



Weekly Car Dealers Newsletter

March 25, 2011

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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[HONDA SUSPENDS U.S. DEALER ORDERS FOR JAPAN-BUILT AUTOS](#)

Honda Motor Co, which builds over 80 percent of its autos for the U.S. market in North American plants, suspended orders from U.S. dealers for Japan-built models after halting production there following last week's earthquake. Honda told U.S. Honda and Acura dealers, who typically order vehicles six weeks in advance, of the plan (Thursday) in a memo, said Christina Ra and Gary Robinson, U.S. representatives for the Tokyo-based company. The suspension affects models that would have been built in May for sale in the U.S., they said. "While we plan to resume automobile production in Japan as quickly as possible, we cannot say with certainty when those production plants will return to their full capacity," John Mendel, Honda's U.S. executive vice president, said in the memo.

Source: [Bloomberg](#)

REPORT: JAPAN DISASTER TO HIT AUTOMAKERS GLOBALLY

Every major automaker worldwide will be affected by the disaster in Japan by mid-to-late April, according to a report released Monday by automotive forecasters IHS Global Insight of Northville. "It is not a matter of if, but when," said Michael Robinet, IHS's Director of Automotive Forecast, in an analysis of the impact of the disaster that halted domestic vehicle production and affected the parts supply chain. IHS calculates Japan's lost production at more than 337,000 vehicles by the end of this week — because all plants in that country have been idled since the quake — and 450,000 by the end of March, if all remain closed. The daily production loss is about 37,000 cars and trucks. This week, Toyota Motor Corp. and Nissan Motor Co. plan to gingerly resume production of components for overseas plants and later in the week restart vehicle assembly in Japan. Source: [The Detroit News](#)

2011 MAZDA3 EARNS TOP SAFETY PICK IN IIHS TESTS

The Mazda3 can now be called a Top Safety Pick for 2011, according to the Insurance Institute for Highway Safety. Thanks to changes Mazda made to the strength of the car's roof, the compact sedan and hatchback qualifies as a Top Safety Pick. Top Safety Picks in the small car category include the Chevrolet Cruze, non-Si Honda Civics, the Kia Forte sedan, Mitsubishi Lancer, Subaru Impreza, Toyota Corolla, and Volkswagen Golf four-door hatchbacks. "Nearly half of all Mazdas sold in the United States are Mazda3s, so we are justifiably proud of the 2011 Mazda3 earning the distinction of the IIHS 'Top Safety Pick,'" said Jim O'Sullivan, President and CEO, Mazda North American Operations. Source: [Motor Trend](#)

GM TO SELL PREFERRED SHARES OF ALLY FOR \$1 BILLION

DETROIT -- General Motors Co. said Tuesday it will sell all of its series A preferred shares in Ally Financial Inc., its former finance arm which was bailed out by the federal government, for \$1 billion. The shares to be sold represent all of Ally's series A preferred stock outstanding, the automaker said. The sale, which is expected to close in the next few days, should bring a \$300 million gain for GM for the first quarter and leave it with a 9.9 percent stake in Ally's common stock, the company said. Ally makes loans to GM customers and finances dealer inventories. The Treasury Department has said that Ally has made good progress in restructuring its operations. The Treasury Department hopes to get back more taxpayer money through a public stock offering of Ally. Source: [The Associated Press](#)

GM SUES CAR HAULER TO RECOVER 1,700 PICKUPS, COUPES HELD HOSTAGE

DETROIT— General Motors accused a car-hauling company Tuesday of holding hostage more than 1,700 vehicles — including brand new Chevrolet Silverado pickup trucks and Camaro coupes worth almost \$47 million. The dispute stemmed from a tiff between the hauler and the Teamsters union, the company said. Some of the vehicles already have been purchased by specific customers, and unless GM is given immediate possession, the vehicles could depreciate in value and dealers would be deprived of valuable inventory, according to a lawsuit filed in U.S. District Court in Detroit. *Source: [The Detroit News](#)*

