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Jason Stein
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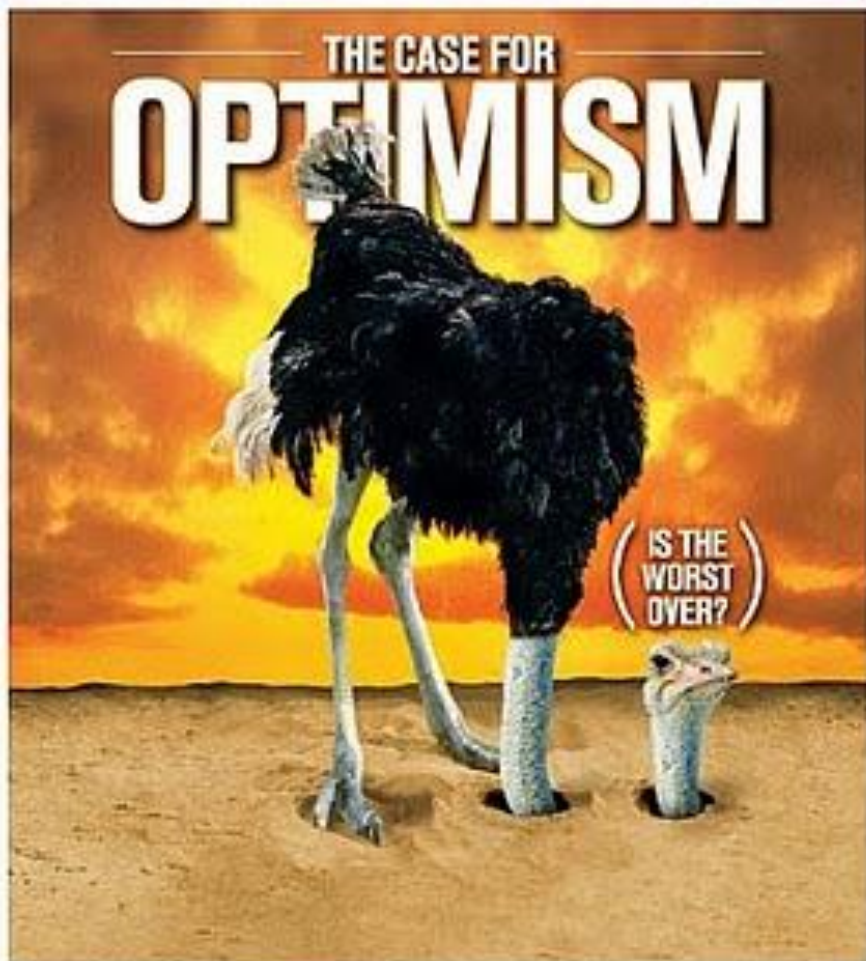
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Ford to offer EcoBoost engines in 4 more vehicles

Ford said today it will offer EcoBoost engines in 11 vehicles in 2012, up from seven in 2011, and triple the production capacity of EcoBoost-equipped ... [>> story](#)

 12:01 am U.S. ET | Jan. 26 | **UPDATED: 1/26/12 7:19 a.m.**

[Ford to offer EcoBoost engines in 4 more vehicles](#)
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[Chrysler asks consumers to name new edition Jeep Grand](#)
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AutoNation posts record profits as sales recover from quake constraints

7:06 am U.S. ET | Jan. 26

AutoNation

After constraints during the middle of the year, rebounding new and used vehicle sales drove profits to record levels at AutoNation during the fourth quarter. The nation's largest auto retailer reported net income of \$69.4 million for the fourth quarter, up 3.1 percent. [Read More »](#)

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More than 80% of consumers want cars with more safety and advanced communication technologies.

Ford may post biggest annual profit since 1998 on tax gain

12:34 am U.S. ET | Jan. 26



Ford, boosted by a one-time tax gain, may report its most profitable year since 1998 on Friday, while weakness in Europe and Asia cut fourth-quarter earnings. Ford

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Hyundai Q4 profit rises 38 percent, led by Elantra sales in U.S.

