

SPECIAL BRIEF

41

The Plant and the Podium

AUDI'S US DECISION, AS ARITHMETIC

Why the last German premium brand without a US plant is building one, what the numbers do and do not show, what the works council objects to, and what Audi could have done differently with the same plant.

Uwe Riemeyer · IMP InterMediaPartners GmbH · October 2026

US\$4bn

Audi's announced investment in Georgia: about 4,500 jobs, up to 200,000 SUVs a year, about half for export; groundbreaking 2027, full production 2031; subject to Volkswagen supervisory board approval

164,942

Audi's US deliveries in 2025, down 16 percent; roughly flat through the third quarter of 2026

€1.2bn

what US tariffs cost the Audi Group in 2025, according to Reuters; Audi imports every car it sells in the US

1994

the year BMW opened Spartanburg; Mercedes followed in Tuscaloosa in 1997, Volkswagen in Chattanooga in 2011

01 What was announced, and where

On the evening of 24 October 2026, at a campaign event of the US President in Perry, Georgia, ahead of the 3 November midterm elections, Audi's Chief Executive Gernot Döllner announced that Audi intends to build its first US plant at the Middle Georgia Megasite near Macon.

About US\$4bn of investment, about 4,500 jobs, capacity for up to 200,000 large SUVs a year (Q7, Q8 and the new Q9), groundbreaking planned for 2027, construction in 2028, production from the early 2030s with full output targeted for 2031. Audi's press release of 25 October and the Governor of Georgia's statement of 24 October confirm the figures; the President said US\$4.2bn. Audi has said that roughly half of the capacity is intended for export.

What is decided: an agreement with the state of Georgia, which Döllner says has been signed. What is not: the investment itself, which requires the approval of the Volkswagen supervisory board; Audi's general works council chairman has said there are no final resolutions. This brief treats the plant as announced, not approved.

The reaction in Germany divided along a line this brief takes as its structure. The IG Metall's chairwoman, who is also deputy chair of Volkswagen's supervisory board, called the plant "right and necessary" and the appearance a flagrant breach of Audi's own rules. The Volkswagen Group works council chairwoman said the plant could make economic sense and objected to the venue. The minister-president of Baden-Württemberg asked why billions are more attractive in the United States than in Germany and demanded a perspective for Neckarsulm. Much of the public commentary used a different vocabulary, "Kniefall" and "Kotau" among it.

This brief separates the two things that were joined on that stage. The plant is an investment decision and can be tested with numbers. The podium is a governance decision and can be tested against the company's own rules and against precedent. Neither test requires an opinion about the President.

Scope. Public sources only. Audi's figures are statements of intent for an investment not yet approved. The tariff cost figure is Reuters' reporting and refers to the Audi Group. Framework data for Europe are from IMP Intelligence Series Nos. 36 and 37 and are not restated.

02 Why Audi, why now

The gap. Audi is the last of the three German premium brands without a US plant. BMW has built in Spartanburg, South Carolina, since 1994, today its largest plant worldwide and a net exporter; Mercedes-Benz in Tuscaloosa, Alabama, since 1997; Volkswagen in Chattanooga, Tennessee, since 2011. Audi supplies the US market from Germany, Hungary, Slovakia and, for the Q5 since 2016, from San José Chiapa in Mexico. Every Audi sold in the United States is imported.

The market. The United States is the world's second-largest premium car market (Audi). Audi delivered 196,576 vehicles there in 2024 and 164,942 in 2025, a decline of 16 percent; through the third quarter of 2026 deliveries were roughly flat. Audi's North American figure of about 202,000 includes Canada and is not the US number. Its best-selling US products are SUVs, and the Q9 is described as a flagship designed for American customers. On 26 October Audi stated that its US business is currently not profitable; that statement, more than any tariff figure, is the company's own explanation of why it is acting now.

