

WARD'S AUTOMOTIVE REPORTS®

Toyota Uses Manufacturing Network to Supplement Production

TOKYO – Toyota Motor Corp. produced 4.2 million vehicles in Japan last year – but it had a lot of help doing it. Of the total output, 2.6 million units, or 62%, were built by subsidiary and affiliated companies.

These auto makers, nine in total, include Daihatsu Motor Co. Ltd., Daihatsu Motor Kyushu Co. Ltd., Hino Motors Ltd., Central Motors Corp., Gifu Auto Body Industry Co. Ltd., Kanto Auto Works Ltd., Toyota Auto Body Co. Ltd., Toyota Industries Corp. and Toyota Motor Kyushu Inc.

Combined, they operate 13 assembly plants in Japan that build Toyota cars, trucks, minivans and SUVs. Only two of their total 15 plants do not produce Toyotas.

The operations complement Toyota's own network of five large assembly plants scattered throughout Aichi prefecture in central Japan – in Toyota City (Honsha), Motomachi, Tahara, Takaoka and Tsutsumi.

The objective of this manufacturing structure is flexibility, making it possible for the auto maker to shift models quickly between plants to deal with sharp fluctuations in demand at minimal

cost. The operation works as follows: So-called “global” models such as the Camry, Corolla and Vitz are divided between Toyota plants and affiliate plants, with Toyota generally responsible for volume versions and affiliates for derivatives.

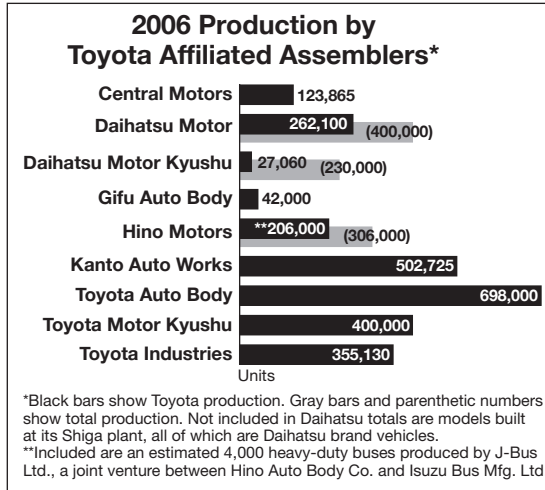
For example, the Corolla sedan is built at Toyota's Takaoka plant, while the Corolla Fielder and Corolla Spacio are produced at Higashi-Fuji by Kanto Auto Works and the Corolla Axio is made by Central Motors in Sagamihara.

Toyota produces its Vitz and Yaris hatchbacks in Takaoka and at Toyota Industries' Nagakusa plants, while Kanto Auto Works assembles Yaris sedans and Belts at its Iwate facility in northern Japan.

Global models account for about 30% of worldwide sales, Toyota says. So-called “regional” models – including the Tundra built in North America; Avenis and Aygo in Europe; Reiz and Vios in Asia; and Estima minivan in Japan – account for the remainder.

Outside Japan, where the auto maker operates 22 plants for Corolla and Camry production, alone, it strives

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Luxury Brand May Be in Hyundai's Future

LA JOLLA, CA – Hyundai Motor America Inc. may consider establishing a luxury brand, a top executive tells *Ward's*.

“We'd probably be silly not to look at it,” Wayne Killen, director-product planning, says here during a test drive of the all-new Hyundai Veracruz cross/utility vehicle. “The case could be made that it makes sense for us.”

Hyundai already has “cut its teeth” in the fierce U.S. market by competing head-to-head with U.S., Japanese and European brands – and succeeding, Killen claims.

Hyundai's share of the U.S. market grew last year by 0.1 percentage points to 2.8%, compared with 2005. However sales this year were down 3.1% through February, tracking below the industry's 2.5% decline.

Additionally, the U.S. market is expected to begin seeing Chinese-built small cars, which are bound to be inexpensive and potentially could cut into Hyundai's value-oriented market segment, Killen says.

“We need to have an option for those customers who want to trade up from their current Hyundai to a more expensive vehicle.”

But Killen's conceptual interest should not be interpreted as an official corporate initiative to mimic Japan's top three auto makers, all of which have been building luxury brands in the U.S. for more than a decade.

At a press conference here Mar. 29, a journalist asked John Krafcik, Hyundai's vice president-product development and strategic planning, whether the auto maker is considering a luxury outlet. Krafcik says there have been no such discussions at Hyundai.

And yet, HMA officials, including Krafcik, have made it clear Hyundai needs to move upmarket and appeal to a more affluent customer base.

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UAW Clings to Pattern Bargaining

DETROIT – Detroit auto makers should not expect special treatment at the bargaining table based on their respective financial woes, says the president of the United Auto Workers union.

“Pattern bargaining is hard and fast and we do not look for there to be any departure from that,” Ron Gettelfinger tells *Ward's* as more than 1,500 UAW delegates gather here for a special convention to determine contract objectives for the next four years.



Ron Gettelfinger.

Against the current backdrop of economic instability, the practice of demanding the same wage and benefit package from General Motors Corp., Ford Motor Co. and Chrysler Group has generated considerable discussion among the union's rank and file.

The UAW's refusal to accept the same concessions at Chrysler that it approved last year at GM and Ford reportedly contributed to DaimlerChrysler AG's decision to explore selling Chrysler. *(see story p.5)*

Since the UAW's rejection last year of Chrysler's bid to erase what it considered to be a cost advantage enjoyed by its rivals, the union has been quietly reviewing its position.

But senior delegates to last week's convention suggest solidarity, in its truest form, is threatened. They note Chrysler workers' opposition to concessions and claim there are fears among Chrysler and GM workers that their next contract will be compromised by the weakened state of Ford's business.

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Buick Chief Sees 2007 as Big Year

NEW YORK – Conceding sales this year will be relatively flat, Buick General Manager Steve Shannon, nevertheless, predicts 2007 is going to be good for the brand.

“We will have a big year,” he predicts, despite the fact Buick will wind up with its slimmest product portfolio in decades by year-end.

Beginning in 2008, Buick will offer just two sedans and a cross/utility vehicle. However, Shannon says the marque will offer a fourth product at some point. General Motors Corp. product strategy gurus have promised that, Shannon implies.

He declines to specify what that fourth model will be but notes there has been much speculation about a production version of the Buick Velite concept car that debuted in 2004. That model is a 4-seat convertible and would be unique in the GM lineup.

SALES & MARKETING

Buick's U.S. sales have been in a tailspin for years. China now sells more of the marque's cars than the auto maker does in the U.S. But Shannon insists Buick's U.S. models will continue to be built here, despite the recent decision to share common platforms and designs with Buicks assembled in China.

Even the next-generation LaCrosse, which is being co-developed with China, will be built here, he says. The Opel brand will have a European model on the same architecture, as well, he says. However, U.S. Buicks will not offer the 4-cyl. engines that power the Chinese models.

Shannon's optimism is sparked by the fact retail sales are climbing. He says daily rental sales of the Lucerne are half those of its predecessor, the LeSabre. That has helped boost Lucerne's residuals 10%.

The Buick chief admits overall incentives are comparable to last year's, although they are lower on the LaCrosse and Lucerne than the cars they replaced.

Shannon also expects a big boost from the Buick Enclave CUV that goes into production at the Delta Township plant in Lansing, MI, in the first week of April.

“We have 6,000 orders for the Enclave even though we haven't started production,” he says, noting its sister model, the GMC Acadia, currently is the fastest-turning vehicle for GM.

“The Enclave has to be the vehicle that changes (the public's) perception about Buick,” Shannon says, predicting even buyers who say, “I'm not a Buick kind of person,” will help push those perceptions aside when they see the new CUV.

The Enclave will be positioned against luxury competitors such as the Acura MDX, Volvo XC90 and Lexus RX 350.