12:34 am U.S. ET | Jan. 26



Hyundai reported a 38 percent increase in fourth-quarter profit, fueled by surging sales of its Elantra compact sedan in the United States. ... [Read More »](#)

Chevy to use special labels to tout green benefits

Jan. 26, 12:58 pm U.S. ET

GM names product chief Barra to Opel's board

Jan. 26, 12:35 pm U.S. ET

Battery maker Ener1 seeks Chapter 11 bankruptcy protection

Jan. 26, 10:34 am U.S. ET

Toyota targets global Lexus sales at pre-crisis level of 500,000

Jan. 26, 8:40 am U.S. ET

Suzuki goes to the dogs with Super Bowl ad

Jan. 26, 12:07 pm U.S. ET

Fiat, PSA may need tie-up to compete with Germans

Jan. 26, 11:21 am U.S. ET

GM begins Volt marketing campaign

 Jan. 25, 11:04 am U.S. ET | **UPDATED: 1/25/12**
2:30 pm ET

Volt delay shows Obama's 'unnatural' GM ties, Republicans say

Jan. 25, 6:34 am U.S. ET

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Automotive News

JULY 11, 2011

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Audi to build cars in North America

Harald Hamprecht
hhamprecht@crain.com

INGOLSTADT, Germany — Audi AG has decided to build a vehicle assembly plant in North America and is considering an additional engine and transmission plant.

Volkswagen Group's premium brand is completing details of the assembly plant — including models, location and capacity. Audi CEO Rupert Stadler said all decisions will be made within three years.

"It is totally clear that we need new

Engine, transmission plant also considered

production capacity in the U.S.," Stadler said in an interview here. "The question is only when."

An Audi source also told *Automotive News* that the carmaker is considering building an engine and transmission plant in North America to increase local content. That second plant could be shared with VW division.

Inventory is an issue for Audi, which set a sales record in 2010 with 101,629

sales in the United States.

Stadler said Audi plans to increase U.S. sales by 10 to 20 percent this year and could surpass 150,000 units by 2015.

"Our dealers currently ask for more cars than we can deliver," he said. "Our delivery times are still too high."

On July 1, Audi had a 21-day supply of vehicles in the United States.

Under Audi's "Strategy 2020" plan,

Stadler said the brand aims to nearly double its global sales by the end of the decade. Last year, Audi sold 1.1 million new cars.

The original goal of 1.5 million cars for 2015 will be reached a year earlier than planned, Stadler said, and by 2020 Audi wants to sell 2 million cars.

Globally Audi's lineup will increase from 38 models this year to 42 in 2015 and 50 by 2020. **EN**



Audi's Stadler: "The question is when."



GM'S SONIC BOOM?

How a small car is helping rewrite labor costs in a U.S. plant. Maybe even at a profit.

BY MIKE COLIAS AND DAVID BARKHOLZ

DETROIT — Inside General Motors' sprawling Orion Township assembly plant, nearly 100 workers pick through a jumble of components for power mirrors, heated seats and other trim parts for the new Chevrolet Sonic. For easy plucking on the assembly line, the parts are sorted neatly into a single plastic bin for each car.

GM says the system of sequencing parts into tidy kits for line workers is a game-changer that will boost productivity. And the workers doing the sorting are not GM employees. They're UAW workers employed by an outside supplier and paid about \$20 an hour, including benefits, far less than GM's Orion workers.

Both the parts sorting and outsourcing

are examples of how GM has rewritten its manufacturing playbook for Orion, a suburban Detroit plant where workers will begin assembling the only U.S.-built subcompact car next month.

Historically, small U.S.-built cars lose money. Small price tags on small cars leave little breathing room for automakers to build them profitably in the United States, where labor costs can run several times that of, say, Mexico.

But GM and the UAW say they've got the formula for making the Sonic profitably in the United States. An *Automotive News* analysis shows GM will cut roughly \$450 in assembly plant labor cost per car — a savings of nearly 40 percent of the roughly \$1,160 in costs it

see ORION, Page 36



General Motors' Orion Township plant in Michigan will be a test to test cost-saving tactics.

