimler's arch rival BMW is producing its 3 series sedan mainly in Germany but also at its South African and Chinese plants. BMW does not plan to produce the model in the US because it can import it from South Africa without suffering from the two factors that make imports to the US expensive: the weak dollar and tariffs.

(Sourced from www.ft.com)

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