

Ford's Louisville Assembly Plant shut down due to part global semiconductor shortage

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Ford abruptly announced last week that it was idling its Louisville Assembly Plant and its 3,900 hourly workers for one week due to a shortage of semiconductors used in a brake control module in the Ford Escape and Lincoln Corsair SUVs produced at the plant. Because the shutdown is caused by a parts shortage, Ford is required to pay workers 75 percent of their wages, according to the terms of the 2019 contract.

This is the first significant shutdown of a Ford plant in the United States since the restart of production in May. Ford, which increased its third-quarter profits sixfold last year to \$2.4 billion in the middle of the pandemic, has been determined to maintain uninterrupted production of its most popular and profitable vehicles, including its most profitable pickup truck and SUV models.

As with the other Detroit automakers, they have colluded with the United Auto Workers union to maintain production by covering up the spread of infections and deaths in the plants. As of May 8, Ford acknowledged 11 COVID-related deaths in its US plants.

It is noteworthy that the plant shutdown came not in response to the spread of COVID, but due to a lack of parts. Kentucky is experiencing a surge of new cases in the new year, with the seven-day moving average nearly doubling from 2,031 on December 29 to 3,829 this past Sunday. Positivity rates surged in the state to 26.4 percent last week, up from 18.4 percent the week before. Jefferson County, where Louisville is located, had 4,140 new cases and 59 new deaths last week alone.

According to an Associated Press report, other major manufacturers, such as Daimler AG, Fiat Chrysler, Honda, and Volkswagen have also announced

production delays and shutdowns in China, North America, and Europe due to the semiconductor shortage, which is being felt worldwide. Impacted plants include Fiat Chrysler's plant in Toluca, Mexico, which produces the Jeep Compass, and its Brampton, Ontario plant, which manufactures the Dodge Charger, Dodge Challenger, and Chrysler 300 models. Production of Toyota's full-size pickup truck at its plant in San Antonio has been affected, as has Nissan's production in Japan, with potential reverberations for its US-based production. Some of the automakers are diverting the use of semiconductors to production of better selling vehicles, usually in the SUV and truck segment, the Associated Press added.

The shortage appears to be related to sanctions imposed on Chinese companies by the Trump administration in July, as well as a massive blaze at the Japanese chip plant Asahi Kasei Microdevices Corp (AKM) this past October, according to Reuters, which also pointed to increased demand due to the rise of telework during the pandemic.



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