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Chevy temporarily halts Corvette production

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First, high fuel prices take the fun out of driving fast.

Now the economy slams the brakes on Chevrolet's iconic Corvette.

"It's a 'miniskirt economy' car," said Rebecca Lindland, an analyst for Global Insight, an economic research and consulting firm. When the economy is doing well, skirts get shorter, or so goes the theory. When things slow down, skirts get longer.

"You want to flaunt the idea that you're doing well," Lindland said. "The Corvette does that better than any other vehicle. But these are not flaunting times."

The news that Chevy will temporarily halt production comes just as parent General Motors is celebrating its 100th birthday — and as it hits up Congress for billions in low-interest loans. GM has announced plans to close other plants, and, after a \$15.5 billion second-quarter loss, will drop sponsorship for the 2009 Oscars and Emmys, according to the *Los Angeles Times*. GM lost about \$39 billion in 2007.

The halt on the Corvette, a sports car that generations of Americans have drooled over, is scheduled from Oct. 6 to Oct. 13. Wendy Clark, a Chevy spokeswoman, said she couldn't recall the last time Corvette production was shut down.

"They just built a few too many," said Haig Stoddard, a Global Insight analyst. "Demand overall is down, and especially for the Corvette. Sales this year are down on the Corvette about 14 percent."

The Bowling Green, Ky., plant that builds the Corvette will see layoffs of about 70 hourly employees, according to plant communications director Andrea Hales. When workers return, they'll trim production from 18.5 cars an hour to 15 an hour, Hales said.

Production on the Cadillac XLR, also made in Bowling Green, will be halted temporarily beginning in October, Hales said. The Cadillac hardtop shares the Corvette platform.

"With the economy being what it is, with gas prices being what they are, we are seeing the effects of that on the luxury car segment," Hales said. "I would say there's just a sense of uncertainty."

Chevrolet sold 33,685 Corvettes in 2007, Stoddard said. GM recently made employee pricing available to the public in hopes of moving inventory. Not usually available on Corvettes, the special pricing sliced what Vandergriff Chevrolet dealer Rick Cantalini called "a ton of money" from the car.

The manufacturer's suggested retail price for the 2008 Corvette coupe is \$46,100, according to the *Motor Trend* Web site. Thanks in part to the employee pricing, Corvette sales rose about 49 percent in August from a year earlier to about 4,000 cars, Clark said.

The pricing, available only on 2008 models, runs through Sept. 30 and reduces the price of a base model Corvette by about \$6,000, taking the final tab to \$40,876, Vandergriff Chevrolet general sales manager Bob Clark said.

"In 2007, we built more Corvettes than we've ever built," Clark said. "It's a double-edged sword. We built a lot of cars to meet demand."

Stoddard called the outlook for the rest of the year "pretty poor."

"A lot of people are waiting," he said. "I think when you see your stock portfolio take a dip, you pull back for a while."

A new generation of Corvettes that might lure performance fans back into showrooms is not scheduled to appear for a couple of years. But according to Lindland, many potential customers won't care until then anyway.

"There's certainly no sign of recovery," she said. "I don't think anybody can say things are going to be back to normal in the next four to six quarters."

But Chevy isn't sidelining the Vette permanently, Clark said.

"Corvette is probably an optional car for a lot of folks," Clark said, but "we're definitely committed to continuing the car."

Terry Malone isn't worried about new Corvettes. He has a couple of dozen old ones at his Southlake classic car emporium, Corvette World.

"When the market is down, my business is usually up," Malone said. "Now that Lehman Brothers has gone under, it has slowed our business down. A lot of people are going to wait until after the election."

But not Jason Baker, who runs the family's West Texas oil and cattle business from his home in Clifton, near Waco.

He just wrote a check for close to \$65,000 for a new "Jetstream Blue" 2008 Corvette coupe with a black leather interior. He says it gets about 30 miles per gallon on high-octane gas. Buying American was important to the 28-year-old Army veteran, and he has always loved the styling.

"I've had it all the way to 210 [mph] with no strain on the engine, on the flat, empty roads of West Texas," Baker said, adding that he hasn't received a speeding ticket. "All the DPS [troopers] are down on the coast."

But he did spring for a radar detector.

"Every time you pass every officer, they hit you with radar," Baker said. "If you're going to buy a Corvette, you better buy a radar detector."