

Industry analysts predict “wave of bankruptcies” in 2026, as job losses mount in auto parts industry

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A deepening wave of layoffs in the US and global auto and auto parts industry will continue into 2026 amid mounting trade war and problems arising from the transition to electric vehicles.

A December 18 report in industry journal *Automotive News* titled, “Mounting pressure on suppliers could trigger a wave of bankruptcies in 2026,” pointed to falling auto sales and production, the impact of tariffs, high interest rates and competition from more cost-efficient Chinese producers as some of the major factors behind the continuing and deepening crisis in the auto parts industry across Europe and North America.

“Declining global vehicle production and falling supplier orders, especially for combustion engine parts, mean many suppliers, notably smaller Tier 3 and Tier 4 players, risk insolvency or at least cash flow stress in 2026,” *Automotive News* wrote.

Parts suppliers face intense pricing pressure from auto manufacturers. In addition, the growing dominance of private equity firms in the auto parts supplier industry is intensifying the crisis, leaving companies more in debt and more prone to layoffs and bankruptcies.

Earlier this year financial markets were rocked by the sudden bankruptcy of highly leveraged auto parts maker First Brands, a leading supplier of replacement parts. While the exact trigger is not exactly clear, the pressure on the auto and auto parts industry flowing from Trump’s tariffs and pressures on consumer spending were no doubt major factors.

Some of the largest jobs cuts in 2025 in the auto parts industry took place in Germany, with Bosch, the world’s largest automotive supplier, cutting 22,000 jobs and ZF Friedrichshafen expecting to cut 14,000 jobs by 2030. Volkswagen and Ford are also carrying out huge jobs cuts at their European operations.

Auto seating giant Lear Corporation announced plans to reduce its workforce globally by 8 percent of 15,000 jobs by the end of 2025.

North American has seen a steady wave of job cut announcements in the auto parts sector amid savage cost cutting and restructuring by automakers.

Just before Christmas, Cooper Standard filed a formal notice with the state of Ohio that it plans to permanently close its Lexington, Ohio plant, eliminating 228 jobs. The shutdown will begin February 6, 2026 and be conducted in phases. The company produces seals, fluid handling and fuel and brake products.

General Motors’ refocus from EVs to internal combustion and cuts to its Ultium Cells battery plants have hit suppliers hard. Dana Thermal Products permanently closed a plant in Auburn Hills, Michigan, earlier this year dedicated to EV battery cooling plates, costing roughly 200 jobs.

Earlier this month, International Automotive Components laid off 178 workers at its plant in Mendon, Michigan, that builds interior components. United Auto Workers officials said the layoffs are due to the ending of production for the Ford Escape and Lincoln Corsair.

In addition, Avancez, a supplier of electric vehicle parts, said it is cutting 143 jobs at its plant in Michigan due to the recently announced 1,140 permanent layoffs at GM’s Factory Zero in Detroit.

Solero Technologies in Shelby, North Carolina, is permanently laying off 102 employees as it winds down operations by early 2026.

Meanwhile, Ford’s cancellation of its electric F?150 Lightning and the dissolution of BlueOval SK in Kentucky threatens the loss of 1,500 jobs at its battery joint venture and more jobs at associated suppliers.

Even at companies that have not implemented layoffs,

work at auto parts suppliers is increasingly precarious, marked by both forced overtime followed by extended periods of short time or furloughs.

“You wake up every day not knowing if you have a job”

A worker at a Detroit area Flex-N-Gate plant, a supplier for Ford, spoke to the *WSWS Autoworker Newsletter* about the constant anxiety confronting workers employed in the auto parts factories.

“I have learned a horrible truth about the automotive industry: You could end up without a job. Every summer we have layoffs. Every time there is a problem, the biggest hit would be taken by the workers. I have found that it is not a stable source of income.

“We could come into work one day and be laid off as soon as tomorrow. They will let us know in a very short period of time. Then there are days where we don’t have a consistent work schedule, we don’t know when we’re getting off of work.

“One day you could work eight hours, or you could work as short as four. Or you could come in thinking you’re working eight hours, and at the end of the day they tell you you’re working as long as 12. It’s just a general disrespect and a patronizing, condescending attitude towards workers.

“We make parts for Ford. So, of course, when their production slows down, our production slows down as well. At first I was just like, ‘Okay, you know what makes enough sense, fine.’ That is until the consecutive layoffs started to happen. I noticed any time there was a problem with production, the workers would take the biggest hit. We would be laid off consistently, and it started to happen more and more frequently, to the point where it was back to back. The longest layoff we had was almost a month.

“With that happening, you wake up every day and you don’t know whether you have a job or not. I just noticed how unfair it was and how, regardless of what happened, the general managers and the people above them would always make sure that they were fine.” But for the workers, she said, “It’s not a stable source of income because of how many layoffs we endure throughout the year.”

These conditions are provoking increasing anger among

auto parts workers. “Where I work, the culture is basically very disrespectful to the workers. Our general manager completely disregards even the smallest aspects of respect for workers. When it comes to things and decisions, we are usually kept in the dark about it. When it comes to the consecutive layoffs we’ve been facing, we don’t know about them till last minute.”

In 2024, workers at Dakkota Industries in Chicago rejected four sellout contract proposals brought back by the United Auto Workers that failed to address elementary demands for income and job security. Borg Warner workers in New York state, members of the Teamsters, voted down two sellout contracts during the course of their 2024 contract battle.

Major battles by auto parts workers lie ahead with more than 70 contracts set to expire next year at Independent Parts Suppliers like American Axle, Nexteer, Adient, and Dana. Many of these workers, including at Dana, produce parts not only for the auto industry but for mining, warehousing and construction.

In 2021, Dana workers waged a rebellion against the UAW and United Steelworkers bureaucracies, forming the Dana Workers Rank-and-File Committee. Dana workers voted massively to reject a sellout contract the unions tried to foist on them and called for strike action. However, the unions refused to call a strike and instead sought to divide and confuse workers, eventually pushing through a rotten deal. Since then conditions have gotten worse as the companies seek to cut costs, impose exhausting schedules and deadly work conditions and at the same time slash jobs.

To prepare for the coming year’s struggles, auto parts workers need to build and expand a network of democratically controlled rank-and-file committees at each plant and workplace. These committees, operating independently of the trade union apparatuses, are the eyes and ears of shop floor workers, enforcing safe working conditions, providing timely and true information and preparing for mass collective actions against jobs cuts, speedup and poverty wages.

To find out more about rank-and-file committees, fill out the form below.



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