

Scania slashes production amid global slowdown

Written by AFP / The Swedish Wire
Monday, 10 October 2011 14:58 -



Swedish truckmaker Scania said Monday it would cut its production by up to 15 percent starting next month due to a dent in demand caused by a global economic slowdown.

"Government financial problems in Europe and the US have now begun to affect economic activity and have led to hesitation among customers," the company explained in a statement, adding it was seeing "deceleration in Europe, but also a slower pace of order bookings from the Middle East."

As a result, "starting in November the company will lower its production rate due to falling demand. Compared to the end of the third quarter, at the global level this means that the vehicle production rate will be reduced by 10-15 percent," the company said.

It stressed though that the production adjustment would be "handled within the framework of existing flexibility agreements between the company and trade union organisations."

Following the news, Scania saw its share price slump 2.81 percent in midday trading on a Stockholm stock exchange up nearly 1.00 percent.

Its main Swedish competitor Volvo, the world's second largest truck maker, was also affected by the announcement, seeing its share price drop 3.00 percent.