

Chrysler to shut factories for a month

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Chrysler said Wednesday that it would close all 30 of its factories for at least one month, starting at the end of this week, in response to plunging vehicle sales in the United States.

The company said the plants, which employ 46,000 union workers, would resume production no sooner than Jan. 19. Some will remain closed for several more weeks. Normally, the Detroit automakers close their plants for about two weeks at the end of the year.

In addition, Ford Motor said Wednesday evening that it would extend the holiday shutdown at most of its plants to a third week.

Meanwhile, worries that Chrysler could be forced to file for bankruptcy have spooked many auto dealers into borrowing so much money from the automaker's lending arm that the company said it might need to suspend the loans.

Dealers have been requesting nearly \$60 million a day from a fund used to finance vehicle inventories, and a total of \$1.5 billion since July, Chrysler Financial's chief executive, Thomas F. Gilman, told dealers in a letter dated Dec. 12. Mr. Gilman called the requests "troubling" and urged dealers not to borrow more than "what's absolutely necessary for the operation of your business."

The announcements come with vehicle sales in the United States at the lowest level in 26 years. Chrysler's sales were down 47 percent in November, compared with a 37 percent decline for the industry over all.

Chrysler's chief executive, Robert L. Nardelli, told Congress this month that the company needed an immediate loan of \$7 billion to help it survive into the new year. Senate Republicans blocked aid to Chrysler and the other Detroit automakers last week, but the Bush administration is expected to step in with some form of aid.

G.M., which has said it needs \$4 billion this month to stay afloat and an additional \$14 billion after that, said last week that it would shut 20 assembly plants in North America for at least part of the first quarter.

"People just don't want to buy cars," Anthony Viviano, the chairman of Sterling Heights Dodge and Meadowbrook Dodge near Detroit, said. "Hopefully, by Friday the president O.K.'s this thing. We just have to calm everybody down."

Mr. Gilman's letter, first reported Wednesday by Bloomberg News, showed that dealers were feeling jittery along with their would-be customers.

"They don't know what to do. They're just running wild," Mr. Viviano said.

Without access to financing, few Chrysler dealers would be able to order new vehicles.

"Chrysler Financial finances 75 percent of all vehicles shipped to U.S. dealers, and we continue to support our dealer body with uninterrupted wholesale financing," a Chrysler Financial spokeswoman, Amber Gowen, said.

Chrysler said its dealers, during a recent meeting at the company's headquarters in Auburn Hills, Mich., told executives that they had lost 20 percent to 25 percent of their volume because consumers were unable to obtain loans.

"They have many willing buyers for Chrysler, Jeep and Dodge vehicles but are unable to close the deals, due to lack of financing," Chrysler said in a statement.

In addition to idling their plants, automakers have been trying to save money by shrinking the size of their work force.

In November, Chrysler cut about 5,000 salaried jobs through a buyout and early retirement program. By the end of this month, it is expected to have eliminated more than 1,800 hourly positions.

Workers at the plants will be laid off during the down time, but a supplemental unemployment program ensures that they will continue to receive most of their pay. The United Automobile Workers union agreed this month to suspend the company's jobs bank programs, which compensate workers for permanent closures, but it is unclear when that change will take place.

Foreign automakers have been reacting to the slowdown, too. Toyota said this week that it would delay work on a factory in Mississippi that would build the Prius hybrid, and Honda said it was cutting first-quarter production by 119,000 vehicles.

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