The capacity. A plant for 200,000 vehicles against US deliveries of 165,000 is not a localisation of existing sales. Audi has said about half of the output is for export. The plant is therefore a bet on two things: a materially larger North American business, and a role for Georgia in the global network comparable to the one Spartanburg plays for BMW. Neither is certain; both are stated.

The tariff. Under the EU-US framework of 2025, implemented retroactively from 1 August 2025, EU-built passenger cars entering the United States carry a combined tariff of 15 percent, against 2.5 percent before the additional automotive tariffs of 2025 and 27.5 percent in the interval. Mexico-built vehicles are treated under the USMCA regime, in which the applicable duty depends on rules of origin and model-specific compliance; the brief assigns no rate to them. Reuters puts the cost of US tariffs to the Audi Group in 2025 at about €1.2bn. That figure covers the group and is a historical cost, not a forecast for 2031; it is not used here for a per-vehicle derivation.

The timing. Audi's intention to examine a US plant was public from early 2025. In March 2025 Audi and its works council agreed to reduce up to 7,500 positions in Germany by the end of 2029 through voluntary instruments, in exchange for protection against compulsory redundancies for the remaining workforce until 2033. In August 2025 Audi's works council chairman set a condition: German sites first, then a US plant. Döllner has said more than 70 locations were assessed before Georgia. The decision announced in Perry is the end of an eighteen-month process, not a reaction to a rally.

The arithmetic, as an illustration and nothing more. Assume a US\$4bn plant, 200,000 units of capacity, 80 percent average utilisation and a twenty-year life: the capital charge is about US\$1,250 per vehicle, before financing, maintenance, operating cost and the time value of money. Assume a customs value of US\$60,000 per vehicle: the tariff is US\$1,500 at 2.5 percent and US\$9,000 at 15 percent, a difference of US\$7,500. The two numbers are not a business case; Audi's production cost in Georgia, its supplier base, its transfer prices, its margins and the state's incentives are not public. They show the order of magnitude of the incentive that a 15 percent tariff creates for local production, and why that incentive existed, more weakly, at 2.5 percent, when BMW and Mercedes acted on it for reasons of currency, logistics, labour and proximity to the customer.

The incentives. Georgia offers established investment-support mechanisms, including workforce training through Georgia Quick Start and site infrastructure; the Governor's statement names them. The total value and conditions of any Audi-specific package have not been publicly confirmed, and the brief uses no figure. The location decision is not Germany against the United States; it is a specific site with a specific package against the alternatives among the more than 70 assessed.

COUNTERPOINT

A plant that reaches full operation in 2031 is a bet on the tariff regime, the exchange rate and the large-SUV market of the 2030s, and on an administration whose term ends in January 2029. BMW and Mercedes built when the dollar, the market and the trade framework were different. A plant for large SUVs is a specific bet on US demand in that segment, whatever drivetrains it eventually builds; Audi describes the site as prepared for future production requirements. The investment can be right in 2026 and wrong in 2034; that is what capital decisions are, and it is why the supervisory board has not yet taken this one.

03 The German side of the ledger

The plant was announced in the fourth quarter of a year in which Audi is reducing its German workforce under the March 2025 agreement. That juxtaposition dominated the German coverage, and it needs numbers rather than adjectives.

Up to 7,500 positions are to go in Germany by the end of 2029 through voluntary instruments, with protection against compulsory redundancies to 2033 for the rest. The 4,500 jobs in Georgia are the build-up of a new plant. These are two different processes: the German reduction concerns largely indirect functions and the cost structure of existing sites; the Georgia jobs concern assembly of models now built in Neckarsulm. There is no public evidence of a transfer of positions from one to the other, and the brief does not assert one. What is public is that Neckarsulm builds the Q7 and Q8 today, that Georgia is to build them from 2031, and that Neckarsulm's future utilisation is the question the Baden-Württemberg government has put to Audi.

Audi's own statement links the two in the other direction: growth in the United States is described as securing German sites, because the US business funds development and the German plants supply models and components not built in Georgia. Whether that holds depends on which models remain in Neckarsulm and on how much of the Q9's value chain is European. Neither is public.