Buick is planning a different marketing rollout than GMC used with the Acadia. “We have a stronger print plan than GMC,” Shannon says.

“It will be a very big launch for us, with expenditures comparable to those Buick spent on (the) Lucerne. Buick pitches to a slightly older buyer and has a great (advertising) platform with golf. GMC is closely identified with football and do-it-yourself home and garden activities.”

The LaCrosse and Lucerne also are getting more power and other upgrades, as Buick pulls from the past to apply the “Super” badge for premium editions of the two models.

“Our Supers are not just about increased horsepower; they represent an elevation in design, premium content and ride characteristics that are exclusive to the Super badge,” Shannon says.

Shannon declines to predict sales targets for 2007, but says Buick sales will at least match the 240,000 units achieved in 2006. He ex-

pects the Lucerne to account for half of Buick's sales this year. The LaCrosse and Enclave will split the other half evenly, he says.

Shannon says there presently are 1,600 Buick dealers, which he believes is too many. About 70% of Buick sales volume comes through the 3-channel franchises also selling Pontiac and GMC models.

However, Shannon does not worry about the Enclave being displayed on the same floor as the Acadia.

“We're treating the Enclave like a luxury car,” he says, whereas GMC is focusing on Acadia's practical features and its lifestyle slant.

— *Herb Shuldiner*

Analyst Wary, Hopeful of Fuji Makeover Plan

The new 4-year game plan of Fuji Heavy Industries Ltd., maker of Subaru vehicles, is arousing doubts as well as hopes in Tokyo.

Company strategists are counting on three main improvements – a shift in focus from Japan to overseas markets, the introduction of new models that address real market needs rather than simply incorporating advanced technology customers might like and a product lineup and sales network fine-tuned for each main global market.

If all goes according to plan, FHI global sales will be up 19% to 683,000 vehicles and annual operating profit will increase 60% to ¥80 billion (\$683 million) in the fiscal year ending March 31, 2011, compared with the fiscal year ending this month. Meanwhile, its operating profit margin is expected to rise to 5% from 3.3% currently.

“Skepticism was the dominant reaction of analysts and investors attending the company meeting where the plan was announced (Feb. 28),” says Seiji Sugiura, senior analyst with HSBC Securities (Japan).

“Given the company's history of missing its targets in previous plans, this reaction is natural,” he adds.

Yet he cites several reasons to be optimistic. Subaru sales in Europe, “a market of pivotal importance for the company,” have begun to increase.

The research and development budget is growing and at least one or two new models will be launched each year.

In addition, production costs and indirect fixed costs are being cut, and Toyota Camry production will begin this spring at FHI's U.S. plant in Lafayette, IN, improving efficiency there.

Key will be a new focus on product, where “there's been a major gap between what we produced and what the market wanted,” Ikuo Mori, named Fuji CEO in June, said in unveiling the new business plan in late February.

And there will be more emphasis on the U.S. rather than Japan, where sales growth is believed to be a more difficult task.

The strategy calls for New Jersey-based Subaru of America Inc. to open a new satellite office in Los Angeles to better connect with American customers and boost sales in the southern and southwestern U.S. SOA is expected to add 24 dealers by 2010, bringing its total to 625.

If all goes well, the U.S. will account for sales of 236,000 vehicles annually, equaling Fuji's volume in Japan and accounting for 35% of its global total of 683,000 by 2011. Fuji estimates sales for the current fiscal year ending March 31 at 179,000 units in the U.S., 242,000 in Japan and 575,000 in total.

To support growth elsewhere, Fuji is considering a new manufacturing base somewhere outside the U.S. and Japan. It also is expected to emphasize profits over volume in Japan, even if that means it has to back off a bit in the market for 0.66L minis. — *Mack Chrysler*

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Corncobs Solve NG Tank Packaging Issues

Researchers from the University of Missouri-Columbia and the Midwest Research Institute in Kansas City have developed technology that will allow natural-gas tanks in vehicles to match standard gasoline tanks in storage capacity and packaging efficiency.

Project leader Peter Pfeifer and colleagues successfully have shrunk the size of vehicle natural-gas tanks – which are often large and unwieldy – by storing natural gas at low pressure in a honeycomb structure of carbon briquettes made from corncobs after the kernels

have been harvested.

TECHNOLOGY

Pfeifer says the inability to employ standard compact fuel tanks to store natural gas onboard vehicles is a key reason the industry has been slow to convert to this fuel for automotive transportation.

“We are very excited about this breakthrough, because...such a technology would make natural gas a widely attractive alternative fuel for everyone,” he says.

The key to this invention is the complex nanostructure of the carbon briquettes, which can absorb 180 times their own volume of pressurized natural gas, or 118 g of methane per liter of carbon, at 500 psi (34 bar). Previously used carbon-type storage tanks have held 142 times their own volume at 500 psi, well below the target set by the Department of Energy, which is the 180 ratio achieved by the recycled corn cob waste.

A conventional high-pressure natural gas tank operates at 3,600 psi (248 bar). The corn cob tank pressure of 500 psi equals that in natural-gas pipelines, which would eliminate the need to further compress the natural gas in order to fuel the onboard tanks.

Pfeifer says these new natural-gas tank specifications will enable auto makers to design long, slim, low-pressure tanks that fit underneath car bodies to replace the bulky high-pressure tanks that take up precious cargo storage room.

The University of Missouri is monitoring a prototype in use since last October and says so far all systems have been go. Pfeifer predicts the technology will be commercially available within five years.

“In the U.S., hydrogen was thought to be the next big thing, but I don’t know if I’ll live to see that,” he tells *Ward’s*.

“I personally don’t think we can wait that long.”

At current prices, natural gas is the equivalent of \$1.20 per gallon less than gasoline, which he says will result in a savings of \$300 billion per year.

Pfeifer stresses that natural gas is one of the cleanest burning alternative fuels available. In light-duty applications, emissions from natural gas vehicles are lower than that of gasoline-powered vehicles. Carbon monoxide and nitrogen oxides, smog-producing gases, are reduced by more than 90% and 60%, respectively. Carbon dioxide is cut 30% to 40%. In medium and heavy-duty applications, natural gas engines have exhibited reductions of more 90% of CO and particulate matter emissions and a more than 50% cut in NOx, relative to commercial diesel engines.

“The state of Missouri, alone, could supply the raw material for more than 10 million cars per year,” Pfeifer says.

“It would be a unique opportunity to bring corn to the market for alternative fuels – corn kernels for ethanol production and corn cob for natural gas tanks.”

– *Monica Dobie*

Chevy Showing Minicar Concepts in NY

The 4-door Trax will be one of three minicar concepts gracing Chevrolet’s stand at next week’s New York auto show.

Designed at General Motors Corp.’s studio in Incheon, South Korea, the Trax is based on the auto maker’s global mini architecture that’s a specialty of GM Daewoo Auto & Technology Co.

The three concepts are designed to appeal to young car buyers in urban markets and are meant to prove “art needn’t take a back seat just because the canvas is small,” GM says.

Following the April 4 unveiling of the three cars, the public can vote on their favorites at vote4chevrolet.com. Chevrolet says it will use the balloting to determine the level of interest for minicars in the U.S. and which design resonates best with potential buyers.

The Trax is powered by a 1L gasoline engine. Its two-tone paint – Blaze Orange for the upper part of the exterior and a matte finish Burnt Orange for the lower corner panels – is meant to give the impression the Trax is “all business despite its small size,” Chevrolet says.

– *Ward’s Staff*

SUPPLIERS

New Exhaust Based on Sound Technology

ESSLINGEN, Germany – J.J. Eberspacher GmbH & Co. KG says it hopes to have a unique system on the market by 2009 that will allow drivers to dial-in the exhaust tone of their choice for their vehicle.

The German-based supplier already has a prototype tuned-exhaust system installed in an Audi A4 2.0L Turbo that can produce up to five different tones, a company official tells *Ward’s* on a tour of the facility here.

