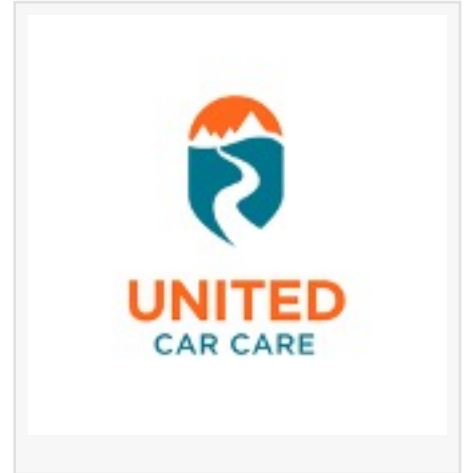


United Car Care Comments on Recent Closures in The Auto Industry

GREENWOOD VILLAGE, COLORADO, UNITED STATES, April 14, 2020 /EINPresswire.com/ -- The global automobile industry is heading for a downward spiral as the coronavirus pandemic rages, and financial analysts suggest companies could find themselves in big trouble in the aftermath. Although it's too early to determine the overall impact of COVID-19, the recent shutdown of auto plants raises the alarm regarding the future of automotive production.

In this piece, an industry leader in vehicle service contracts, [United Car Care](#), comments on the recent closures in the auto industry and scales the magnitude of these closures.



Before COVID-19

The coronavirus pandemic has hit the economy hard, and even as sales drop to a whopping 80% in countries like China, the causes might have an ['underlying history' in the auto industry](#). In recent years, Ford, General Motors, and other auto manufacturers have cut thousands of jobs and have closed down factories due to sluggish vehicle sales and fear of an economic slowdown.

In June 2019, Ford announced it would cut off 12,000 hourly jobs and 7,000 salaried jobs globally as cost-saving measures. "We believe we are quite lean now and positioned for a downturn in case one appears," stated Kumar Galhotra, Ford president of North America.

Honda Motor also had plans to do some significant global manufacturing restructuring last year, which involved thousands of job cuts in Europe as well as plant closures.

Looming Crisis

Even though financial analysts expected a dip in auto sales, the coronavirus pandemic brought new insights and projections. The China Passenger Car Association reported that new car sales went down 80% in February. This means that on average, car sales dipped to 7,100 units a day that month compared to 45,000 units a day in February 2019. The association had projected a mere 2% drop in sales early this year.

The crisis is slowly emerging in firms like General Motors, which tripled its importation of auto parts from China between 2010 and 2018. "If the coronavirus pandemic prevails, our supplies will only last up to the end of March," said General Motors CEO Mary Barra.

Automaker Fiat Chrysler has already idled four of its factories across Italy, a country severely hit by the COVID-19 outbreak. Pirelli tires have also announced it will reduce production in plants across Italy amid the crisis.

Financial Recession

The coronavirus pandemic is expected to erase as much as \$2.8 trillion from the global GDP in 2020. The outbreak has witnessed how the global stock exchange faces its most significant sell-off since the 2008 financial crisis, with a record 7 percent decrease in all market indexes.

These signals are concurrent with a developing financial crisis and might soon trigger recessions to countries like Asia and Europe. According to several automakers, the recent downturn saw hundreds of thousands of layoffs, as well as cut wages and benefits. Aston Martin has allegedly been forced to borrow an additional \$44 million in funds from its long-time 'savior' and consortium led by billionaire Lawrence Stroll. Previously, the company had already issued \$617 million in a bid to rescue the luxury automaker.

About United Car Care

United Car Care vehicle service contracts offer reliable protection at an affordable cost, which is exactly what consumers want when looking for mechanical protection for their vehicles. Our product is backed by an A-rated insurer, thus providing our contract holders with the utmost security.

United Car Care has earned an A rating with the Better Business Bureau, which speaks to the way we do business—with integrity. We are proud of the fact that we have had over a million satisfied customers as well as many long-time relationships with our dealers and agents. These relationships are a true testimonial to United Car Care's core values: quality, dependability, and customer service.

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