

Volkswagen, Ford Partner To Build Commercial Vans And Medium-Sized Pickups

Automobile giants Volkswagen and Ford have officially teamed up to develop commercial vans and medium-sized pickups for global markets, beginning as early as 2022.

The newly-formed alliance between the American and German automakers does not entail cross-ownership between the two companies; it will be governed by a joint committee led by Volkswagen and Ford's CEOs Herbert Diess and Jim Hackett with senior executives from both companies.

Faced with intense competition and rising costs, car companies have seen sales dip. The alliance allows both companies to reduce costs since it will allow them to share investments in vehicle architectures, boost the capability and competitiveness of their vehicles.

Through the partnership, Ford will engineer and build medium-sized pickups for both companies which are expected to go to market as early as 2022. It will also engineer larger commercial vans for European customers. Volkswagen, meanwhile, is working to develop and build a city van.

Ford and Volkswagen have also signed a deal to explore opportunities of collaboration in autonomous vehicles, mobility services and electric vehicles.

"This alliance will not only drive significant efficiencies and help both companies improve their fitness, but also gives us the opportunity to collaborate on shaping the next era of mobility", said Ford CEO Jim Hackett.

Ford and Volkswagen have commercial van and pickup businesses around the globe, such as the Ford Transit family and Ranger as well as the Volkswagen Transporter, Caddy and Amarok.

The companies' collective light commercial vehicle volumes from 2018 totaled approximately 1.2 million units globally.

Both companies expect that demand for both medium pickups and commercial vans will grow globally in the next five years.

As per an official statement by Volkswagen, the commercial van and pickup cooperation will yield improved annual pre-tax operating results, starting in 2023.

Earlier this week, Volkswagen announced that it will invest \$800 million to build electric vehicle technology in Chattanooga, Tennessee. The German automobile giant is just recovering from an emissions scandal that led to reshuffle in its top management.

Meanwhile, Ford said that it will invest \$11 billion by 2022 to launch 40 new electric cars and hybrids

worldwide.

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