SPRINT APP LOCKS MOST PHONE FUNCTIONS WHEN YOU DRIVE

Sprint announced [Tuesday] an anti-distracted driving app that it says will let customers lock out most use of their Android mobiles while driving -- for \$2 a month, plus tax and surcharges. The app comes as wireless carriers -- and automakers -- are trying to defuse calls by Transportation Secretary [Ray] LaHood -- and like-minded folks in Congress and state legislatures -- to impose more rules on electronics' use in cars. The announcement, from Sprint CEO Dan Hesse at the wireless industry's annual trade show, came just ahead of National Distracted Driving Awareness Month in April. *Source: [USA Today](#)*

PRIUS FACTORY TO RESTART, HONDA EXTENDS SHUTDOWN

TOKYO -- Toyota Motor Corp. said it will soon resume production of the Prius and two other hybrid models while rival Honda Motor Co. has extended its Japan auto shutdown until early April in the aftermath of the massive quake and tsunami. Separately, rival Honda Motor Co. said Thursday that the suspension of car production at its Saitama and Suzuka factories will be extended to April 3. It had previously said production was halted until Sunday. Toyota revealed earlier Thursday that it expects to halt production at some of its factories in North America because of shortages of parts from Japan. "Today, we communicated to team members, associates and dealers here that some production interruptions in North America are likely," the Toyota statement said. "It's too early to predict location or duration." *Source: [The Associated Press](#)*

PARTS SHORTAGES WILL IMPACT U.S. AUTO MAKERS FOR MONTHS

The U.S. auto industry is likely to face sporadic production shutdowns for several months because of shortages of microchips and other parts that had already been scarce prior to Japan's earthquake and tsunami, analysts say. Tight supplies of microchips and other electronics, sensors, rubber and forged metal parts had already caused auto makers to slow or even temporarily halt production lines before the earthquake. "You are going to see a somewhat higher rate of plant shut downs, but I don't think it's going to be widespread," said Craig Fitzgerald, an automotive supplier analyst with accounting and consulting firm Plante & Moran LLP in Southfield, Mich. "It's going to be sporadic and moving around." Source: [The Wall Street Journal](#)

JAPAN QUAKE MAY CUT GLOBAL AUTO OUTPUT BY ABOUT 30%

Parts shortages caused by Japan's record earthquake may reduce global automobile production by about 30 percent, research firm IHS Automotive said [Thursday]. If parts plants affected by the quake don't return to operation within six weeks, global auto output may drop as much as 100,000 vehicles a day, said Michael Robinet, vice president of Lexington, Massachusetts-based IHS. The industry produces 280,000 to 300,000 vehicles daily, he said. "Most vehicle manufacturers will be affected by this," Robinet said in a telephone interview. "It will be very difficult for any major automaker to escape this disaster." Automakers and parts suppliers around the globe are girding for possible shortages of key parts, especially electronics and transmission components, Robinet said. If carmakers can't find alternate sources of parts, or if plants don't come on line in eight weeks, as much as 40 percent of daily production may be lost, he said. Source: [Bloomberg](#)

REVERSE MODEL T: SOME FORDS WON'T BE PAINTED BLACK

Ford Motor Co.'s founder, Henry Ford, used to tell customers they could buy a Model T in any color as long as it was black. Not any more, at least for the time being. On Thursday, the auto maker halted all new orders for trucks, SUVs and cars in "tuxedo black" and other hues due to shortages of some pigments made in Japan. Ford, in a memo to its dealers, said its plants will continue producing the vehicles affected. But during the week of April 4, it will produce no F-150s, SuperDutys, Expeditions or Navigators in "tuxedo black," the memo said. Ford also will limit production of tuxedo black versions of the Explorer, Taurus and MKS at its Chicago assembly plant. Production of certain red vehicles also will be limited at the Kentucky truck, Michigan assembly, Ohio truck and

Twin Cities truck plants, the memo said. The shades of red include "royal red," "red candy," and "red fire." Source: [The Wall Street Journal](#)
