

Volvo Cars halts production due to low demand

Written by Johan Nylander

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Volvo Cars will stop production in its main plants in Sweden for a week because of weak demand, several Swedish media sources said Monday.

"The car market is in a difficult situation and it hits the customers' willingness to buy a car. Therefore, we adapt our production to market demand", press officer Per -Ake Froberg told business daily Dagens Industri.

The factory in Torslanda will be closed between 29 October and 2 November. The production halt will affect some 3,300 employees. The workers will be compensated through a variation of paid leaves.

On Oct. 1, the company decided to slow the production pace of the Torslanda plant, from 57 cars an hour to 50 cars.

Volvo Cars' CFO and Acting President, Jan Gurander, said in a statement: "Europe is the main market for Volvo Car Corporation and the continued recession is naturally affecting the demand."

Last month Volvo Cars -- owned by China's Geely Holding Group -- said it was struggling to

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build up its retail operation in China where annual sales were unlikely to meet a its targets.