The acoustical technology also includes an active silence system, which cancels exhaust noise by using a microphone and speaker embedded in the muffler that produce “anti-noise,” effectively canceling out most exhaust sounds. By suppressing or amplifying the exhaust noise produced during the firing of a vehicle’s cylinders, the tuned system can make a 4-cyl. car sound like a V-8 model or vice versa, depending on the driver’s preference.

Eberspacher recently patented its microphone and speaker tuning system, which can withstand the extreme heat of a vehicle’s exhaust, says Mathias Keck, Eberspacher vice president-research and development global exhaust technology.

“Customized active sound design and an active silent system are an old dream of sound engineers,” Keck says.

Eberspacher plans to demonstrate the technology at this month’s Society of Automotive Engineers World Congress in Detroit.

The company, which in addition to conventional exhaust systems also produces catalytic converters and mufflers for gasoline engines, as well as particulate filters and catalytic converters for diesel engines, has a North American manufacturing subsidiary located in Brighton, MI, 65 miles (105 km) west of Detroit.

Keck says a European auto maker plans to use the supplier’s tunable exhaust system on a “high-end, niche” production car by 2009. But he declines to identify the manufacturer. In other supplier news: **Tower Automotive** will sell “substantially all of its assets” to Cerberus Capital Management L.P., the supplier says in a restructuring term sheet filed with the U.S. Bankruptcy Court for the Southern District of New York. Cerberus will take control of Tower and assume its debt obligations under Chapter 11. Former **Collins & Aikman Corp.** President and CEO David Stockman has been charged with conspiracy, securities fraud, bank fraud, wire fraud and obstruction of an agency proceeding in connection with an alleged scheme to conceal from investors the truth about C&A’s operating performance. **Michelin** will invest \$300 million to expand a factory in Shenyang, China, according to China’s Xinhua news agency. The tire maker reportedly already has invested \$150 million in the Shenyang operations. **Ceramic Protection Corp.** subsidiary Protective Products International Corp. signs a deal with Ford Motor Co. that allows it to supply advanced ballistic door panels as retrofit kits for use in Crown Victoria police vehicles dating back to the ’98 model year. Doors equipped with the panels can be used by police as shields, says PPI, a supplier of original equipment police vehicle door panels since 2005. **ArvinMeritor Inc.** names Rakesh Sachdev president-Asia/Pacific. Sachdev, previously vice president-strategy and corporate development, is expected to expand ArvinMeritor’s engineering and product-development footprint in India and China. **Dow Chemical Co.’s** Dow Polyurethanes business unit is expanding capacity at two European facilities, a polyols plant in Terneuzen, the Netherlands, and at propylene glycol plant in Stade, Germany. **XM Satellite Radio** says its XM NavTraffic service will be available in 50 major North American markets, with the addition March 31 of three U.S. and three Canadian markets.

– *Byron Pope and Ward’s Staff*

Toyota Network Supplements Production

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to maintain stable volumes. And Toyota is not alone among Japanese auto makers in fostering a satellite plant structure.

Nissan Motor Co. Ltd., through Nissan Shatai Co. Ltd., built 322,170 units last year at its Hiratsuka plant, including the Elgrand, Safari and Wingroad. The plant, in its 42nd year of operation, produces larger SUVs and station wagons for Nissan.

Yachiyo Industry Co. Ltd., a Honda Motor Co. Ltd. affiliate specializing in 0.66L minis, produced 217,000 units at its Yokkaichi plant, 16% of Honda's 2006 Japan total. During the year, Honda produced 1.3 million vehicles, including an estimated 542,750 at Sayama and 569,450 at Suzuka, its two main plants.

Pajero Mfg. Co. Ltd., a wholly owned subsidiary of Mitsubishi Motors Corp., assembled 87,900 Pajeros and Monteros at its Sakahogi facility last year, down 7% from 94,100 in 2005.

And Daihatsu Kyushu, in addition to 27,000 Toyota Rush models, built 203,000 Daihatsu Be-Gos, Terioses and Hijets at its Nakatsu plant for a total of 230,000 in 2006. Late this year the subsidiary plans to open a second assembly plant in Nakatsu with planned capacity for 230,000 vehicles.

Formerly known as Daihatsu Shatai or Daihatsu Auto Body, Daihatsu Kyushu moved its production base from Maebashi (Gunma prefecture) to Nakatsu (Oita prefecture) in November 2004. When the new facility comes on stream, the subsidiary will have capacity to produce 410,000 cars, nearly 40% of Daihatsu's total.

Counting all brands, Japanese-affiliated assembly operations built 3.5 million vehicles last year ranging from 0.66L minis to 4.0L trucks. The number represents 31% of total 2006 output. — Roger Schreffler

UAW Clings to Pattern Bargaining

(Continued From First Page)

Jeff Washington, secretary of the UAW's national bargaining council and president of Local 900, predicts pattern bargaining will remain part of the union's strategy.

"That's not going to go away," says Washington, whose local represents workers at Ford's assembly complex in Wayne, MI. If pattern bargaining were abandoned, he adds, "it would destroy the union."

Meanwhile, the UAW refuses to name which one of Chrysler Group's potential suitors it favors as a buyer, preferring instead a strategy to scuttle any such deal.

"That's what our objective is — to try to make sure that they don't unload Chrysler," Gettelfinger tells *Ward's*.

"Our position is that we want them to keep Chrysler as the Chrysler Group under the DaimlerChrysler banner. There's no reason for them not to."

He says the ink is barely dry on the deal that spawned DaimlerChrysler — the absorption in 1998 of Detroit-based Chrysler Corp. by Daimler-Benz AG of Stuttgart.

"We were supportive of that move at the time," Gettelfinger says. "We've been amazing contributors to (Chrysler). So they've run into a little rough water. That's no reason to throw the Chrysler Group overboard."

Industry observers, including former Chrysler Corp. Chief Financial Officer Jerry York, have said no acquisition can go smoothly without the UAW's blessing.

Says Gettelfinger: "We've got some influence, but can we kill (the sale of Chrysler)? We couldn't stop them from bringing the B-car in (from China). And we were 100% unified (against) that."

DC's board last month gave formal approval to a deal that would see China's Chery Automobile Co. Ltd. build subcompact cars for sale by Chrysler in North America. The auto maker argues low-margin vehicles cannot be built profitably in the U.S.

China's government is expected to approve the agreement soon, and domestic-market production of the Chery car reportedly is slated for April or May. Chrysler has not announced timing for the car's arrival in North America.

One influential UAW official tells *Ward's* he would prefer to see an automotive entity leading Chrysler, admitting he is "less comfortable" with the prospect of a private equity firm at the top of a new organizational flow chart. This echoes the sentiment of

an IG Metall union executive in Germany.

"We don't have any interest in seeing Chrysler sold to a locust," Joerg Hofmann, IG Metall chief in the German state of Baden-Wuerttemberg, tells the German newspaper, *Berliner Zeitung*.

The pragmatic Gettelfinger warns that speculation is foolhardy and refrains from commenting about potential scenarios making the rounds of the industry. Similarly, he speaks guardedly about specifics of the UAW's strategy to discourage a potential sale.

One recent media report suggests the UAW plans to discuss the Chrysler situation this week, before DC's annual shareholders meeting, with IG Metall and the Canadian Auto Workers union, both of which also would be affected by a sale.

The three unions, all of which have seats on a labor subcommittee of DC's supervisory board, reportedly would review any purchase offers. Says Gettelfinger: "We're on the labor committee. And you know the CAW's on the labor committee. And you know IG Metall is the majority of the labor committee. We have regular meetings."

Opening day of the 2-day UAW convention here saw Gettelfinger and delegates focus their attention on ways to change a legislative climate they consider hostile to unions. Bankruptcy laws, in particular, drew their ire.

Delegates, many of whom represent workers outside the auto industry who also face contract talks this year, fear bankruptcies have become poorly disguised exercises in union-busting.

