

18117 Harley-Davidson Struggles to Get America Biking Again

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A deepening slump in U.S. motorcycle demand is spurring more job cuts and a plant closure for Harley-Davidson Inc., a company President Donald Trump has cast as a model American manufacturer.

The Milwaukee-based motorcycle maker will close its factory in Kansas City, Missouri, and consolidate production in York, Pennsylvania, according to a statement Tuesday. The restructuring will eliminate about 260 U.S. jobs, Chief Executive Officer Matt Levatich said on a conference call. Trump praised the company last year as a “great example” of a business creating jobs and building factories in the country.

Harley is consolidating its U.S. manufacturing presence as its bike sales fall on every continent. And the pain is poised to continue: The company projected global sales will drop as much as 4.9 percent more in 2018 after a 6.7 percent decline last year.

U.S. motorcycle ridership has stalled in spite of Levatich’s efforts to introduce models for first-time buyers and teach more Americans how to safely get around on bikes. Harley shares fell as much as 9.9 percent in New York, the biggest intra-day drop since July.

The decision to close the factory in 2019 “blindsided” United Steelworkers union members. The International Association of Machinists and Aerospace Workers, which also represents workers at the plant, called on the company to manufacture its new electric motorcycle in Kansas City to retain the jobs.

“Hundreds of working families are now wondering what their future holds because of this self-proclaimed American icon’s insistence on shipping our jobs to Asia and South America,” Robert Martinez, head of the Machinists Union, said in an emailed statement. “I’m sick of seeing our jobs disappear or turn into part-time work. We hope investors and policy-makers join our call to finally bring our jobs home.”

The Kansas City plant closing will cost Harley as much as \$200 million through 2019, then result in annual cash savings of \$65 million to \$75 million after 2020. Levatich declined to say how much production capacity will be reduced.

At the same time, the company is building a factory in Thailand that will assemble bikes using components shipped from the U.S. Union officials accused the company in September of trying to “systematically dismantle” its US workforce.

“Harley can’t get younger people into the hobby and the bikes are too big to be transported in Europe or Asia,” Kevin Tynan, a Bloomberg Intelligence analyst, said in an email. “That future is really dark.”