

Chip shortage forces GM to pause production at Indiana plant

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This Jan. 27, 2020 photo shows the General Motors logo. General Motors has lost a bid to avoid recalling about 727,000 small SUVs in the U.S. with headlight beams that can be too bright and cause glare for oncoming drivers. In 2019 the Detroit automaker petitioned the National Highway Traffic Safety Administration to avoid a recall, saying the problem didn't affect safety for surrounding vehicles. The petition covered GMC Terrain SUVs from the 2010 through 2017 model years. But the agency denied the request in a document posted Thursday, March 3, 2022 on the Federal Register website. Credit: AP

Photo/Paul Sancya, file

General Motors is shutting down its pickup truck factory in Fort Wayne, Indiana, for two weeks next month because the company has run short of computer chips.

The auto industry continues to face supply chain issues more than a year after a global chip shortage first emerged in late 2020.

Chip supplies have improved during the first three months of this year compared with 2021, GM said, improving production and deliveries in the first quarter. But there's still uncertainty in getting supplies from chip manufacturers.

The Fort Wayne plant will be closed the weeks of April 4 and 11. It has been running on three shifts per day making Chevrolet Silverados and GMC Sierra light duty pickups. The plant employs more than 4,000 blue collar workers.

"There is still uncertainty and unpredictability in the semiconductor supply base, and we are actively working with our suppliers to mitigate potential issues moving forward," GM said Friday.

All of GM's North American assembly plants have been running on at least one shift since Nov. 1 of last year, the company said. Throughout the chip shortage, GM has sent most of the semiconductors it gets to pickup truck and large SUV factories. Those are the company's most profitable vehicles.

Earlier this week, GM President Mark Reuss said he's confident the company can manage its way through supply chain difficulties including

chips and possible shortages of rare earth metals brought on by the Russian invasion of Ukraine.

"We're not a new automaker. We've got lots of volume, lots of partnerships. We've got over 20,000 suppliers, \$88 billion of material that we run through that chain to make our cars, trucks and crossovers," he said. "We're not new to this game. We work on it every day, and it's never over."

The roots of the computer chip shortage bedeviling auto and other industries stem from the eruption of the pandemic in early 2020. U.S. automakers had to shut factories to help stop the virus from spreading and some parts companies canceled orders for semiconductors.

At the same time, with tens of millions of people hunkered down at home, demand for laptops, tablets and gaming consoles, technology heavily reliant on computer chips, skyrocketed.

And though auto factories were closing, demand for vehicles remained surprisingly strong. When auto makers did begin to open their factories, they found that chip makers had shifted production to other electronic goods being bought in vast quantities by people sheltering at home, creating a shortage of weather-resistant automotive-grade chips.

Then, just as auto chip production started to rebound in late spring, the highly contagious coronavirus delta variant struck Malaysia and other Asian countries where chips are finished and other auto parts are made.

Automakers and many analysts have said they expect the chip shortage to ease in the second half of this year, but not return to near normal levels until 2023.

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