

Volkswagen veteran Hahn takes a walk down memory lane in China

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IN the history of Volkswagen AG, Europe's biggest car maker, Carl H. Hahn holds a special place.

Joining the company in 1954 and being chairman of the board of management of Volkswagen from 1982 to 1992, Hahn saw the rise and fall of the global auto industry and headed the German car maker's success in introducing the Beetles to the most competitive United States market.

But his most noted achievement was successfully expanding VW's global presence in Spain, Portugal, Turkey and Slovakia in Europe and going further east to China. This helped set up his company an international auto powerhouse.

One winter afternoon, Hahn, a silver-haired man in his 80s, took interviews with a group of Chinese auto reporters during the launch of a Chinese version of his biography — "Meine Jahre mit Volkswagen."

It was his first media conference since his retirement 15 years ago. The book is being published in China ahead of any other overseas country outside his homeland.

"The book reviews my 40-year career in Volkswagen and the chapter on China is one of the most important sections," Hahn said.

"I would like to remind all the young people how China's automobile industry developed from a really humble start to the pillar industry and all the ups and downs for Volkswagen in building the business in China.

"Also, all the strategies and paths on how Volkswagen becoming international player could be helpful and illuminating for the emerging Chinese auto industry."

Hahn has good reason to feel a bond with China, his first important project after he rejoined VW in 1982.

Hahn, born into an automobile family in 1926 in Germany, began his career in Volkswagen in 1954 and was soon promoted to president of the group's US division.

He moved to German tire maker Continental Corp in 1973 but his connection with Volkswagen was re-established with his appointment as chairman nine years later. His brief, before the age of 40, was to revive Europe's biggest car maker.

"After meeting Vice Premier Li Peng for in-depth discussions, I was strongly convinced by China's open-

ing-up and reform policy," said Hahn.

At the start of the 1980s, China was a gamble for global car makers on market potential as the economy had just undergone a social revolution and the auto industry was in its technological infancy.

The tie-up negotiations were not without hiccups but in the end were successful.

"I think it was the open-minded political attitude to welcome overseas investments and overseas technology to its own market that powered China's pace in expansion and was crucial to facilitate the cooperation."

Volkswagen was among the first batch of car makers to start making vehicles in China.

It formed its first joint venture in 1985 with Shanghai Tractor Corp, the former company of the Shanghai Automotive Industry Corp, which has now become China's biggest car maker.

But annual output of the joint venture, Shanghai Volkswagen Co Ltd, was at only 500 units compared with Volkswagen's total of two million units worldwide. "Although the production capacity was very limited in the early stages, China remained at the top on my agenda," said Hahn.

He said Volkswagen made its long-term commitment in China because of the nation's long and rich history and the certainty that high-quality cars would eventually be made here.

'National vehicle'

The Chinese market did not let Hahn down. After heavy investment and patience, Volkswagen's first model Santana sedan soon became the "national vehicle" with a market share of more than 80 percent.

In 1991, Volkswagen set up its second joint venture with First Automotive Industry Corp in Changchun, making Jetta, Golf and its premier Audi-branded sedans.

Volkswagen has now become China's second-largest overseas car maker, turning out a record 900,000 units last year. The world's second-largest auto market is now the biggest overseas market for Volkswagen.

"I was strongly convinced of what we could achieve at that time," said Hahn. "It is common to have critics and doubters but I kept held my ground.

"I made it clear that it is necessary to go with internationalization."

As the person who was the



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Biography

Carl H. Hahn, chairman of the board of management of Volkswagen AG from 1982-92.

He served as chairman of the board of management of Continental Gummi-Werke Hannover, a global tire manufacturer, from 1973-82.

Before that time, Hahn served in a variety of senior management positions for Volkswagen, including chief executive officer of Volkswagen of America and as a member of its board of management.

Today, besides being Honorary Chairman of the Supervisory Board of Audi, Seat and Skoda, he is a member of the Supervisory Board of HAWESKO AG (Germany) and a Director of Perot Systems Corporation (US), as well as of Global Consumer Acquisition Corp (US).

Hahn is also a member of the International Advisory Board of Textron (US) and the recipient of a number of state decorations, international awards and honorary doctorates and a professorship.

In 2006 he was elected into the European Automotive Hall of Fame.

policy-maker, Hahn said it was not easy for a big company to adopt a new strategy and carry it through appropriately ... "it needs courage."

Nowadays, China's auto industry has seen dramatic changes, with an influx of more and bigger investors.

Hahn believes China's auto industry will develop at a breath-taking speed and that an auto conglomerate will be formed to rival General Motors Corp and even Volkswagen itself.

"Like what we saw 20 years ago, we need to understand it is nature to see the development of China's auto industry and the rapidly growing market," he said. "Competition has never ended since the invention of cars."

Hahn's life kept rolling fast even after he retired 15 years ago when he was 65. His full and busy retirement has included being a visiting professor in colleges and as an independent board member for several German and US companies.

He also played a part in the economic revival of East Europe and East Germany as a consultant, mapping out development strategies and the protection of cultural relics. He was an adviser for the president of the Kyrgyz Republic for about eight years.

"I am very glad that my work has laid the solid foundation for Volkswagen's internationalization nowadays," he said. "Work should be done step by step."

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