The works council did not oppose the plant. It demanded a sequence, German security first, and the March 2025 agreement delivered that sequence on paper. The question it is now asking, with the supervisory board decision still open, is whether Georgia changes the sequence in practice. That question is legitimate independently of where the announcement was made, and the announcement has, as one trade publication put it, given labour representatives leverage over a project that still needs their side of the board.

[Remark] The 7,500 figure and the 2033 protection are from Audi's and the IG Metall's communications of March 2025. The link between US growth and German site security is Audi's own claim and is reproduced as such

04 The podium

The governance criticism rests on a specific provision in Audi's own policies, and it is a narrower point than the vocabulary suggests.

The rule. Audi's Booklet of Policies, published in April 2026, provides that in the last three months before elections no publicly effective appointments with parties or politicians standing for election, and no corresponding sponsorships, are to take place (p. 33). The rally in Perry was ten days before the midterm elections. The IG Metall's chairwoman called the appearance a flagrant breach of that rule; the group works council chairwoman called it active campaign assistance.

The exception. According to a person familiar with the matter cited by Reuters, Audi's management board had cleared an exception beforehand. Audi has stated that it was asked, in the course of the negotiations, to present the investment jointly with the President. Three questions follow, and they are different questions: whether the appearance was compatible with the provision; whether a board-approved exception was permissible under it; and whether, provision or no provision, the appearance served the company's purpose. The first two are for Volkswagen's bodies. The third can be observed in the reaction.

What a company gives up on a stage it does not control. The precedent is a year old. In October 2025, during a visit to Japan, the President announced that Toyota would invest US\$10bn in the United States. Toyota stated afterwards, through Reuters and The Guardian, that it had made no such explicit commitment. The figure was the President's; the correction was the company's; the headline belonged to neither. In Perry the President said US\$4.2bn and Audi's release says about US\$4bn. The difference is small. The mechanism is not: an investment announced by a politician at a campaign event becomes that politician's number, and the company spends the following days reclaiming it.

What the stage did to the message. Audi had an economic story: four billion dollars, a third production pillar, a flagship built for its second-largest market. By the end of the week the public discussion in Germany was about the chief executive's conduct, a code of conduct, an exception, and a resignation demand from a state politician. The economic decision was overlaid by its own staging. For a company that needed its supervisory board, its works council and two state governments to read the announcement as an investment, that is a communication loss with a cost.

KEY FINDING

The plant and the podium are two decisions. The first follows a logic BMW and Mercedes applied thirty years ago, and a 15 percent tariff makes it more urgent, not less sound. The second put a strong economic decision inside a campaign event ten days before an election, raised a question about the application of the company's own policy, and handed the number to someone else's microphone. The criticism that lands is the one about the second decision, and it is being made by the people whose approval the first decision still needs.

COUNTERPOINT

Companies announce investments alongside heads of government routinely, and in the United States a US\$4bn plant announced with the President present is how large investments are announced. If the administration asked for the venue as part of the negotiation, as Audi says, declining had a price too. A board-approved exception is, formally, how a rule is applied to an unusual case. The works council's point is that the provision exists for exactly this case, and whether an exception should have been granted ten days before an election is the question it has put to the board.

05 What Audi could have done with the same plant

The alternatives are not hypothetical; they are what Audi's peers and its own parent have done.

Alternative	Precedent	What it would have changed
Announce in Ingolstadt, with the Governor of Georgia present or by video	Standard for European groups; Audi's release of 25 October already carries the Governor's quote	Same plant, same figures, no campaign stage
Announce with the Governor in Georgia or at the White House, outside a campaign event	Common for US investments by foreign groups; the state, not the President, signs the incentive package	Same federal and state message, inside the company's own rule
Announce after, not before, the supervisory board decision	Volkswagen's governance	The number would have been an approved investment, not an intention awaiting labour's vote
Announce jointly with the works council, restating the March 2025 commitments in the same release	Audi's own 2025 agreement provides the text	Pre-empt the "jobs there, cuts here" framing that dominated the German coverage

None of these would have changed the economics. All of them would have changed the week, and at least one of them, the sequence with the supervisory board, would have changed the leverage.

