

Delays for new hybrid, electric cars reach years — not months — amid supply crunch

Brett Bundale, The Canadian Press



When Jesse Chiasson called a car dealership last month to buy a new vehicle, he ended up paying \$1,000 to be put on a waitlist instead.

"The salesman was pretty vague but hinted it could be 2024 by the time we get the car," Chiasson said in an interview from Bathurst, N.B. "Worst-case scenario, we could be waiting as long as three years."

Canadians across the country are facing lengthy wait times for new vehicles as an ongoing supply chain crunch and shortage of computer chips hinders carmakers from making enough to meet demand.

The problem appears to be worse for electric automobiles. Government rebates, rising gas prices and growing climate change concerns appear to be worsening the shortage of hybrid, plug-in and fully electric cars.

"We expected a wait but we were still shocked at how long it could be," Chiasson said of the delay for a new Kia EV6. "They also said the price could change."

Many vehicles are sold before they even hit the lot, leaving some dealership parking lots nearly empty while waiting lists grow indeterminately longer.

The lack of inventory affects salespeople, many of whom rely on commissions to earn a living.

And manufacturing shutdowns are also affecting auto plant workers.

"We've had periods of layoffs or reduced hours for at least 10 weeks in all of these facilities between January and September of this year," Unifor national president Lana Payne said in an interview.

"For these plants, that's about a third of their working time that's been lost this year," she said. "It's nearly all related to a shortage of parts — mostly microchips, but other parts as well."

The tiny semiconductor chips power everything from essential safety functions like airbags and breaks to bonus features like GPS or a touchscreen entertainment system.

"There are over 100 chips in an average car. They operate everything," said Sam Fiorani, vice-president of global vehicle forecasting with AutoForecast Solutions LLC.

The auto industry halted production early in the pandemic, prompting chip suppliers to sell to electronics manufacturers instead.

When carmakers came back online, the chips they needed weren't available.

Chipmakers were busy producing more profitable, cutting-edge microchips for devices like computers, cellphones, televisions and even household appliances.

"The auto industry typically uses older chips because they're more reliable," Fiorani said. "But they're not as valuable to chipmakers. They cost less to produce and make less profit."

The situation has relegated automakers to the back seat of the microchip supply chain, resulting in long delays for the small parts.

In some cases, if the missing chip is part of a bonus feature, the vehicle can be assembled and sold as is and upgraded later. Other chips are needed to sell the car, but the entire vehicle can be built and the missing chip added later, just before its sold. But in cases where the chip is embedded in a part of the vehicle that can't be easily accessed or upgraded after assembly, a missing microchip can stop production.

"We're seeing assembly lines shutdown over this issue all over the place," Fiorani said

The issue doesn't appear to be easing despite improvements in recent months.

Even as supply chain bottlenecks dissipate and new chip fabrication facilities slowly come online, experts say it could be years before the car industry recovers.

It's taking a toll on the carmaker's Canadian production — and workers and consumers in this country.

"Due to the unprecedented global microchip shortage, there has been an impact on production at the Windsor and Brampton assembly plants over the last two years," said LouAnn Gosselin, a spokesperson for Stellantis Canada, which makes vehicles like the Chrysler Pacifica and Dodge Charger.

But the industry-wide problem isn't unique to Stellantis.

Honda Canada spokesperson John Bordignon said significant global issues are still "very much a part of the new vehicle availability and delivery process."

"We continue to experience the international impact of COVID-19 and its accompanying protocols, shipping and logistics delays, microchip shortages and other supply chain disruptions," he said in an email.

"Delivery can and has certainly been delayed because of these circumstances. We hope to see this situation improving in the coming months but we remain in the midst of it."

Toyota Canada spokesperson Michael Bouliane said the company has been affected by the global supply chain challenges slamming the entire automotive industry.

"Our teams are working diligently to minimize the impact on production but these delays, when combined with continued strong demand for our vehicles, has resulted in longer than usual wait times for the delivery of some models to our dealers and customers," he said in an email.

The delays have trickled down to car shoppers, with some being told the specific model and trim they want will take years to arrive.

It's a situation Charles Chittick is familiar with.

He placed an order for a new plug-in hybrid vehicle in the spring of 2021. When one finally arrived a year later, it was the wrong trim and colour — and an extra \$7,500 for bells and whistles he didn't want.

"I was silly enough to decline it because the dealership was expecting more and I was first on the list," Chittick said in an interview from Wolfville, N.S.

"I thought, 'They got one in, it's a large dealership, surely to goodness there's going to be more coming. That was a big mistake.'"

The dealership received just one of five Toyota RAV4 Prime vehicles it was allocated for the entire year, he said.

Now Chittick said he's been told he has first dibs on one arriving in late December — nearly 21 months after he placed his order.

This time, if it arrives as scheduled, he's not taking any chances.

"It's \$4,000 more than the original cost and it's not the colour we want but we're going to take it."