

Honda Scaling Back North American Production

TORONTO (CP) — Honda Motor Co. Ltd., tempering some of the optimism wafting through the North American auto industry, will scale back production at three of its plants in January, including trimming output of Civic compacts at its plant in Alliston, Ont., the Globe and Mail newspaper reports.

Overtime at Alliston and factories in Ohio and Indiana has been cancelled for January, and the production cut may also involve reducing output on one or more Fridays next month, Honda Canada spokesman Richard Jacobs said Thursday.

The cutbacks largely affect Civic production in Alliston and the Indiana plant, and run counter to a move by Toyota Motor Corp., which announced last week that it will add a second shift in Woodstock, Ont., in March to double production of RAV4 crossover utility vehicles.

Ford Motor Co. and General Motors Co. have also announced plans to boost first-quarter production, while Chrysler Group LLC, like Honda, is trimming some production in January.

The different production strategies demonstrate how major auto makers in North America, caught off guard by the sudden collapse in the U.S. market last year, are adjusting more quickly than ever to reduce output when inventories rise above what the industry considers an optimum level — 45 to 60 days worth of supply.

In the U.S. market, Civic sales fell 26 per cent in the first 11 months of 2009 from year-earlier levels, worse than the six per cent decline in the compact segment overall.

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