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# Hyundai To Shift i20 Production To Europe



Hyundai India has decided to shift part of the production of the i20 for the export market from Chennai to save on logistics costs and import duties in Europe. By December 2010, India's largest car exporter will shift part of the production of the [Hyundai i20](#) to one of its facilities in Turkey, the Czech Republic or Slovakia to take production closer to its large overseas markets such as Germany, France, Italy and the UK. Logistics costs and import taxes add 10-15% to the price of cars exported from India.

"We are looking at competitive pricing for the i20 and will shift some portion of its production next year. While India will remain as the main production hub for the car, the European orders will be met from the new production facility," HMIL CEO & MD HS Lheem said.

A nearly three-week-long strike by workers at its plant near Chennai in April and May hit output, leading the company to shift production of some models to other manufacturing sites. The strike led to a 5% drop in production, forcing the company to re-think on its export target. Hyundai is banking heavily on the stimulus packages being rolled out by various European nations, where cash incentives the equivalent of up to Rs 3 lakh are being provided to buy fuel-efficient cars such as the i20.

The Chennai facility is a major global manufacturing hub for Hyundai's small cars and has the capacity to produce 6 lakh units a year. Exports accounted for about half of the company's sales of nearly 5 lakh units in 2008. The wholly-owned Indian arm of the South Korean company exported 1.35 lakh cars in the first six months of 2009, a 22% increase over the year-ago period. The i20 is expected to account for over 40% of exports for 2009-10.

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