

Parts shortage causing problems in auto industry

Written By BRIAN LOCKHART

If you have been shopping for a new or used car over the past few months, you probably noticed that local dealerships are starting to look a little bare as their lots don't have the same amount of inventory they had a year ago.

A check with one dealership noted that they usually have around 150 units on the lot but had been reduced to around 20.

It is a two-fold problem.

During a visit to a prominent dealer in the Orangeville area, it was explained that dealerships are having trouble getting new vehicles delivered to their lots. Disruptions in transportation due to the current pandemic means dealerships can't get the inventory they need.

On top of that, the recent province-wide lockdown has seen a drop in sales as customers aren't as willing to make appointments to visit a dealership.

One sales person said, "It happened almost overnight. People just stopped coming in."

The shortage of vehicles has also impacted the used car market. With fewer people trading in their old cars, there isn't a lot of inventory on the pre-owned side of the dealership lots.

"Used cars are going fast," one salesperson said. "There's not a lot of vehicles coming in. When we get a nice one it won't be here long."

The latest concern in the auto industry is a shortage of parts that is causing delays in production.

The parts shortage has affected pretty much every auto manufacture, not only in North America but around the world.

In Brampton, the Chrysler plant has already seen temporary layoffs and also suspended operations at its plant in Mexico.

The Alliston Honda plant has announced it will stop production on one of its lines during the week for January 25.

The problem is a shortage of semiconductor microchips.

After a slow down in production earlier in the year due to the COVID-19 pandemic, semiconductor manufacturers allocated more capacity to meet the soaring demand from consumer-electronics makers. Microchip makers favour consumer-electronics customers because their orders are larger than those of automakers. The annual smartphone market alone is more than 1 billion devices compared to fewer than 100 million for cars.

The pandemic has resulted in an increase in sales in phones, game consoles, smart TVs and laptops, as people are spending more time at home.

New cars are using more and more microchips in their vehicles to handle everything from navigation systems to traction control.

Industry experts say the situation will most likely turn around in the next three months.