STEVE FECHT

Small car, big savings



In its bid to build the Chevrolet Sonic subcompact profitably in the United States, GM will slash roughly \$72 million in assembly plant labor costs per year. Breakdown of annual savings:

\$25 million
500 Tier 2 UAW workers instead of full-wage UAW workers

\$18 million
60% fewer skilled trades workers

\$19 million
400-500 time employees from outside suppliers, who will be paid less than Tier 2 workers

\$10 million
Transportation costs from having suppliers' work performed on-site

INSIDE

■ Some UAW production team leaders object to reviewing union members' work. **| PAGE 36 |**

■ GM plans to build the Sonic in Mexico, too. **| PAGE 37 |**

Automotive News projections assume average line of 2,000 hours, based on a projected 3,000 GM and third-party workers, and assume GM's overall production target of 160,000 annual units of the Sonic and Buick Verano.



El Centro Motors in California is a benchmark Ford store for teaching staff and customers about Sync and MyFord Touch.

Getting in sync with Ford's technology

Small Calif. store is benchmark for staff, training

Amy Wilson
awilson@crain.com

Consumers had embraced Ford Motor Co.'s earlier Sync hands-free controls system. But they were rebelling against the MyFord Touch system of touch-pad controls.

So, in a proactive move early last year, 63-year-old California dealer Dennis

Nesselhauf sat down with his tech-savvy new general manager, Robert Valdes, to figure out how to prevent customers from becoming confused by Ford's increasingly technology-laden cars.

The solutions that came out of their brainstorming session have made El Centro Motors a benchmark among Ford dealerships for training staff and

educating customers on features such as Sync and MyFord Touch.

The dealership's several new procedures all hinge on one mandate: Almost everyone in the dealership who interacts with customers must understand

see FORD, Page 37

■ Ford's vehicles may be great, but MyFord Touch is a puzzle. **| PAGE 42 |**





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Good news travels faster.

Introducing the New V6 Hyundai Sonata.

Since the day it was introduced, the midsize Sonata from Hyundai has been generating the kind of press most cars simply dream about.

And now, it is giving the editors of respected automotive publications even more to write about.

Introducing an engine so impressive, it's sure to make headlines. This optional 3.0-liter overhead-cam V6 is Hyundai's most advanced power plant to date. Along with boasting

142 horsepower, it offers multi-point electronic fuel injection for smooth, responsive performance and greater fuel efficiency.

The powerful Sonata has what it takes to go head to head with Camry. And the matchup against Accord is no contest; it doesn't even offer a V6.

We're also glad to report that the Sonata GLS comes equipped with a well-appointed interior that includes power windows and door locks, a tilt steering wheel, cruise control, power steering, and a 6-speaker AM/FM stereo cassette system. Plus, plenty

of passenger room to enjoy it.

Like any good story, we saved the best news for last. Starting at just \$9999,* the Sonata is several thousand dollars** less than an Accord or Camry. So now that you've read all about it, call 1-800-826-CARS for the location of your nearest Hyundai dealer.

Because a story like this is worth following up on.

The Sonata from
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Cars that make sense.

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MAY 9, 2011

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Detroit's automakers now have competitive lineups and better balance sheets. Meanwhile, the earthquake and tsunami catastrophe is sucking production out of Japan. It's an unexpected opportunity for Detroit, the Europeans and Koreans.

Going up

- Detroit 3 market share +6.5% in April, up 1.5 points from year ago
- Mercedes, BMW pull away from Lexus as top-selling U.S. luxury brands
- Chrysler, Ford, GM report combined net profit of \$5.9 billion in Q1
- Korean brands outsell combined European brands in America
- Detroit 3 incentive spending lowest in 5 years



Going down

- Japanese brand share 35.5% in April, down 3.4 points
- Toyota, Nissan expect to lose money for next 6 months
- Toyota CEO Akio Toyoda predicts end of year before full production
- Honda says it will suspend June and July dealer orders for vehicles built in Japan

