Auto Industry Could Ease IN Manufacturing Slowdown

The Associated Press

INDIANAPOLIS (AP) — Indiana's manufacturing industry has seen its recovery stall, and experts predict things will get worse as many of the state's largest companies feel the effects the European financial crisis and slowing growth in China.

The U.S. Bureau of Labor Statistics reports the state lost an estimated 1,400 manufacturing jobs in September. That's been followed by several layoff announcements that suggest the final quarter of the year could see steeper declines, the Indianapolis Business Journal reported (http://bit.ly/PxlMJx [1]).

"We're going off a cliff," said Michael Hicks, director of the Center for Business and Economic Research at Ball State University. "The question is, do we go off like Thelma and Louise, or do we go off with a rope and belay team?"

Manufacturers saw employment jump by 4,300 jobs in April as the industry regained about half the jobs it lost during the recession. The number of jobs is hovering around 486,000, up from a low of 425,700 in June 2009 during the recession.

But in the past six months, companies including Columbus engine maker Cummins and Evansville's Accuride Corp. have announce layoffs. The Indiana Department of Workforce Development reports companies across the state have notified it of plans to eliminate more than 3,900 jobs through layoffs, one-third of them in manufacturing. Most of those layoffs will be done by the end of the year.

The layoffs include up to 1,500 of Cummins' 44,000 jobs, including at least 150 jobs at the company's southern Indiana factories. Peoria, Ill.-based Caterpillar Inc. is cutting 167 jobs from its Lafayette plant. And Accuride plans to expedite the closure of its Elkhart plant.

Hicks said the layoffs are different from the sweeping cuts that occurred in 2009, when companies slashed jobs to survive the recession.

He predicted employers will consider furloughs and other alternatives to layoffs this time around.

"They're going to do things not to cause permanent labor market disruption," he said.

Cummins spokesman Jon Mills said the company will prioritize projects and initiatives and consider which markets and facilities have the highest demand.

"It's going to be careful and thoughtful," he said of the job cuts. "We realize this is

difficult. It's difficult for the workers, difficult for the company."

Bill Strauss, an economist at the Federal Reserve Bank of Chicago, said the downturn in manufacturing isn't likely to be as severe as the one in 2008 and 2009.

"We're sensing more of a temporary issue," said Strauss, who monitors manufacturing throughout the Midwest. "Certainly with regard to activity like at Cummins, not every company is going to hit the ball out of the park every single year."

Indiana also could get a boost from the auto industry, which provided about 20 percent of the state's manufacturing jobs in 2011.

Vehicle sales for the first nine months of 2012 were up 14.5 percent from a year earlier as buyers began returning from the lean years of the recession. Many cars are getting older and need to be replaced.

"We have the auto sector as kind of our safety net, at least temporarily," said Tim Slaper, director of economic analysis for the Indiana Business Research Center at Indiana University.

Indiana's auto companies are taking steps to seize the momentum, investing in improvements to boost production and preparing to launch new products.

Subaru of Indiana Automotive announced in September it might boost production of the Outback and Legacy at its 3,600-worker plant in Lafayette. Honda Manufacturing of Indiana is spending $40 million at its Greensburg plant as it prepares for a 25 percent increase in the production of Civics.

Chrysler Group LLC is pumping $1.3 billion into its Kokomo operations as it prepares to begin producing eight-speed transmissions in Kokomo by the end of the year and nine-speed transmissions next year.

Jodi Tinson, a spokeswoman for Chrysler, said she thinks the auto industry will continue to show strong performance, which ultimately should help manufacturing overall.

"I don't see the auto industry slowing down," Tinson said. "We're continuing to pump out cars. All our assembly plants are working overtime."

Source URL (retrieved on *08/21/2014 - 12:42am*):
http://www.impomag.com/news/2012/11/auto-industry-could-ease-manufacturing-slowdown?qt-recent_content=1&qt-digital_editions=0&qt-most_popular=0

Links:
[1] http://bit.ly/PxlMJx