

## Press Release

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# VOLVO CARS AND GEELY COOPERATE IN NEW R&D CENTRE IN GOTHENBURG, SWEDEN

## **VOLVO CARS AND GEELY COOPERATE IN NEW R&D CENTRE IN GOTHENBURG, SWEDEN**

Geely Holding, majority owner of Volvo Car Corporation (Volvo Cars) and Geely, will establish a Research and Development Centre in Gothenburg, Sweden. The Centre will develop a new modular architecture and set of components for future C-segment cars, addressing the needs of both Volvo Cars and Geely.

The Centre will be run by Mats Fägerhag, currently Vice President at Product Strategy within Volvo Cars, and leverage on the Volvo technology leadership within Geely Holding. The new R&D Centre will employ approximately 200 full-time employees.

"Our group has ambitious goals to increase the competitiveness of our brands," states majority owner and Chairman Li Shufu. "Geely will continue to improve its product quality in the years to come and can learn from Volvo Cars. However, the sharing of knowledge and technology has to be done without jeopardizing brand integrity and individual product development. We believe a stand-alone, yet joint R&D Centre with a focused approach is the best way to achieve this," says Li Shufu.

"An international team has been given the task of taking cross-brand modular strategy to a new level. It should deliver on all the premium aspects a brand like Volvo requires in order to grow in the global premium segment. Geely shall meet the demands of the high volume segment in China and selected international markets, which requires a new level of technology," concludes Li Shufu.

The R&D Centre will be located in Gothenburg (Lindholmen Science Park), building on the extensive automotive competence established in the region. The new R&D Centre will employ approximately 200 full-time engineers from Sweden and China. Recruitments of engineers are ongoing and the centre will be fully operational towards the end of 2013. The modular architecture and set of components will not only deliver world-class product technologies and attributes, but also considerable cost savings in terms of development, testing and sourcing, leading to the realisation of significant economies of scale.

Mats Fägerhag, CEO of the new R&D Centre, comments: "The modular design allows several different vehicle platforms to be developed from one single architecture, thereby ensuring tailor-made solutions for both brands. This will be a showcase for cooperation between a Western world premium car manufacturer and a thriving Chinese automotive company."

"With Geely as a partner, we secure that Volvo Cars will be in full control of the development of our next generation C-segment cars. We will not have to compromise in a way that is inevitable when partnering with an external OEM," says Peter Mertens, Senior Vice President Research & Development at Volvo Cars.

Mats Fägerhag and his team will be supported by senior executives from the managements of Volvo Cars and Geely. Carl-Peter Forster, chief advisor to Geely Holding and member of the Board of Directors at Volvo Cars, will ensure that the development of the modular architecture and set of

components will meet the individual brands' specific requirements for different cost and attribute levels.

In parallel, the development of the Volvo Cars architecture for larger segments (SPA) continues within Volvo Cars' own R&D organization. The first SPA vehicle will be launched in 2014.

*About Mats Fägerhag*

Mats Fägerhag studied mechanical engineering at Lund University in Sweden and has spent most of his working life in the automotive industry. He held several management positions at Saab Automobile and General Motors, and led GM Europe's vehicle system engineering in Frankfurt, Germany, where he was responsible for the development of two new global model platforms. He joined Volvo Cars in February 2012.

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