INSIDE TODAY

Best Buy wants to sell EVs

Best Buy is knocking on the doors of startup electric vehicle companies and established automakers. Why? The giant electronics retailer wants to sell EVs, as well as chargers and connectivity. **PAGE 6**



FIELDS

SPECK

View from the top: A bright 2011

Mark Fields, Ford president of the Americas, and Doug Speck, CEO of Volvo Cars of North America, explain in separate interviews why they're optimistic about the rest of this year. Ford is insulated from Japan's problems, says Fields. And Speck will have more vehicles to sell. **PAGES 17 AND 18**
For a video version of the Fields interview, go to autonews.com/fieldsvideo.

On the Web

This week at autonews.com
■ **Thursday:** Will Alan Mulally again get praise from shareholders? Ford holds its annual meeting.

The post-quake world

Industry's in upheaval, and Detroit 3 are on the muscle

Lindsay Chappell and Jason Stein
autonews.com

Detroit is up. Japan is down. Toyota is losing market share and General Motors is awash in profits.

Who'd-a thought?

This is clearly not the same plot the auto industry has been following for the past few years. This is a paradigm change in an American auto industry accustomed to decades of tough times for Detroit.

"The renaissance of the Detroit 3 is well on the way," AutoNation CEO Mike Jackson told

"The renaissance of the Detroit 3 is well on the way."

MIKE JACKSON, AutoNation CEO

Automotive News last week. "The profit results, product lineup and consumers' opinion will allow the domestics to have market share growth for the second year in a row. We will see a remarkable recovery in market share as the domestics drive toward 50 percent."

Flash back just five years: Detroit was the City of Gloom. Market share dwindled year af-

ter year. Ford Motor Co. suffered from poor quality and botched vehicle launches. Chrysler Group's busy performance was about to earn it a divorce and good-bye from Germany's Daimler. At GM, the buzzards were circling in the guise of stock speculator Kirk Kerkenan.

All the while, the Japanese auto industry grew bigger, richer and more prominent in the United States. The term "Big 3" was retired in favor of "Detroit 3" to address the rise of

see **BOOM**, Page 25

62 mpg: CAFE debate will reshape industry

Dave Guilford
autonews.com

Quiet negotiations going on in Washington could change profoundly the nature of U.S. cars and trucks over the next 13 years, making more of them electrified and more costly.

New federal fuel economy and emissions rules took effect Jan. 1,

One certainty: More hybrids ahead

requiring automakers to hit 35.5-mpg corporate average fuel economy by the 2016 model year.

But automakers and regulators from the EPA, the National Highway Traffic Safety Administration and the California Air Resources Board already are haggling over a

tougher proposal initiated by President Barack Obama last October. That plan calls for a CAFE range of 47 mpg to 62 mpg by the 2025 model year.

The key issue: Industry spokespeople say the 62 mpg CAFE, sought by environmentalists, could be too

costly and may not be feasible.

One industry ally says hitting 62 mpg would require widespread vehicle electrification, adding nearly \$10,000 to the price of a new vehicle. Federal agencies say the cost would be lower — \$3,500 per vehicle, at most — and would be offset

see **CAFE**, Page 26



■ White House must guide process **PAGE 12**
■ Safety vs. mpg: the great debate is back **PAGE 26**
■ The players: Who's involved in talks **PAGE 26**



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How to avert famine

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Anarchists and jihadists

PAGES 12 AND 18-19

Germany's surprising economy



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Output creeps up; more growth ahead in 2012

Jesse Snyder
jsnyder@crain.com

Auto production is headed higher, albeit slowly and painfully. Despite the economic gloom, automakers and analysts expect vehicle output to rise the rest of the year and in 2012.

Modest economic upticks are helping, but the main driver of growth is Americans' need to replace the aging heaps that are carrying them through hard times.

"We see growth in 2012 for one reason — vehicles are getting very, very old," Ford senior economist Jenny Lin said last week. The average U.S. vehicle age is 10.6 years, the oldest on record, Ford says.

