GM Plans $600M Kansas City Plant Upgrade

Maria Sudekum, Associated Press

KANSAS CITY, Kan. (AP) — General Motors announced plans Monday to pour $600 million into a new paint shop and other upgrades at its assembly plant in Kansas City, Kan., an investment that likely ensures the facility's long-term viability.

Construction on the 450,000-square-foot paint shop, a new stamping press and efficiency enhancements at the Fairfax Assembly Plant will begin this year and should take about two years to complete, the automaker said in a statement.

"This major investment is a vote of confidence in the employees and leadership of this plant and will allow them to continue producing beautiful, world-class vehicles ... with the same quality workmanship that has defined the Fairfax complex for nearly 70 years," GM Chairman and CEO Dan Akerson said.

GM, one of the Kansas' largest employers, announced earlier this month that it would invest about $1.5 billion in its North American facilities in 2013.

Gov. Sam Brownback applauded the plant investment, which he said would provide a boost to the state's economy.

Production at the Fairfax plant, where the company makes the Buick LaCrosse and Chevrolet Malibu, is not expected to be affected by the construction, the company said. GM said the upgrade is designed to cut the amount of energy required to build the cars and reduce water consumption and chemical waste at the 572-acre site.

GM employs nearly 3,900 workers at the plant, which has produced more than 12 million vehicles since 1945 and currently builds one vehicle every 58 seconds.

GM sold 9.29 million cars and trucks worldwide in 2012, making it second only behind Japan's Toyota in global sales.

An investment this large means that the Fairfax plant likely has a bright future with GM and could get additional models to build beyond its current cars, the Chevrolet Malibu and Buick LaCrosse. At a minimum, it is likely to get future generations of those models.

"If they're going to be putting a lot of money into a plant like that, you'd better keep it around a while," said Jim Harbour, author of a book on auto manufacturing and the man who developed a widely followed annual measure of factory productivity.

Both the LaCrosse and Malibu have been decent sellers for GM in the past, but sales have slowed of late. U.S. sales of the LaCrosse, a big midsize luxury sedan, fell 2.4 percent last year to just over 57,000, according to Autodata Corp. Malibu sales rose 3 percent to almost 211,000, but that's a little more than half the sales of the

Toyota Camry, the midsize leader and the top-selling car in the U.S.

GM launched a new version of the Mailbu in 2012, but it took until late in the year for the full selection of engines to arrive in showrooms. The company has said it will get a quick makeover this year.

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