

# GM To Suspend Chevrolet Volt Production

David Koenig, AP Business Writer

DALLAS (AP) — General Motors Co. is suspending production of its Chevrolet Volt electric car for five weeks amid disappointing sales.

A GM spokesman said Friday that the company will shut down production of the Volt from March 19 until April 23, idling 1,300 workers at the Detroit-Hamtramck assembly plant.

The Volt was rolled out with great fanfare in late 2010 but has since hit bumps in the road. Sales have fallen short of expectations, and its reputation was bruised by an investigation into a possible fire risk.

It carries a high price tag — around \$41,000 before a U.S. tax credit of up to \$7,500. Rising gasoline prices should boost the Volt's appeal, but there are plenty of other less-expensive cars that also get good mileage.

GM sold 7,671 Volts last year, below its original goal of 10,000 cars. The company stopped publicly announcing sales targets last year. It sold 1,023 Volts in February and 603 in January.

"The fact that GM is now facing an oversupply of Volts suggests that consumer demand is just not that strong for these vehicles," said Lacey Plache, chief economist for auto information site Edmunds.com.

GM spokesman Chris Lee said the company was "taking a temporary shutdown" of the assembly line.

"We're doing it to maintain our proper inventory levels as we align production with demand," he said.

Lee said a decision to allow Volt drivers to use carpool lanes in California should help demand. "We're just looking to increase sales, and we see a positive trend going forward," he said.

Although the Volt has not been a big seller, the low-emission vehicle has improved GM's reputation for innovation. Like its closest competitor, the Nissan Leaf, the Volt is rated at more than 90 miles per gallon by the EPA. The Volt is powered by a 400-pound battery pack on which the car can travel about 35 miles before it needs recharging. After that, a gasoline-powered generator drives the electric motor.

Battery fires broke out in three Volts after safety crash-testing last year, but federal regulators determined that the car was no more risky than vehicles with conventional gasoline engines. GM and federal officials believe that the fires were caused by coolant leaking from damaged plastic casing around the batteries after

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side-impact test crashes. They say that they don't know of any such fires in regular use of the cars.

Alan L. Baum, an auto-industry researcher in West Bloomfield, Mich., agreed but said the perception of a safety risk has hurt sales.

"It is taking GM more time than they thought to reverse that sentiment," Baum said. The good news, he said, is that buyers of electric and hybrid cars are probably willing to listen to GM's side in the fire story.

Last year, GM offered to buy back Volts from any customers worried about safety. In January the automaker advised Volt owners to take the cars to a dealer for free repairs. Steel was added to plates that protect the batteries.

The investigation into the fires made the Volt a political lightning rod. Republicans accused federal safety regulators of going easy on the Volt because the government owns a stake in GM after giving it a \$50 billion bailout.

The director of the highway safety agency denied giving GM favorable treatment.

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