Mercury Marine provides update on post-earthquake production

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FOND DU LAC, Wis. – Mercury Marine said today it is well positioned to continue to meet market demand for most of its outboard and sterndrive engines, despite potential supply shortages resulting from the devastating earthquake and tsunami in Japan. However, it anticipates production disruption of undetermined frequency in Japan in April for engines 30 hp and below.

Mercury produces engines and parts primarily in North America and Asia, and the company reported that Mercury facilities in North America and China are operating with no current disruptions. The manufacturing of Mercury’s MerCruiser sterndrive packages, which are built in the U.S., has been virtually unaffected by supplier issues, the company said.

Mercury will increase production rates of selected product families from April through July to ensure continuity of supply. Attwood, Land ‘N’ Sea and MotorGuide have not received any indication from suppliers that near-term shortages are anticipated.

Mercury’s small outboards (2.5 - 30 hp) are produced in Japan through a joint venture with Tohatsu Corporation. The joint venture facilities in Japan were not damaged by the March 11 earthquake, and are not located in the region directly affected by the resulting tsunami. These facilities in Japan have continued to operate, using parts on hand to build outboard engines. Mercury says the joint venture has worked closely with its suppliers to monitor and balance the availability of parts and to minimize disruptions.

Like other manufacturers, however, Mercury anticipates some supplier-related delays will develop at the joint venture’s manufacturing operations in Japan. While Mercury continues to take and fulfill orders as normal, it anticipates production disruption of undetermined frequency in Japan in April for engines 30 hp and below, including a shutdown that began April 4. Production of these engines by the joint venture will resume April 11.

Many companies that provide parts to marine engine producers are located in Japan. The earthquake and tsunami damaged facilities of several of those companies and their suppliers, and some have reported problems manufacturing
and shipping products. Some have announced temporary shutdowns of manufacturing facilities.

“We continue to monitor the situation closely because many of our direct suppliers are dependent on materials and goods from other companies, several of which have been affected to varying degrees,” Stephan Cloutier, vice president of Mercury Marine procurement, said in a release.

In the release, Mercury President Mark Schwabero also shared his company’s prayers for the people of Japan.

“We join the rest of the world in sending our thoughts and prayers to the people of Japan as they continue the recovery process from these devastating events,” Schwabero said. “We were obviously very happy that none of our people were injured, but this is a terrible human tragedy and a huge economic event that impacts the entire world.”