Meanwhile, noted Berkeley labor professor Harley Shaiken, in his keynote address, echoes the UAW's call for a national health-care system. This not only would improve living standards for millions of Americans, it would ease the cost burden that is crippling employers, Detroit auto makers in particular, he says.

Shaiken also calls for foreign trade agreements that level the playing field by ensuring workers in every global region are treated fairly. "We need rules to ensure competition is based on innovation, not exploitation," he says. — Eric Mayne

Luxury Brand May Be in Hyundai's Future

(Continued From First Page)

At this week's New York auto show, Hyundai will unveil Concept Genesis, a rear-wheel-drive V-8 powered sedan (codenamed BH) that is the same size as the Dynasty sold in South Korea. RWD cars with V-8s have been prevalent in the luxury segment.

In his presentation here, Krafcik says Concept Genesis has a firmer chassis than a BMW 5-Series and is proof that Hyundai can appeal to a market that wants more than reliable transportation and a good value. "We want to extend to more segments but not leave behind the entry-level buyer," Krafcik tells journalists.

The RWD sedan will go on sale in second-half 2008, he says. "We think this car will be fully equal to the best European sedans," Krafcik says, adding the challenge is instilling that message in the minds of consumers.

Pricing for the new sedan will begin under \$30,000, which represents the top end of the range for the front-wheel-drive Hyundai Azera sedan. *Ward's* segmentation identifies the Azera as an upper middle car, competing with the Buick LaCrosse, Honda Accord, Chrysler Sebring, Mazda6, Mercury Milan, Nissan Altima and Toyota Camry.

Killen sees the production version of the Concept Genesis competing with the Chrysler 300C and Lexus GS 350.

Is Hyundai ready to sell a \$50,000 car? "Maybe not today, but we're not far from it," he says. "With Genesis and the Veracruz paving the way, that could be in our future."

Pricing for the new front-wheel-drive Veracruz, derived from the Santa Fe CUV architecture, begins at \$26,995 and tops out at \$38,000, with saddle leather interior, all-wheel drive and DVD player.

Primary competitors for the Veracruz are the Honda Pilot, Toyota Highlander and Subaru B9 Tribeca. But a secondary competitor is the Lexus RX 350.

For comparison purposes, journalists here were offered a chance to drive the RX 350 back-to-back against the Veracruz.

In a series of clever new TV commercials, Hyundai proudly proclaims its vehicles match up favorably with nameplates from Lexus, BMW and Land Rover and cost a lot less. — Tom Murphy

DC Mum as Bidders Jockey for Position

As it nears what is expected to be a lively annual shareholders meeting set for April 4 in Berlin, DaimlerChrysler AG remains mum on the auction under way for its Chrysler Group operations in the U.S.

Bids reportedly are in or soon to arrive from a couple of private-equity investors, supplier Magna International Inc. and rival General Motors Corp., but it remains unclear whether DC will brief shareholders on the status of the potential sale this week.

DC effectively put Chrysler on the block Feb. 14 when it said it was exploring all the options for its American arm, including following through on a restructuring program and retaining the operations.

But momentum appears to be leaning toward a sale, with shareholders responding favorably to the suggestion by pushing DC's stock price up and most of the talk from Germany centering on how much better off the auto maker would be without its U.S. subsidiary.

STRATEGIES

Interested parties apparently have been shifting sides and strategies this week. *BusinessWeek* reported Friday private equity firm Cerberus Capital Management LP has dumped bid partner Magna and will go it alone in its pursuit of Chrysler. The split is said to result from Magna wanting too much control over the deal.

Magna now is turning toward Ripplewood Holdings, a private equity firm that has former Chrysler purchasing chief Tom Stallkamp on its team, *BusinessWeek* says. The two will have to work fast. DC reportedly expected to have all bids in hand by last week, but it is possible that deadline could be extended to give Magna time to regroup.

Also said to be finalizing an offer last week are Blackstone Group and Centerbridge Partners, which *The Detroit News* says are teaming up for a potential deal. Blackstone likely would keep Chrysler President Tom LaSorda and his team in place, the paper says, while a purchase by Magna-Ripplewood potentially could reinstate Stallkamp.

Cerberus, led by former Ford Motor Co. executive David Thursfield, reportedly has former Chrysler Chief Operating Officer Wolfgang Bernhard on board as an adviser and could return Bernhard to the helm if it were to win the bidding.

All this reportedly got rolling as a result of an offer to purchase Chrysler made by GM in January. However, that proposal centered on DC taking a small equity stake in GM and agreeing to fund some existing legacy costs, reportedly with no or little cash changing hands.

Although that deal apparently was spurned, it doesn't preclude GM from swooping in at the end and upping its offer, analysts point out. There's also speculation GM may look to purchase pieces of Chrysler later, should a new owner be interested in selling parts of the company as part of its acquisition strategy.

Some reports have suggested DC CEO Dieter Zetsche would favor an industrial company over a private-equity buyer, which would put Magna and GM as the philosophical front-runners, though neither company appears the perfect fit.

Analysts have valued Chrysler at \$5 billion-\$6 billion, but some say the bids could exceed that level. Both the United Auto Workers and Canadian Auto Workers unions have said they would prefer Chrysler stay part of DC.

It is unclear how directly DC will address the matter at the April 4 shareholders meeting.

— David E. Zoia

E85 Pace Expected to Pick Up in Q4

The number of U.S. filling stations offering E85 could nearly double to 2,000 by year's end — far short of the level required to make the eco-friendly fuel readily available.

But the pace of proliferation is expected to accelerate in 2008, suggests the Renewable Fuels Assn., the ethanol industry's Washington-based lobby. These predictions come on the heels of a March 26 meeting between President Bush and Detroit auto makers executives.

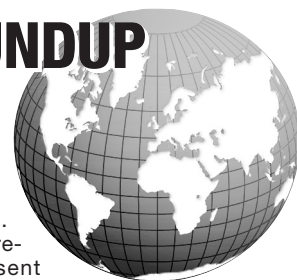
Earlier this month, Underwriters Laboratories said it had completed research of the problem and expects to renew its certification efforts by the end of the fourth quarter.

"So you can anticipate that the pace of E85 (proliferation) will pick up," the RFA spokesman says.

About 1,100 of the nation's 170,000 filling stations sell E85. The RFA says that number will be between 1,500 and 2,000 by year's end.

— Eric Mayne

GLOBAL ROUNDUP



Ford Motor Co. President and CEO Alan Mulally kicks off the 2007 New York International Auto Show here with a keynote address to the International Motor Press Assn. on April 4. During the first of two press-preview days, Ford also will present the world debuts of three special-edition vehicles: the Shelby Mustang GT 500KR, (king of the road), the Funkmaster Flex Expedition and the F-150 "Chip Foose edition."

A redesigned interior featuring third-row seating and new 6-speed automatic transmission head the list of improvements to Hummer's H2 flagship for '08, set to debut at this week's New York auto show. In addition, the H2's 6.2L, all-aluminum V-8 gets a 20% power boost to 393 hp and 415 lb.-ft. (574 Nm) of torque to go along with the new Hydra-Matic 6L80 6-speed transmission the H2 shares with the Chevrolet Corvette; V-series Cadillac STS and XLR; and GMT900-based fullsize SUVs. General Motors Corp. says the engine's increased power improves performance while the 6-speed's wide gear ratios boost fuel economy. The transmission features tap shift capability that allows the driver to manually select upshifts and downshifts with a button on the column shifter.

Ford Motor Co. appoints Neil Schloss vice president and treasurer, replacing Ann Marie Petach, who has elected to leave the company. Schloss, formerly assistant treasurer for Ford, will report to Don Leclair, executive vice president and chief financial officer. His appointment is effective immediately. Petach is joining BlackRock, an investment management firm.

