

Can pigs fly?

Chris Cooke - May 2024

I have a bedtime story for you.

It's a fairytale.

Municipal, provincial and federal politicians touted it and local media, especially the money losing Sarnia Observer went to a far-flung place like Windsor to find an educator with an engineering degree to expound on it.

The story?

That the Sarnia area, more specifically St. Clair Township is "shortlisted" as a "possible" site for a \$3 billion electric battery plant.

The red flags here are the words "shortlisted" and "possible".

We don't need a Windsor professor to expound on this.

It is a waste of paper, ink and whatever online credibility the Sarnia Observer has.

The bedtime story is simply entitled "Can Pigs Fly?".

I mention this only because after 32 years in the printing, graphics and more recently digital business I profess to be a realist who believes in reality not fairytales.

I claim not to be a betting man.

My wife disagrees suggesting for most of the last 32 years I have betted on business day in and day out.

To which I respond they were calculated bets and fortunately the profitable bets outstripped the losers.

As we watch electric vehicles sales careen off a cliff the words calculated and bets do not seem to coexist.

In fact, the words uncertain as in future and ruinous as in financial surface as we debate the merits of vehicles that create range anxiety, charging anxiety and simply cost too damn much.

As I write this Tesla's Elon Musk just announced he is laying off 10 per cent of his work force, the Ford Motor Company reported a \$5 billion financial loss that is impeding its overall profitability and jeopardizing the future of its "model e" division which has been delayed and diminished.

In fact, Ford's chief financial and chief executive officers are so disenchanted with their electric vehicle investments that they will not introduce their second generation of "electric mobility" until they can financially stand on their own.

Don't hold your breath.

If past performance is any indication "electric mobility" which is driven primarily by government bureaucrats, politicians and the tree hugging left will remain a deep dark sewer for many years to come.

Their attempts to save the world are blowing up the traditional economy.

Don't believe me?

Consider this.

After striking a deal with Tesla to purchase 100,000 Tesla 3 and model Y cars as an add on to its traditional gas guzzler fleet, Hertz Global Holdings is abandoning its electric vehicle strategy.

Turns out not only did people who rent cars not want all electric cars but didn't know how to drive them and kept getting rear ended.

After losing billions of dollars on its much-touted electrification, Hertz Global Holdings is selling its fleet for as little as \$18,000 a car in an attempt to hold its damaged balance sheet together.

Which brings me to my cardiologist. An older gentleman, actually he and I are the same age who drives a BMW Z with a manual transmission. I drive a BMW 3 with a manual transmission.

Casually, in a moment of amusement I asked when is he getting an electric car.

His response was clear, concise and swift.

"Don't get me started," he said, rambling off unfathomable amounts required by the provincial utility to meet even modest requirements for electric vehicles.

We agreed it is a pipe dream perpetuated by the socialist left who want to save the world.

And then there is Honda.

Will someone explain what in Hell is going on there?

Apparently, the Japanese are drinking Justin Trudeau's Kool Aid while scooping up \$5 billion in direct and indirect taxpayer incentives.

While all this looks good on paper the reality is the electric vehicle business at Alliston will only create 1,000 "good paying" jobs if Honda can convince reluctant consumers to purchase 240,000 of its electric vehicles, mostly cars, each and every year.

Instead of conversations with our prime minister the Honda executives should have been speaking to someone at Ford where this year's first quarter loss on electric vehicles topped \$1.3 billion or \$132,000 per vehicle.

The federal Liberals continue to hold a gun to the heads of consumers forcing them to purchase vehicles they don't want.

Again, the question is, can pigs fly?

By next year's election our prime minister will discover they can't.

A \$3 billion battery plant for Sarnia Lambton?

A \$3 billion battery plant for St. Clair Township?

Sometime in the future?

Maybe?

Dare I mention UBE Automotive, a heavily subsidized Japanese company that manufactured aluminum wheels at the 402 and Airport Road. In a custom built 371,000 square foot plant it employed some 250 people from 2002 to 2009 when it became a victim of the financial crisis and the GM and Chrysler bankruptcies.

Today it is a storage facility for a local trucking company and a portion is leased to a Chinese company that builds truck trailers.

That was then and this is now.

It all has a familiar ring to it.

In the meantime the heading on the fairy tale remains "Can Pigs Fly?".

The answer is only in the minds of socialists and tree huggers who have never done a business analysis of reality.

I could be wrong about this but I'm usually not.