06 The question for Europe

The brief has so far treated Audi's decision as an American question. It is also a European one, and the European part can be put as a table rather than as an argument.

Location factor	Export from Germany	Production in Georgia
Proximity to the customer	Transatlantic logistics; dollar exposure	Local; dollar costs against dollar revenue
US import tariff	15 percent on EU-built cars	Not applicable to locally produced value
Industrial energy cost	Among the highest in the OECD (No. 36)	State-dependent; generally lower
Labour cost	29 percent above the EU average (Destatis, 2025)	Different wage and social cost structure
Investment incentives	Programme-dependent	Project-specific incentives not publicly quantified
Net productive investment, national level	About 0.2 percent of output (VCI, citing McKinsey)	n/c

The question is not whether Germany is a poor industrial location; Audi is building the Q6 e-tron in Ingolstadt and keeping Neckarsulm. The question is narrower: which factors make Georgia more attractive for building large premium SUVs for North America than exporting them from Europe. The table answers it, and the answer existed before 2025. The tariff did not create the case for American production. It accelerated a decision Audi's German competitors had taken decades earlier, for the first four rows of the table. What the Baden-Württemberg minister-president asked on 26 October, why billions are more attractive in the United States than in Germany, is the same question in political form, and it is the one European policy, not Audi, has to answer.

COUNTERPOINT

A single plant decision is not a verdict on a continent. Half of Georgia's output is for export, which means Audi expects to build there for markets it could in principle supply from Europe; that is a statement about dollar costs and logistics as much as about Germany. Reading Georgia as "Audi leaves Germany" is as unsupported as reading it as a bow. The European question stands on its own data, not on this plant.

07 Key finding

Two sentences carry the brief, and both are supported by the facts.

KEY FINDING

The tariffs did not create the economic rationale for American production; they accelerated a decision that Audi's German competitors took thirty years ago, and that Audi, the last of the three, had been preparing for eighteen months.

KEY FINDING

A sound investment decision does not justify the way it is communicated. Announced at a campaign event ten days before an election, in tension with the company's own policy, before its own supervisory board had decided, the plant was overlaid by its podium, and the people whose approval it still needs were the ones objecting.

The question the week did not ask is the one that outlasts it: if the case for building in the United States has existed for three decades, why did it take a trade conflict for Audi to act on it, and what does that say about the European framework the investment leaves behind.

Methodology & Sources

Audi AG press release of 25 October 2026; Audi's statements of 26 October 2026 on the US business and on the announcement; Audi's Booklet of Policies (English edition, April 2026), p. 33; Audi of America delivery figures 2024 and 2025. **Office of the Governor of Georgia**, 24 October 2026. **CNBC** and **Reuters** reporting of 25 and 26 October 2026 on Audi's roundtable, deliveries, export share and the management board's exception; Reuters on the Audi Group's 2025 tariff cost. Volkswagen Group and Audi works council statements as reported by dpa, SWR and finanzen.net; **IG Metall** statement of 25 October 2026; Audi and IG Metall communications of March 2025. **US Customs and Border Protection** and the **European Commission** on the 2025 EU-US framework. Reuters and The Guardian of 29 October 2025 on Toyota. BMW, Mercedes-Benz and Volkswagen company histories for plant dates. **Destatis** and **VCI** as cited in IMP Intelligence Series Nos. 36 and 37.

Audi's forward-looking statements are company statements, not forecasts; the investment is subject to Volkswagen supervisory board approval. The arithmetic in Section 02 uses stated assumptions and is illustrative, not a business case. Political actors are named only in their official functions and only where the public record requires. Data cut-off: 27 October 2026. Companies are named only as matters of public record. Not investment advice.