Chrysler Group has reached an exclusive agreement to offer Sirius Backseat TV on its '08 Chrysler Town & Country and Dodge Grand Caravan minivans. The feature also will be available on the Chrysler 300 and Dodge Charger sedans; Dodge Magnum cross/utility vehicle; and Jeep Commander and Grand Cherokee SUVs. Subscribers can see real-time programming from the family entertainment networks Nickelodeon, Disney Channel and Cartoon Network.

The Malaysian government misses its end-of-March deadline to find a foreign partner for Proton Holdings Bhd. Shares in the national auto maker fell nearly 7% last week following a report Volkswagen AG had scrapped tie-up talks. But the German auto maker insists negotiations continue. A published report quotes Malaysian government adviser Graeme Maxton as saying the search for a Proton partner will not end any time soon due to disagreements between the auto maker and the government. Proton reportedly has said it only is in talks with VW at this time. General Motors Corp. is thought to be a likely U.S. suitor if negotiations with VW fall through. Malaysian car assemblers DRB-Hicom Bhd and the Naza Group also have shown interest.

The National Association of Automobile Manufacturers of South Africa says it expects the domestic auto industry will record modest growth this year, with new-car sales increasing 4%-5% from 2006. However, NAAMSA expects auto makers to reduce their investments by 7% in 2007. Last year, the industry's capital expenditure reached a record 6.9 billion rand (\$953 million), NAAMSA says. The organization also expects exports of passenger cars and light-commercial vehicles to increase 22%.

India's government is amending its Motor Vehicles Act to increase national highway speed limits to 56-62 mph (90-100 km/h) for cars and 37-40 mph (60-65 km/h) for motorcycles. There will be no change in the limits for trucks and buses (37-40 mph). Transportation analysts fear an increase in traffic accidents and fatalities. An estimated 100,000 motorists are killed each year on Indian roads. Further, India accounts for 5% of the world's vehicles but claims 13% of all traffic-related fatalities.