J.D. Power and Associates forecasts North American light-vehicle production at 12.9 million this year, up 7 percent from 2010, and 13.9 million in 2012, which would be 8

percent higher. IHS Automotive sees 13.0 million this year and 13.7 million next year.

Recession?

One wild card in the forecast: the risk of another U.S. recession next year. Power puts the chances of that happening at about 1 in 3, which means manufacturers are staying flexible.

At General Motors, CEO Dan Akerson is preparing for "flatish" 2012 sales, even though GM chief economist Mustafa Mohaterem sees a stronger 2012. The point, says Mohaterem, is to prepare for the worst but be ready to handle better.

"So many things can go wrong around the world that you can't plan on fundamentals driving this thing," he says.

But even if there is a 2012 recession, auto sales and production

won't decline below 2011 levels, says Jeff Schuster, Power's chief auto forecaster.

"Even in a double-dip recession, auto sales would be flat or slightly higher next year," he says. "There wouldn't be a huge change because of pent-up demand and need to replace worn-out vehicles."

North American auto output is still headed higher, though not as fast as previously expected, says Joe Langley, a Power production forecaster. After 2012, he sees 6 percent growth in 2013 to 14.8 million light vehicles.

"It's a positive but protracted growth trajectory," he says.

The production pace will pick up 9 percent in the fourth quarter, driven by catch-up output at Toyota and Honda after the March earthquake, says IHS forecaster Mike Jackson. He sees slower growth in the first quarter, but still a stronger

overall 2012.

"The questions are about the economy and Europe and its sovereign debt," he says.

The auto industry must overcome other substantial headwinds to fully recover from the steep 2008-2009 downturn. The economic fundamentals that drive auto sales and production — the unemployment rate, housing starts, financial markets and consumer confidence — remain fragile.

New products will help

But auto production is being buoyed by new products and factory construction. For example, American Honda Manufacturing will add a second shift this week at its plant in Greensburg, Ind., to build the redesigned 2012 Civic, and Ford will add an 800-worker second shift in Kansas City to assemble the F-150.

Coming new product launches include Ford Fusion and Escape redesigns in early 2012; a redesigned Chevrolet Malibu in January; and a compact sedan to replace Dodge Caliber in early 2012.

Cutting costs helped

Automakers and major suppliers that slashed costs during the downturn are now profitable and can weather a weak 2012, says Robert Schulz, managing director of corporate and government ratings for Standard and Poor's.

Even if 2012 auto sales are flat, automakers and top suppliers are unlikely to have current credit ratings downgraded, he says.

But Daniel Cheng, head of auto practice for A.T. Kearney, says some small suppliers still have a tough time finding capital for expansion, which could limit production of some models. **AN**





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No incentive war?

Even as Japanese recover, Akerson sees flat 2012

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DETROIT — General Motors CEO Dan Akerson foresees flat industrywide U.S. auto sales in 2012, but says GM can continue to prosper because of a low breakeven point, sustained in part by the new contract with the UAW.

Akerson's market forecast for 2012 is gloomier than that of many analysts. But he doesn't buy the predictions of a sales-juicing incentive binge as Japanese rivals try to wrest back market share lost during months of inventory shortages.

In an interview with *Automotive News* last week, Akerson said GM expects industrywide U.S. light-vehicle sales to be "flatish" next year — and that's

only if the U.S. economy avoids infection from Europe's debt crisis, which he views as the biggest threat to auto sales and to the global economy.

"As we go into '12, we're looking for kind of a repeat of '11," Akerson said. For 2011, GM predicts U.S. light-vehicle sales will finish around 12.7 million or 12.8 million.

He declined to predict GM's share, but noted the automaker has gained share this year.

Even if industry sales next year are flat, Akerson said, GM should remain solidly profitable and is positioned to win more U.S. market share. GM's share of the U.S. market rose to 20 percent from 19 percent during the first nine months of the year.

see **AKERSON**, Page 35

AKERSON

Strong yen puts Japanese rivals in a tough spot

continued from Page 1

Toyota's fell from 15.2 percent to 12.5 percent. Honda's dropped from 10.6 percent to 9 percent.

