

Ford, GM: North American factories will close due to virus

March 18 2020, by Tom Krisher



In this Sept. 27, 2018, file photo a United Auto Workers assemblymen work on a 2018 Ford F-150 trucks being assembled at the Ford Rouge assembly plant in Dearborn, Mich. The United Auto Workers union wants Detroit's three automakers to shut down their factories for two weeks to keep its members safe from the spreading coronavirus. But union President Rory Gamble says in an email to members obtained by The Associated Press that the companies were not willing to shut factories down. (AP Photo/Carlos Osorio, File)

Ford and General Motors are confirming that they will temporarily close all of their North American factories due to the coronavirus threat.

Fiat Chrysler will do the same, according to two people briefed on the matter Wednesday.

Ford said its plants will shut down after Thursday evening shifts, through March 30, while GM said it will begin a "systematic orderly suspension" of production through at least March 30. Operations will be evaluated weekly after that.

Messages were left seeking comment from Fiat Chrysler. The people speaking about the closures didn't want to be identified because formal announcements had not yet been made.

"We have been taking extraordinary precautions around the world to keep our plant environments safe, and recent developments in North America make it clear this is the right thing to do now," GM CEO Mary Barra said in a statement.

Ford said in its statement that it will work with leaders of the United Auto Workers union in the coming weeks on plans to restart factories, as well as exploring more procedures to prevent the virus from spreading. The union has been pushing for factories to close because workers are fearful of coming into contact with the virus.



New Volkswagen vehicles are storage in a car park at the Volkswagen plant in Zwickau, Germany, Monday, March 17, 2020. German automaker Volkswagen says it is shutting down most of its European plants for two weeks due to the coronavirus outbreak. For most people, the new coronavirus causes only mild or moderate symptoms, such as fever and cough. For some, especially older adults and people with existing health problems, it can cause more severe illness, including pneumonia. (Hendrik Schmidt/dpa via AP)

The companies' decisions reverse a deal worked out late Tuesday in which the automakers would cancel some shifts so they could thoroughly cleanse equipment and buildings, but keep factories open. But workers, especially at some Fiat Chrysler factories, were still fearful and were pressuring the union to seek full closures.

Fiat Chrysler temporarily closed a factory in Sterling Heights, Michigan, north of Detroit, after workers were concerned about the virus. The company said a plant worker tested positive for the coronavirus but had not been to work in over a week. One shift was sent home Tuesday night and the plant was cleaned. But that apparently didn't satisfy workers, and two more shifts were canceled on Wednesday.

Ford said it closed an assembly plant in the Detroit suburb of Wayne, Michigan, on Wednesday after a worker there tested positive for the virus that causes COVID-19. The company said it is thoroughly cleaning and disinfecting the building. Production will be halted through March 30, the company said.

Honda Motor Co. announced Wednesday morning that it will temporarily close its North American factories for about one week starting on Monday, and that put additional pressure on Detroit automakers.

The move by General Motors, Fiat Chrysler and Ford will idle about 150,000 auto workers. They likely will receive supplemental pay in addition to state unemployment benefits. The two checks combined will about equal what the workers normally make.



In this Nov. 6, 2019, file photo, United Auto Workers union President Rory Gamble answers questions in Southfield, Mich. The United Auto Workers union wants Detroit's three automakers to shut down their factories for two weeks to keep its members safe from the spreading coronavirus. But union President Rory Gamble says in an email to members obtained by The Associated Press that the companies were not willing to shut factories down. (AP Photo/Paul Sancya, File)

Automakers have resisted closing factories largely because they book revenue when vehicles are shipped from factories to dealerships. So without production, revenue dries up. Each company has other reasons to stay open as well. Ford, for instance, is building up F-150 pickup inventory because its plants will have to go out of service later this year to be retooled for an all-new model.

Despite the plant closures by other automakers, electric vehicle maker Tesla Inc.'s assembly plant in Fremont, California, remained open Wednesday. Production continued even though Alameda County on Tuesday night declared it a "nonessential business" under the county's shelter-in-place order.

Seven Bay Area counties have ordered nearly 7 million residents to shelter in place for three weeks and ordered businesses to send employees home in order to slow spread of the coronavirus. Businesses that can remain open include pharmacies, banks and supermarkets—but not electric car manufacturing.

In an email to employees, Tesla Human Resources said the company does not have final word from city, county, state and federal governments on whether the plant can operate. Tesla has conflicting

guidance from different levels of government, the email said.

The note said production workers should still report for work unless they aren't feeling well. If that's the case, they should use paid time off. The email said there would be further communication Wednesday night.

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