Ward's North America Production by Plant

Plant	Month			January-February			Plant	Month			January-February		
	2007 Feb.	2006 Feb.	Vol. % Chg.	2007	2006	Vol. % Chg.		2007 Feb.	2006 Feb.	Vol. % Chg.	2007	2006	Vol. % Chg.
MISHAWAKA 1 (U.S. LT. TRUCK)	0	40	—	0	80	—	GM U.S. CAR	84,610	98,017	-13.7	169,384	192,406	-12.0
MISHAWAKA 2 (U.S. LT. TRUCK)	829	1,043	-20.5	1,522	2,661	-42.8	ARLINGTON	15,735	18,637	-15.6	21,734	35,370	-38.6
AM GENERAL TOTAL	829	1,083	-23.5	1,522	2,741	-44.5	DORAVILLE	8,693	15,786	-44.9	15,958	27,218	-41.4
FLAT ROCK (U.S. CAR)	18,568	22,651	-18.0	40,254	46,311	-13.1	FLINT 1 (LT.)	4,911	15,374	-68.1	22,217	30,802	-27.9
AUTOALLIANCE TOTAL	18,568	22,651	-18.0	40,254	46,311	-13.1	FLINT 3 (MED.)	2,363	4,139	-42.9	4,869	8,323	-41.5
SPARTANBURG (U.S. CAR)	2,563	3,258	-21.3	5,884	4,660	26.3	FORT WAYNE	22,316	9,016	147.5	43,389	28,608	51.7
SPARTANBURG (U.S. LT. TRUCK)	8,648	6,624	30.6	17,487	10,001	74.9	JANESVILLE 1	15,284	15,562	-1.8	21,467	23,048	-6.9
BMW TOTAL	11,211	9,882	13.4	23,371	14,661	59.4	JANESVILLE 3	224	223	0.4	431	445	-3.1
INGERSOLL (CANADA LT. TRUCK)	18,394	19,201	-4.2	30,271	38,244	-20.8	JANESVILLE 3 (MED.)	252	251	0.4	484	500	-3.2
CAMI TOTAL	18,394	19,201	-4.2	30,271	38,244	-20.8	LANSING CRAFT CENTER	0	374	—	0	374	—
BRAMPTON	21,378	24,257	-11.9	31,129	47,015	-33.8	LANSING DELTA	11,978	0	—	21,543	0	—
CHRYSLER CANADA CAR	21,378	24,257	-11.9	31,129	47,015	-33.8	LANSING GRAND RIVER	2,509	2,619	-4.2	3,479	5,324	-34.7
BRAMPTON	3,457	4,838	-28.5	5,079	9,002	-43.6	MORAIN	17,029	26,128	-34.8	31,655	38,183	-17.1
WINDSOR	31,811	29,954	6.2	42,484	39,294	8.1	OKLAHOMA CITY	0	7,055	—	0	17,572	—
CHRYSLER CANADA LT. TRUCK	35,268	34,792	1.4	47,563	48,296	-1.5	PONTIAC	16,505	17,160	-3.8	27,054	34,537	-21.7
TOTAL CHRYSLER CANADA	56,646	59,049	-4.1	78,692	95,311	-17.4	SHREVEPORT	15,202	18,218	-16.6	27,488	36,522	-24.7
TOLUCA	2,196	1,415	55.2	2,920	2,801	4.2	SPRING HILL	6,322	9,450	-33.1	9,984	18,842	-47.0
CHRYSLER MEXICO CAR	2,196	1,415	55.2	2,920	2,801	4.2	WENTZVILLE	11,409	13,926	-18.1	17,061	27,903	-38.9
SALTILLO	12,491	16,269	-23.2	14,542	28,833	-49.6	GM U.S. LT. TRUCK	148,117	169,528	-12.6	263,460	324,748	-18.9
TOLUCA	10,612	10,764	-1.4	22,024	20,822	5.8	GM U.S. TRUCK	150,732	173,918	-13.3	268,813	333,571	-19.4
CHRYSLER MEXICO LT. TRUCK	23,103	27,033	-14.5	36,566	49,655	-26.4	TOTAL GM U.S.	235,342	271,935	-13.5	438,197	525,976	-16.7
TOTAL CHRYSLER MEXICO	25,299	28,448	-11.1	39,486	52,456	-24.7	GM N. AMERICA CAR	124,647	149,361	-16.5	255,234	302,280	-15.6
BELVIDERE	16,879	6,628	154.7	35,593	8,840	302.6	GM N. AMERICA LT. TRUCK	201,092	227,431	-11.6	365,833	430,571	-15.0
CONNER	—	4	—	0	169	—	GM N. AMERICA TRUCK	203,943	231,949	-12.1	371,672	439,661	-15.5
STERLING HEIGHTS	19,511	24,300	-19.7	38,120	48,412	-21.3	GENERAL MOTORS TOTAL	328,590	381,310	-13.8	626,906	741,941	-15.5
CHRYSLER U.S. CAR	36,390	30,932	17.6	73,713	57,421	28.4	ALLISTON (CAR)	17,025	16,015	6.3	34,966	32,620	7.2
BELVIDERE	10,512	0	—	20,035	0	—	ALLISTON (LT. TRUCK)	11,612	15,092	-23.1	28,821	30,229	-4.7
DODGE CITY-WARREN	14,664	12,318	19.0	23,215	19,251	20.6	TOTAL HONDA CANADA	28,637	31,107	-7.9	63,787	62,849	1.5
JEFFERSON NORTH	16,152	20,136	-19.8	22,786	39,554	-42.4	EL SALTO (CAR)	1,960	2,090	-6.2	4,090	4,255	-3.9
NEWARK	8,121	11,476	-29.2	16,290	21,683	-24.9	TOTAL HONDA MEXICO	1,960	2,090	-6.2	4,090	4,255	-3.9
ST. LOUIS NORTH	10,613	11,879	-10.7	10,613	20,625	-48.5	EAST LIBERTY	14,029	13,678	2.6	29,303	28,079	4.4
ST. LOUIS SOUTH	20,222	13,753	47.0	44,211	31,677	39.6	MARYSVILLE	34,589	38,003	-9.0	74,322	74,289	0.0
TOLEDO	0	6,900	—	0	13,260	—	HONDA U.S. CAR	48,618	51,681	-5.9	103,255	102,368	1.2
TOLEDO NORTH	17,141	15,736	8.9	31,147	23,884	30.4	EAST LIBERTY	5,461	5,378	1.5	12,900	10,759	19.9
TOLEDO SOUTH	12,373	0	—	25,496	0	—	LINCOLN	24,280	26,039	-6.8	49,576	51,671	-4.1
CHRYSLER U.S. LT. TRUCK	109,798	92,198	19.1	193,793	169,934	14.0	MARYSVILLE	1,920	0	—	4,141	0	—
TOTAL CHRYSLER U.S.	146,188	123,130	18.7	267,506	227,355	17.7	HONDA U.S. LT. TRUCK	31,661	31,417	0.8	66,617	62,430	6.7
CHRYSLER N. AMERICA CAR	59,964	56,604	5.9	107,762	107,237	0.5	TOTAL HONDA U.S.	80,279	83,098	-3.4	170,242	164,798	3.3
CHRYSLER N. AMERICA LT. TRUCK	168,169	154,023	9.2	277,922	267,885	3.7	HONDA N. AMERICA CAR	67,603	69,786	-3.1	142,681	139,243	2.5
CHRYSLER GROUP TOTAL	228,133	210,627	8.3	385,684	375,122	2.8	HONDA N. AMERICA LT. TRUCK	43,273	46,509	-7.0	95,438	92,659	3.0
ST. THOMAS (CAR)	8,745	13,185	-33.7	21,930	27,034	-18.9	HONDA TOTAL	110,876	116,295	-4.7	238,119	231,902	2.7
OAKVILLE (LT. TRUCK)	21,052	6,043	248.4	42,842	15,664	173.5	MONTGOMERY (U.S. CAR)	12,022	18,969	-36.6	24,266	37,682	-35.6
TOTAL FORD CANADA	29,977	19,228	55.0	64,772	42,698	51.7	MONTGOMERY (U.S. LT. TRUCK)	8,859	0	—	18,221	0	—
CUAUTITLAN	720	394	82.7	1,548	866	78.8	HYUNDAI TOTAL	20,881	18,969	10.1	42,487	37,682	12.8
HERMOSILLO	20,200	24,019	-15.9	38,281	44,944	-14.8	ST. THOMAS (CANADA MED./HVY. TRK)*	1,392	2,290	-39.2	4,059	4,562	-11.0
FORD MEXICO CAR	20,920	24,413	-14.3	39,829	45,810	-13.1	SANTIAGO (MEXICO MED./HVY. TRK)*	2,714	2,213	22.6	5,810	4,256	36.5
CUAUTITLAN (LT. TRUCK)	2,225	2,439	-8.8	5,736	4,724	21.4	VANCE (U.S. LT. TRUCK)	13,920	12,772	9.0	28,557	26,621	7.3
CUAUTITLAN (MED. TRUCK)	322	318	1.3	1,007	472	113.3	OTHER (U.S. LT./MED./HVY. TRK)*	6,624	9,332	-29.0	16,444	18,434	-10.8
FORD MEXICO TRUCK	2,547	2,757	-7.6	6,743	5,196	29.8	MERCEDES-BENZ TOTAL	24,650	26,607	-7.4	54,870	53,873	1.9
TOTAL FORD MEXICO	23,467	27,170	-13.6	46,572	51,006	-8.7	NORMAL (U.S. CAR)	5,599	4,268	31.2	11,842	8,837	34.0
ATLANTA	0	17,498	—	0	34,963	—	NORMAL (U.S. LT. TRUCK)	1,263	918	37.6	2,849	2,591	10.0
CHICAGO	5,286	11,056	-52.2	11,970	20,453	-41.5	MITSUBISHI TOTAL	6,862	5,186	32.3	13,691	11,428	28.6
WAYNE	12,685	17,413	-27.2	23,249	33,454	-30.5	AGUASCALIENTES	31,632	19,971	58.4	64,993	38,339	64.8
WIXOM	4,121	4,258	-3.2	8,465	6,592	28.4	CUERNAVACA	5,599	10,241	-45.3	16,627	19,363	-14.1
FORD U.S. CAR	22,092	50,225	-56.0	43,684	95,462	-54.2	NISSAN MEXICO CAR	37,231	30,212	23.2	79,820	57,702	38.3
AVON LAKE	17,075	15,976	6.9	33,908	24,696	37.3	CUERNAVACA (LT. TRUCK)	3,519	4,558	-22.8	8,050	8,804	-8.6
CHICAGO	3,916	5,976	-34.5	6,764	10,682	-36.7	TOTAL NISSAN MEXICO	40,750	34,770	17.2	87,870	66,506	32.1
DEARBORN TRUCK	16,862	17,300	-2.5	34,948	34,250	2.0	CANTON	11,710	12,793	-8.5	25,760	24,604	4.7
DETROIT (MED.)	921	628	46.7	1,290	1,290	0.0	SMYRNA	19,086	21,068	-9.4	40,256	40,600	-0.8
KENTUCKY TRUCK (LT.)	24,250	30,193	-19.7	40,668	60,432	-32.7	NISSAN U.S. CAR	30,796	33,861	-9.1	66,016	65,204	1.2
KENTUCKY TRUCK (MED.)	4,657	4,254	9.5	7,650	8,740	-12.5	CANTON	11,667	13,260	-12.0	22,206	27,380	-18.9
LORAIN	0	0	—	0	0	—	SMYRNA	15,710	21,770	-27.8	30,486	42,693	-28.6
LOUISVILLE	21,371	18,019	18.6	38,977	39,014	-0.1	NISSAN U.S. LT. TRUCK	27,377	35,030	-21.8	52,692	70,073	-24.8
KANSAS CITY (PICKUP)	17,623	17,523	0.6	36,119	35,156	2.7	TOTAL NISSAN U.S.	58,173	68,891	-15.6	118,708	135,277	-12.2
KANSAS CITY (SUUV)	22,060	25,043	-11.9	35,791	47,730	-25.0	NISSAN N. AMERICA CAR	68,027	64,073	6.2	145,836	122,906	18.7
MICHIGAN TRUCK	15,164	8,983	68.8	28,003	15,396	81.9	NISSAN N. AMERICA LT. TRUCK	30,896	39,588	-22.0	60,742	78,877	-23.0
NORFOLK	6,457	14,626	-55.9	14,727	29,890	-50.7							