The new four-year contract GM reached with the UAW, which will add about 1 percent a year to GM's labor costs, "preserved our breakeven point, which is critically important," Akerson said. GM has told analysts it can turn a profit even at a 10.5 million-unit U.S. sales pace, which is at least 16 percent below the sales volume Akerson expects next year.

GM in better shape

Akerson also said GM is better able to handle an incentive battle with Toyota and Honda, should one develop.

"The world changes," he said. If Japanese rivals had offered incentives "heavily last year at this time, I think it would have had more of an impact than it would have had this year. Our product line is a lot better, our brands are stronger and I think our public image is better. I think that's true of Ford and Chrysler as well."

One reason for Akerson's caution: He

Akerson on:

Here are some of GM CEO Dan Akerson's other comments.

- **On the UAW vote ratifying a new GM contract:** "I think we got about two-thirds of the vote. At the time that seemed low to me. Now it seems pretty good."
- **On UAW contract talks:** "People said the first post-bankruptcy negotiation would be telling. I think the second one will be just as telling. Everybody remembers, and it's very painful for a lot of our employees now, but what is it going to be like in 2015?"
- **On retaining orphaned customers of brands such as Pontiac and Saturn:** "We have traversed that minefield well to date. We can't let our guard down, I don't think, for another four or five years. We need to remember that because someone who bought a Saturn in 2007 may not buy another car until 2014. We'd better be there."
- **On being a global automaker:** "I went to the Cadillac dealership meeting. It was the first time we've had it in two or three years. There are 1,600 people there, and we picked the top 20 or 25 best Cadillac dealers in America, and then we gave the same award to the top Cadillac producer in China. Now, we're exporting them there, but it isn't all that bad to start laying the groundwork."

thinks the strong yen will hamstring Japanese automakers by squeezing profits on vehicles they export from Japan. That would make it difficult for Toyota Motor Corp. and Honda Motor Co. to get aggressive with incentives as they reload inventories after months of lost production caused by the March earthquake and tsunami.

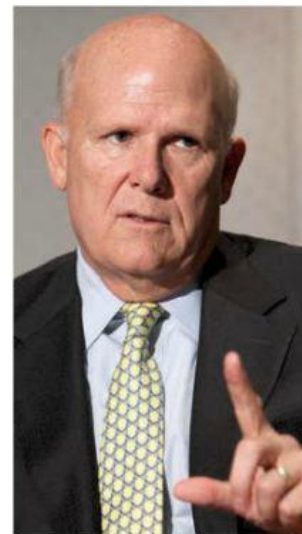
"The Japanese yen has rallied against the dollar, which makes it tough to be as aggressive, maybe, as they might otherwise be if the yen were weaker," Akerson said.

As recently as June 2010, a dollar in U.S. rev-

enues generated 90 yen. Today it generates just 76 yen.

"I'm not as worried as I might have been" given the currency headwinds facing his Japanese rivals, Akerson said. "It's a competitive market. We'll see what signal is called and what play is called by our competition."

In one sign of the pressure Japanese automakers are under, Honda CEO Takanobu Ito told the *Asahi* newspaper this month that his company will halve exports of vehicles made in Japan over the next 10 years as a response to the rising yen. **AN**



JOE WILSENS

Akerson: GM now is in better shape to handle an incentive battle with its Japanese rivals.





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MARCH 28, 2011

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Quake alert: Pain now, pain later

Now: No parts, crippled plants

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TOKYO — Diodes, micro-processors, circuit boards, voltage regulators, copper foil — the bottleneck in parts slamming Japan's auto industry stretches far down the earthquake-rattled supply chain.

Indeed, many of the parts so badly needed aren't even immediately recognizable as auto parts. Ford Motor Co. has suspended

orders for certain black and red vehicles because a Tier 2 supplier in Japan no longer can make a metal-plate pigment called K016C. The breakdown underscores how difficult the recovery will be. For many automakers, it was a big challenge just to pinpoint where the supply chain had snapped. After the quake, Toyota Motor Corp. burrowed its Tier 1

see BASICS, Page 35

Inside

Production of many top-selling Japanese imports is suspended.

