

# Ford To End Auto Production In Australia In 2016

Kristen Gelineau, Associated Press

SYDNEY (AP) — Ford Motor Co. said Thursday it will close its two Australian auto plants, ending production in the country in 2016, amid soaring manufacturing costs and plummeting sales.

The closure of the U.S. automaker's plants in the state of Victoria will mean the loss of 1,200 jobs and will transform the company into an import-only brand in Australia. Ford began making cars in Australia in 1925 and is the third largest auto manufacturer in the country.

"We understand the very real impact that this will have on our team," Ford Australia President Bob Graziano told reporters at the company's Melbourne plant. "We came to this conclusion only after thoroughly reviewing our business and exhausting all other alternatives."

Australia's stubbornly high dollar has put pressure on the country's auto manufacturers, making locally produced cars far more expensive than those made overseas. Last month, Ford's chief competitor, Holden, said it was cutting 500 jobs amid the high dollar and falling demand.

"The strength of the Australian dollar bears down on Australian manufacturing and it does make it a difficult environment for manufacturing to prosper," Australian Prime Minister Julia Gillard said following Ford's announcement.

The closure comes despite 5.4 billion Australian dollars (\$5.2 billion) of government financial support for the auto industry through to 2020. Last year, Gillard announced an AU\$34 million subsidy for Ford. Australia has also subsidized General Motors Co., pledging nearly AU\$275 million last year to guarantee GM continues to make cars in Australia for another decade through its subsidiary Holden Ltd.

Ford also released its annual financial report Thursday, which showed a loss of AU\$141 million after tax for the 2012 financial year. That follows a loss of AU\$290 million in 2011, and a total loss of AU\$600 million over the past five years.

Graziano said reduced demand for large cars and the high price of production in Australia had left the manufacturing operation uncompetitive. Ford's production costs in Australia are twice that of Europe and nearly four times higher than in Asia, Graziano said.

"Manufacturing is not viable for Ford in Australia in the long term," he said.

Around 1,500 employees, including dealers and those in product development, will continue working for the company after production ends in October 2016.

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Acting Industry Minister Craig Emerson said Ford was producing less than 40,000 vehicles each year in Australia, while rivals Toyota Motor Corp. and GM's Holden were each manufacturing more than 90,000 annually.

"The economies of scale were not there for Ford's operations in Australia," Emerson told reporters.

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