Ward's Western Europe Vehicle Sales by Vehicle Type and Brand

	Month			Calendar Year-to-Date		
	January		Vol. % Chg.	January		Vol. % Chg.
	2007	2006		2007	2006	
CARS						
BMW	46,912	48,864	-4.0	46,912	48,864	-4.0
Mini	9,278	7,457	24.4	9,278	7,457	24.4
Other	47	22	113.6	47	22	113.6
BMW Total	56,237	56,343	-0.2	56,237	56,343	-0.2
Chrysler	5,130	4,703	9.1	5,130	4,703	9.1
Jeep	3,056	3,159	-3.3	3,056	3,159	-3.3
Mercedes-Benz	53,416	56,031	-4.7	53,416	56,031	-4.7
Smart	7,572	8,743	-13.4	7,572	8,743	-13.4
Other	1,844	15	—	1,844	15	—
DaimlerChrysler Total	71,018	72,651	-2.2	71,018	72,651	-2.2
Alfa Romeo	13,563	12,595	7.7	13,563	12,595	7.7
Fiat	82,469	78,518	5.0	82,469	78,518	5.0
Iveco	37	44	-15.9	37	44	-15.9
Lancia	11,598	11,568	0.3	11,598	11,568	0.3
Other	452	519	-12.9	452	519	-12.9
Fiat Total	108,119	103,244	4.7	108,119	103,244	4.7
Ford	107,380	106,006	1.3	107,380	106,006	1.3
Jaguar	2,900	3,151	-8.0	2,900	3,151	-8.0
Land Rover	6,263	7,375	-15.1	6,263	7,375	-15.1
Volvo	23,057	24,099	-4.3	23,057	24,099	-4.3
Other	274	390	-29.7	274	390	-29.7
Ford Total	139,874	141,021	-0.8	139,874	141,021	-0.8
Chevrolet	14,583	12,309	18.5	14,583	12,309	18.5
Daewoo	0	3	—	0	3	—
Opel	104,278	98,172	6.2	104,278	98,172	6.2
Saab	6,569	6,898	-4.8	6,569	6,898	-4.8
Other	372	348	6.9	372	348	6.9
GM Total	125,802	117,730	6.9	125,802	117,730	6.9
Honda	22,391	19,782	13.2	22,391	19,782	13.2
Hyundai	22,837	23,449	-2.6	22,837	23,449	-2.6
Kia	18,044	17,055	5.8	18,044	17,055	5.8
Hyundai Total	40,881	40,504	0.9	40,881	40,504	0.9
Mazda	20,443	22,770	-10.2	20,443	22,770	-10.2
MG Rover	436	1,321	-67.0	436	1,321	-67.0
Mitsubishi	9,449	10,422	-9.3	9,449	10,422	-9.3
Nissan	21,932	24,126	-9.1	21,932	24,126	-9.1
Citroen	79,701	78,867	1.1	79,701	78,867	1.1
Peugeot	87,764	89,201	-1.6	87,764	89,201	-1.6
Peugeot Citroen Total	167,465	168,068	-0.4	167,465	168,068	-0.4
Dacia	2,985	3,530	-15.4	2,985	3,530	-15.4
Renault	94,034	102,490	-8.3	94,034	102,490	-8.3
Renault Total	97,019	106,020	-8.5	97,019	106,020	-8.5
Suzuki	18,894	18,836	0.3	18,894	18,836	0.3
Toyota	78,241	63,683	22.9	78,241	63,683	22.9
Audi	48,543	50,066	-3.0	48,543	50,066	-3.0
SEAT	30,144	31,940	-5.6	30,144	31,940	-5.6
Skoda	24,099	22,767	5.9	24,099	22,767	5.9
Volkswagen	119,509	128,748	-7.2	119,509	128,748	-7.2
Other	403	438	-8.0	403	438	-8.0
Volkswagen Total	222,698	233,959	-4.8	222,698	233,959	-4.8
Other	20,451	9,801	108.7	20,451	9,801	108.7
Total Cars	1,221,350	1,210,281	0.9	1,221,350	1,210,281	0.9
LIGHT COMMERCIAL VEHICLES						
BMW	536	694	-22.8	536	694	-22.8
Mini	1	2	-50.0	1	2	-50.0
BMW Total	537	696	-22.8	537	696	-22.8
DAF	3	5	-40.0	3	5	-40.0
Chrysler	137	109	25.7	137	109	25.7
Jeep	314	394	-20.3	314	394	-20.3
Mercedes-Benz	11,781	12,026	-2.0	11,781	12,026	-2.0
Smart	16	45	-64.4	16	45	-64.4
Other	68	46	47.8	68	46	47.8
DaimlerChrysler Total	12,316	12,620	-2.4	12,316	12,620	-2.4
Alfa Romeo	10	6	66.7	10	6	66.7
Fiat	16,279	14,464	12.5	16,279	14,464	12.5
Iveco	5,088	5,301	-4.0	5,088	5,301	-4.0
Lancia	2	0	—	2	0	—
Fiat Total	21,379	19,771	8.1	21,379	19,771	8.1
Ford	21,023	17,080	23.1	21,023	17,080	23.1
Jaguar	0	0	—	0	0	—
Land Rover	944	1,373	-31.2	944	1,373	-31.2
Other	257	2	—	257	2	—

	Month			Calendar Year-to-Date		
	January		Vol. % Chg.	January		Vol. % Chg.
	2007	2006		2007	2006	
Ford Total	22,224	18,455	20.4	22,224	18,455	20.4
Chevrolet	400	147	172.1	400	147	172.1
Daewoo	0	2	—	0	2	—
Opel	11,069	12,479	-11.3	11,069	12,479	-11.3
Saab	2	0	—	2	0	—
Other	25	31	-19.4	25	31	-19.4
GM Total	11,496	12,659	-9.2	11,496	12,659	-9.2
Honda	265	213	24.4	265	213	24.4
Hyundai	1,901	1,852	2.6	1,901	1,852	2.6
Kia	975	1,403	-30.5	975	1,403	-30.5
Hyundai Total	2,876	3,255	-11.6	2,876	3,255	-11.6
MAN	0	0	—	0	0	—
Mazda	533	591	-9.8	533	591	-9.8
MG Rover	1	1	0.0	1	1	0.0
Mitsubishi	4,166	3,637	14.5	4,166	3,637	14.5
Nissan	7,910	9,169	-13.7	7,910	9,169	-13.7
Citroen	17,562	16,855	4.2	17,562	16,855	4.2
Peugeot	15,117	14,399	5.0	15,117	14,399	5.0
Peugeot Citroen Total	32,679	31,254	4.6	32,679	31,254	4.6
Dacia	6	1	500.0	6	1	500.0
Renault	23,354	25,143	-7.1	23,354	25,143	-7.1
Renault Total	23,360	25,144	-7.1	23,360	25,144	-7.1
Suzuki	1,012	1,426	-29.0	1,012	1,426	-29.0
Toyota	5,386	5,889	-8.5	5,386	5,889	-8.5
Audi	360	58	520.7	360	58	520.7
SEAT	586	534	9.7	586	534	9.7
Skoda	87	80	8.8	87	80	8.8
Volkswagen	16,918	17,359	-2.5	16,918	17,359	-2.5
Volkswagen Total	17,951	18,031	-0.4	17,951	18,031	-0.4
Volvo Truck	0	421	—	0	421	—
Other	3,602	3,519	2.4	3,602	3,519	2.4
Total Light CVs	167,696	166,756	0.6	167,696	166,756	0.6
MEDIUM/HEAVY COMMERCIAL VEHICLES						
DAF	3,488	3,817	-8.6	3,488	3,817	-8.6
Chrysler	0	1	—	0	1	—
Jeep	0	0	—	0	0	—
Mercedes-Benz	6,571	6,717	-2.2	6,571	6,717	-2.2
Other	94	172	-45.3	94	172	-45.3
DaimlerChrysler Total	6,665	6,890	-3.3	6,665	6,890	-3.3
Fiat	28	47	-40.4	28	47	-40.4
Iveco	4,515	4,177	8.1	4,515	4,177	8.1
Fiat Total	4,543	4,224	7.6	4,543	4,224	7.6
Ford	288	166	73.5	288	166	73.5
Land Rover	0	0	—	0	0	—
Ford Total	288	166	73.5	288	166	73.5
Chevrolet	9	41	-78.0	9	41	-78.0
Daewoo	7	15	-53.3	7	15	-53.3
Opel	10	18	-44.4	10	18	-44.4
Saab	0	0	—	0	0	—
Other	2	5	-60.0	2	5	-60.0
GM Total	28	79	-64.6	28	79	-64.6
Honda	0	0	—	0	0	—
MAN	4,136	3,842	7.7	4,136	3,842	7.7
Mitsubishi	247	240	2.9	247	240	2.9
Nissan	82	188	-56.4	82	188	-56.4
Citroen	1	3	-66.7	1	3	-66.7
Peugeot	2	10	-80.0	2	10	-80.0
Peugeot Citroen Total	3	13	-76.9	3	13	-76.9
Scania	2,672	2,855	-6.4	2,672	2,855	-6.4
Suzuki	0	0	—	0	0	—
Toyota	166	81	104.9	166	81	104.9
Volkswagen	277	133	108.3	277	133	108.3
Renault Truck	2,580	3,101	-16.8	2,580	3,101	-16.8
Volvo Truck	3,058	3,060	-0.1	3,058	3,060	-0.1
Other	29	32	-9.4	29	32	-9.4
Volvo Truck Total	5,667	6,193	-8.5	5,667	6,193	-8.5
Other	1,189	1,330	-10.6	1,189	1,330	-10.6
Total Medium/Heavy CVs	29,451	30,051	-2.0	29,451	3	

Dodge Sprinter Gets Around 'Chicken Tax'

SANTA MONICA, CA – Manufacturing experts might have a problem with the following method of operation: Assemble vehicles in Germany. Disassemble them. Ship the works to the U.S. Reassemble them and deliver to dealers.

