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US Porsche, Bentley and Audi imports held up over banned Chinese part

Thousands of cars impounded after supplier discovers subcomponent from 'western China'



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Peter Campbell in London, **Demetri Sevastopulo** in Washington and **Patricia Nilsson** in Frankfurt 4 HOURS AGO

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Thousands of Porsche, Bentley and Audi cars have been impounded in US ports after a supplier to parent group Volkswagen found a Chinese subcomponent in the vehicles that breached anti-forced labour laws.

According to two people with knowledge of the matter, the carmaker has delayed delivery of the vehicles until as late as the end of March as it replaces an electronic component that was found to have come from "western China".

The people stressed that [VW](#) was not aware of the origin of the part, which was sourced by an indirect supplier further down its supply chain, until the supplier alerted it to the issue.

They added that VW notified US authorities as soon as it was made aware of the part's origin.

[US-China relations](#) remain mired in their worst state since the countries established diplomatic ties in 1979. But Washington and Beijing have been trying to stabilise their relationship following the summit that President Joe Biden and his Chinese counterpart Xi Jinping held in San Francisco in November.

The US prohibits the import of products that have been made with forced labour in the western Xinjiang region and other areas in China under the Uyghur Forced Labor Prevention Act of 2021.

The people would not confirm whether the part in question was produced in Xinjiang itself.

The issue affects about 1,000 Porsche sports cars and SUVs, several hundred Bentleys, and several thousand Audi vehicles, according to people briefed on the details.

In a statement, VW said it “takes allegations of infringements of human rights very seriously, both within the company and in the supply chain” including “any allegations of forced labour”.

It added: “As soon as we received information of allegations regarding one of our sub-suppliers, we have been investigating the matter. We will clarify the facts and then take appropriate steps. These may also include the termination of a supplier relationship if our investigations confirm serious violations.”

Questions around forced labour found within its Chinese supply chain are particularly sensitive for VW, which has been facing mounting pressure from human rights groups and investors alike over a facility it jointly owns in Xinjiang's capital, Urumqi.

The German car company on Wednesday [said it would discuss](#) “the future direction of business” in the Xinjiang region with its Chinese joint venture partner SAIC, following the publication of fresh allegations of forced labour in German media.

Chinese officials have defended work programmes in the region as helping employment, but the UN's top human rights body has said China's actions may constitute "crimes against humanity".

A Human Rights Watch report this month warned that carmakers were at risk of buying aluminium produced by victims of forced labour in the region.

VW is balancing falling sales in China with a desire to increase its presence in the US at a time of growing political tension between the two countries.

In mid-January, VW discovered that some of its luxury cars bound for North America contained a part that was not compliant with US customs rules, two people with knowledge of the matter said.

The part had been sourced by a supplier further down the company's supply chain and not by VW directly, according to the people. Typically carmakers deal directly with their largest suppliers and may sometimes be unaware of the provenance of smaller parts produced by other businesses further down the supply chain.

A letter from VW to waiting customers blamed "a small electronic component that is a part of a larger control unit, which will be replaced", but did not specify the origin of the part.

With the approval of US customs authorities, the company ordered replacement electronic modules, and had already begun fixing cars, two people said. While some were fixed last week, the backlog is unlikely to be cleared until at least next month.

Swapping the modules is relatively straightforward and does not require the disassembly of the vehicles, although some more complicated models might take several hours to fix, according to people with knowledge of the process.

Additional reporting by Edward White in Shanghai

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