

Chip shortage spurs new wave of car plant closures in Germany

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The German car industry has been severely hit by supply problems this year.

Three automakers announced Thursday new temporary closures of manufacturing sites in Germany over a global shortage of semiconductors, with Opel closing a plant until 2022—the longest such

stoppage so far.

Germany's vital car industry has been severely hit by supply problems this year, with Volkswagen, Ford, BMW and Daimler [factories](#) all facing start-stop production.

The sector found itself "in an exceptional situation due to the continuing pandemic and the worldwide shortage of semiconductors," said a spokesman for Opel, which is owned by Stellantis.

"In this demanding situation, Stellantis plans to adjust its production," the spokesman said.

The factory in Eisenach, in central Germany, will stop production from next week and "start again at the beginning of 2022, to the extent the supply chain situation allows."

Volkswagen also announced on Thursday a nearly two-week stoppage at its flagship plant in Wolfsburg from next week, having curbed production at the same site in August.

US giant Ford similarly said that it would put back the planned restart of its production site in Cologne on October 1 until the end of the month, citing "volatile" supplies of semiconductors, which are crucial components in both conventional and electric vehicles.

Like other countries, Germany is struggling with shortages of basic and intermediate goods, such as timber, steel and plastics. But it is the scarcity of electronic chips that is hitting the auto industry particularly hard.

Outside Germany, General Motors has closed assembly lines in the United States, as has Japanese giant Toyota, which delayed plans to

restart at its plant in Valenciennes, in France, in September.

'Very unusual'

The production halt at the Opel factory in Eisenach is nevertheless noteworthy for its length, analysts said.

"It's very unusual for a producer to close a factory for almost three months," said Ferdinand Dudenhoeffer, director of the Center Automotive Research.

The announcement was "bad news for Eisenach" the car expert said, but would benefit the carmaker's other plant in Sochaux, France, where the same "Grandland X" model is built.

Employees at the factory in Eisenach will be put on Germany's subsidised short-time work scheme while the plant is shuttered, making the closure more "economical" for Stellantis, Dudenhoeffer said.

Labour unions were up in arms over the announcement, with powerful IG Metall union calling it "outrageous" that it had not been consulted before the closure was made public, said its spokesman in Eisenach, Uwe Laubach.

In all, an estimated 7.7 million vehicles will not be produced this year as a result of components lacking, research by the Alix Partners consultancy suggested, estimating the loss in revenue at 210 billion euros (\$243.5 billion).

Ola Kaellenius, the CEO of Daimler, recently said that "structural" shortfall in production capacity faced by carmakers could continue to weigh on the sector in 2022.

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