But tax experts say that's how to get around a U.S. tariff dubbed "the chicken tax," so named because it stems from a 43-year-old international dispute involving frozen fowl. The tariff slaps a 25% surcharge on assembled commercial trucks imported into the U.S.

But it doesn't apply to assembled-unassembled-reassembled trucks if a manufacturer is willing to go through the bother.

MANUFACTURING

DaimlerChrysler AG is willing to do it with its popular Sprinter van, badged as Dodges and Freightliners in the U.S. where dealers can't get enough of the versatile mid-duty truck. DC introduces a redesigned '07 Sprinter here, touting it as a vehicle that breaks the mold on current domestic van offerings.

On the surface, it may seem impractical to assemble Sprinters in Dusseldorf; disjoin the engine, transmission, axle and wheels; and send them as separate units to a factory in Ladson, SC, where the trucks are put back together again.

"But it works, and it gets around the chicken tax," says Mark Freymueller, Sprinter's brand manager. "A 25% tariff added to the cost of a vehicle puts it at a real price disadvantage."

Critics of the tariff – including the American Independent Auto Dealers Assn., which has long lobbied against it – call it a ludicrous holdover from 1964 when the U.S. applied the levy on imported trucks in retaliation for European countries putting tariffs on U.S. frozen chicken meat exports.

Sprinters can come over in one piece if they are built as passenger vans because the tariff only applies to commercial vehicles. But 90% of the Sprinters DC expects to sell in the U.S. are for commercial use.

UPS and Federal Express are main customers because the tall, upright configuration of the vehicles fits their uses, says Freymueller. The truck also is popular with florists, caterers, plumbers and an array of tradesmen and delivery people, he says. There are 25 different applications, from cargo van to chassis cab.

The former Daimler-Benz AG launched Sprinter in Europe as a Mercedes-Benz model in 1995. The van has been sold for four years in the U.S., which has become the second-largest market with sales increasing 10-fold, to 21,961 deliveries in 2006.

The new-generation Sprinter is wider and taller and offers more cargo room than its predecessor. New options include a 7-ft. (2.13-m) "mega-roof" for easy rear access, says Freymueller, who at 6 ft. 7 ins., jumps in the cargo section to demonstrate the clearance.

While the old Sprinter only offered a 2.8L I-5 diesel engine, the new vehicle has two engine selections: a 3L V-6 diesel with 154 hp and a 3.5L V-6 gasoline version with 254 hp. The diesel gets 20 mpg (11L/100 km), impressive for a Class 3 truck weighing up to 11,030 lbs. (4,805 kg).

The Sprinter also has interior amenities – such as a CD player and air conditioning – not usually associated with commercial trucks.

It is a popular vehicle that practically sells itself, says Freymueller. "We haven't marketed it at all. We want more in the U.S. to meet demand."

About 400 Dodge dealers with truck centers sell the Sprinter.

Base model prices (including a \$980 destination charge) are \$30,950 for a chassis cab, \$31,290 for the cargo van and \$33,490 for the passenger van.

Top-of-the-line prices are \$39,135 for a longer-version cargo van with a mega-roof and diesel engine; and \$39,555 for a longer passenger van with a high roof and diesel engine.

– Steve Finlay

Ford Oz Says No Change to Falcon Launch Date

Ford Motor Co. of Australia Ltd. says there will be no early launch for the new Falcon – even though the model is ahead of its development schedule and sales of the current-generation sedan are falling. The new Falcon is not due for release until the first half of next year.

"(The) Falcon will continue to be a challenge in our final year of BF Mark II," Ford Australia President Tom Gorman tells reporters at a news briefing.

A 2,304-unit drop in Falcon sales in the year's first two months has Ford's total deliveries down 7% to 16,611 units from prior-year's 17,861. Sales of its domestic-built vehicles are down 18.4% to 10,200 units from year-ago's 12,504.

Gorman adds there will be no facelift for the popular, locally built Territory SUV. "We're going all out on (the) Falcon and Falcon Ute," he says. "All of our efforts are going into (the) Falcon. From the product front, we're anything but sitting still. You're just not seeing a lot domestically (at) the moment, because for us to do a sedan and Ute is a big effort and that's where our energies lie at the moment."

He declines to say if there will be a new diesel-powered Falcon next year.

– Alan Harman

DC Launches New Sprinter Plant

DaimlerChrysler AG officially begins production of its Sprinter commercial van at a new plant in Ladson, SC, just outside of Charleston.

The new facility, which will build Sprinters for both DC's Dodge and Freightliner brands, has annual capacity for 32,000 vehicles and employs 180 workers.

The \$35 million, 460,000-sq.-ft. (42,780-sq.-m) facility replaces the former Sprinter plant in Gaffney, SC, that had capacity for only 22,000 units annually. The all-new '08 Sprinter goes on sale later this spring in the U.S.

Yulon Exporting to Mexico

Yulon Motor Co. Ltd. hopes to counteract dwindling domestic sales with an increased emphasis on exports.

Its Yulon Nissan Motor Co. Ltd. subsidiary, Taiwan's third-largest distributor, will launch exports of fully assembled 3.5-ton (3.2-t) Nissan Cabster diesel-engine commercial vehicles to Mexico later this year. Exports are expected to reach 5,000 units within the first year.

Another Yulon affiliate, China Motor Corp., will export 7-seat Delica commercial vans to Mexico under the Dodge brand. Exports will begin in the second half of this year, with an initial volume of 4,500 units annually.

Fiat Brazil Increasing Production

Brazil's Fiat Automoveis SA is stepping up production at its Betim, Minas Gerais, plant from 2,200 to 2,500 cars per day, and may increase daily output to 3,000 units if the domestic market continues to strengthen, President Cledorvino Belini says.

"We are already analyzing the need for this possible investment," he says, noting 3,000 cars per day is the maximum the Betim facility can produce.

To produce more than that, Fiat would need to utilize its other facilities in Sete Lagoas, Minas Gerais; and Cordoba, Argentina; where the auto maker has begun production of medium-sized pickups with diesel engines with Indian partner Tata Motors Co. Ltd.

Fiat invested BR165 million (\$80 million) to reactivate production in Cordoba, most of which was used to update the facility's painting unit. Beginning in 2008, annual production at the plant is expected to reach 20,000 pickups for the Latin American market, especially Brazil.

ZF Brazil Adding Third Shift

Parts supplier ZF do Brasil Ltda. is investing BR77 million (\$37.4 million) to set up three shifts at its domestic facilities to meet increased demand in Brazil's automotive sector.

"Orders are up 5.5% over the same period in 2006," ZF Brazil President Wilson Bricio says.

"All of our plants are working with three shifts in some sectors," he says. "To guarantee increased productivity and to avoid interruption in some processes, we (also have) installed new machinery."

The supplier plans to more than double the size of its chassis component division, from 88,260 sq.-ft. (8,200 sq.-m) to 186.2 million sq.-ft. (17,300 sq.-m). Since the division began operations in 2001, sales have grown at a rate of 20% annually, Bricio says.