PAGE 3

Crisis pushes prices of fuel-efficient used vehicles even higher.

PAGE 28

Quake could throw a monkey wrench into model launches.

PAGE 35

Later: No capacity for surging demand

Mike Colias
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Parts makers are girding for the second half of the year. They expect automakers to press hard to offset production lost due to parts shortages related to the Japan disaster.

"Suppliers doubt they'll be able to meet automakers' production targets then. 'If the industry is going to run at a run rate that is substantially higher than where we've been, there will be capacity issues,' said Jeffrey Kiel, president for NAFTA at

Continental Automotive Divisions.

Some suppliers tell *Automotive News* that they're bracing for a North American run rate as high as 15 million units in the second half of the year. Estimates for total 2011 production now are around 13 million.

Analysts say widespread second-quarter production disruptions appear certain. The plant shutdowns plaguing automakers in Japan have begun to migrate to the United States because of a shortage of Japan-

see SUPPLIERS, Page 35

40 MPG

A MAGIC MARK

As fuel prices rise, shoppers can get high mpg without sticker shock

2011 Ford Fiesta SE hatchback

2011 Chevrolet Cruze Eco

2011 Hyundai Elantra

2011 Smart Fortwo

Rick Kranz
rkranz@crain.com

Affordable, attractive, 40-mpg cars have been rolling into showrooms, and more are on the way.

The key word is "affordable," with prices ranging from just above \$15,000 to slightly less than \$20,000 for a 2011 Ford, Chevy, Hyundai or Smart. This is 40 mpg with a gasoline engine. We're not talking hybrids.

The Hyundai Elantra will be the big-volume 40-mpg car, while 40-mpg versions will be a small percentage of sales for General Motors and Ford, although big in their advertising.

Automakers have been developing technology to meet toughening government standards for miles per gallon and carbon dioxide emissions.

The companies realize that some buyers can't afford or don't want hybrid technology. Low-priced cars require lower-priced technology, and

automakers have figured out how to get 40 mpg on the highway at prices people can afford.

Take the redesigned 2012 Ford Focus, which Ford began building this month.

"When we saw early on in our development that this car was capable of high 30s, we saw that 40 mpg, somewhat of an iconic number, we could reach with a little more aerodynamic actions and a little more tire actions," said Grant Weber, fuel economy engineer for the Focus and the smaller 2011 Fiesta.

The sticker price of entry for 40 mpg or better on the highway ranges from \$15,440 for a Smart at 41 mpg to \$19,585 for the Ford Focus SE that gets 40 mpg with the SE package.

The 40-mpg achievers are making

see 40 MPG, Page 34

40-mpg club members

These versions of current and future gasoline-engine vehicles get 40 mpg highway.

	CITY	HIGHWAY	STICKER PRICE
2011 Ford Fiesta SE sedan	29	40	\$16,785
2011 Ford Fiesta SE hatchback	29	40	\$17,285
2011 Chevrolet Cruze Eco*	28	42	\$18,995
2011 Hyundai Elantra	29	40	\$15,695
2011 Smart Fortwo	33	41	\$15,440
2012 Ford Focus SE sedan	28	40	\$19,585
2012 Honda Civic HF	—	41	debut spring
2012 Hyundai Accent	—	40	spring
2012 Hyundai Veloster	—	40	summer
2012 Kia Rio	—	40	fall
2012 Mazda3	—	40	fall

*42 mpg Cruze requires a manual transmission.

INSIDE TODAY



Chrysler showcase called illegal

Chrysler's Motor Village L.A. in downtown Los Angeles is supposed to be a prototype dealership. But it's just an illegal factory store, says a California dealer group.

PAGE 4

Ford broadens mix in California

Ford brand sales in California used to be dominated by the F series, Explorer and Mustang. Now the Fusion and Fiesta are gaining sales and making Ford a different kind of California competitor.

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On the Web

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DANG! THE RECESSION IS OVER
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