Citing tariffs, Harley-Davidson to move US production to Europe

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In a financial report sent to the Securities and Exchange Commission on June 25, Harley-Davidson announced that it would be, “implementing a plan to shift production of motorcycles for EU destinations from the U.S. to its international facilities to avoid the tariff burden.” This decision, Harley-Davidson said, is in response to increased retaliatory tariffs announced by the European Union this past Friday against €2.8 billion worth of American products.

In the regulatory report the company further stated that, “motorcycles exported from the U.S. have increased from 6 percent to 31 percent. Harley-Davidson expects these tariffs will result in an incremental cost of approximately $2,200 per average motorcycle exported from the U.S. to the EU.” The EU tariffs were in response to the Trump Administration’s imports on steel and aluminum.

Citing this increased cost, Harley-Davidson will cut an unspecified number of jobs in the United States while shifting some of its manufacturing and assembling to low wage countries in the E.U. The company further stated that it didn’t want to shift this, “tremendous cost increase,” on to its “dealers or retail customers.”

Harley is relying more and more on sales in overseas markets to maintain profits as US sales slow. It recently announced plans to close its Kansas City, Missouri plant and merge it with one in York, Pennsylvania.

The news that Harley-Davidson planned to shift production out of the US evoked worried statements from some Republican legislators, who urged the Trump administration to take a more targeted approach in regard to the use of tariffs.

On the part of Harley-Davidson the tariffs are a convenient excuse to implement a long held strategic plan to increase shareholder profits by eliminating jobs. As recently reported, the closing of the Kansas City plant coincides with an increase in production at the company's Thailand based assembly plant.

Harley finished their statement noting that the, “ramping up production in international plants will require incremental investment and could take at least 9 to 18 months to be fully complete,” and that “increasing international production to alleviate the EU tariff burden is not the company’s preference, but represents the only sustainable option to make its motorcycles accessible to customers in the EU and maintain a viable business in Europe.”

The motorcycle company has a long history of circumventing tariffs by shifting production to, “new markets” in order to maintain a “viable business.” In the 1920s, the last time capitalism faced a similar historical crisis, Harley-Davidson shifted production to Asia and built the first modern motorcycle factory in Shinagawa, Tokyo, Japan in the face of tariffs from the United Kingdom.

Eventually rebranded to the Rikuo Internal Combustion Company, this factory was used to mass produce motorcycles for the Japanese Imperial Army and their police force during World War II.

Robert Martinez Jr., International President of the International Association of Machinists and Aerospace Workers, which “represents” workers at the four US based Harley plants, responded with typical chauvinist bombast to the planned shift in production. “Will Harley use any excuse to ship jobs overseas? Does Harley even understand what ‘Made in America means?’”

Meanwhile, President Trump excoriated the global corporation for not being sufficiently, “America First,” blasting the management for being the, “first to wave the White Flag,” on Twitter.

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Trump continued his attack on the company the following morning, warning, “they will be taxed like never before.” The turnaround was striking, since last year Trump had invited Harley executives to the White House where he praised them for “building things in America.”

While trade union bureaucrats such as Martinez Jr. used Harley-Davidson’s announced job cuts to further divide the working class from their class brothers and sisters internationally, Wisconsin Governor Scott Walker advocated for “free markets,” the elimination of “tit for tat” tariffs, while also appealing for “foreign investment.”

Restructured or negotiated exploitative trade agreements, written to guarantee favorable conditions for this or that national capitalist class, will not stop the development of ever greater economic crisis and war. The tariffs imposed by Trump on the erstwhile European allies of the United States are the product of deep-going contradictions in the capitalist system and the long-term economic decline of the US. The development of trade war is being accompanied by the unleashing of unrestrained militarism in both the US and Europe.

To oppose these developments the working class needs a unified international strategy. The enemies of American workers are not overseas, but in the United States, where a rapacious class of billionaires headed by the gangster Trump and his Democratic Party accomplices holds power. To oppose this cabal the working class needs to mobilize its political strength through the building of its own independent political movement based on a socialist program.

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