

WAR AGAINST UKRAINE

Wire harness shortage affects car production

Ukraine is an important supplier for the European automakers. Because of the invasion of the Russian army, production of wiring harnesses is reduced.



The Leoni facility in Stryi, Ukraine has been established in 2002 and is now affected by the Russian war of aggression (Source: Leoni)

Carmakers still suffering from the [chip shortage](#) caused by the Covid-19 pandemic. Now, there is additionally a shortage of wire harnesses. Ukraine manufacturers of cables supplied about seven percent of wire harness to European OEMs (original equipment manufacturers) according to an analysis of by Alixpartners. This includes also cables for in-vehicle networks such as CAN.

Because of the international law disgusting war in the Ukraine, supplier companies like Leoni, Fujikura, and Nexans are not able to supply wire harnesses. This forced CiA (CAN in Automation) members Volkswagen and Porsche to suspend production at some of their facilities. BMW has also been affected and the company told [Reuters](#) it is in talks with its distributors to address the problem as soon as possible. "Due to supply bottlenecks, interruptions to our production will occur," BMW announced in a statement, quoted by Reuters. "We are in intensive discussions with our suppliers." Shifting production is a logistical challenge for the suppliers.

Leoni, a German cable supplier tries to compensate production losses and interruptions in their two plants in the cities Stryi and Kolomyja in Western Ukraine. In these production sites, about 7000 employees manufacture components for the automotive industry, not just wiring harnesses. Leoni, which has also plants in Serbia, Romania and North Africa, said it tries to move production to these factories. According to the Board of Directors, it expects lower sales, lower EBIT before exceptional items, and a lower free cash flow for 2022 compared to the previous guidance as a result of the war in Ukraine and the related economic impact. Leoni Group's local Russian business will also be affected by geopolitical consequences, such as sanctions.

"The war in the Ukraine has put our existing outlook into question," said Herbert Diess, CEO of VW, at the company's annual press conference. The second largest carmaker tries to get the most out of the wiring harness production in the Ukraine. "In parallel, right from the start of the conflict, we started to work on alternatives, which are on the way," explained Diess.

Many automakers including Ford, Honda, Toyota, Volkswagen, and Volvo have stopped their business in Russia. They do not export passenger cars and motorcycles to Russia. CiA member Mercedes-Benz, Stellantis, and Volkswagen have donated money to help Ukrainian war victims. Other OEMs such as CiA member Jungheinrich producing forklifts and truck-lifts have done the same. CiA, the nonprofit CAN association with more than 700 members, has also [condemned the war against Ukraine](#) and has appealed the Russian government to stop the war. CiA has cancelled all of its education services in Russian language.

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