



Weekly Car Dealers Newsletter

March 5, 2007

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

Week of March 5, 2007

NAVISTAR MUST SHIP ENGINES TO FORD
BUMPERS DON'T PROTECT
FEB. SALES: WILL DETROIT DROP UNDER 50?
AUTO UNION D-TYPE HEADS TO AUCTION, AGAIN
FEBRUARY SALES ROLL IN
DC, BMW JOINS ON REAR-DRIVE HYBRIDS

NAVISTAR MUST SHIP ENGINES TO FORD Ford Motor Co. won a court order Wednesday to force a supplier of diesel engines to resume shipments to Ford's Louisville, Ky., truck plant, though operations will remain reduced until at least next week. In a three-page ruling, Oakland County Circuit Judge John McDonald issued a temporary restraining order requiring Navistar International Corp. to resume production and shipment of its 6.4-liter diesel Ford PowerStroke engines used in Ford F-Series Super-Duty trucks. The supplier stopped shipping engines Monday over a pricing and warranty dispute. Any significant disruption of Super Duty production could be disastrous for Ford. The automaker recently launched a redesigned Super-Duty line, and the big trucks are among the most popular and profitable vehicles it sells. It uses 400-1,000 engines daily.

BUMPERS DON'T PROTECT Car bumpers are meant to prevent excessive damage in minor accidents but new tests prove the devices are mostly ineffective on mid-sized cars.

The tests by the U.S. Insurance Institute for Highway Safety (IIHS) found that only three mid-sized cars, of 17 that were tested, prevented excessive damage in low-speed collisions common in commuter traffic and parking lots.

The Mitsubishi Galant, Toyota Camry and Mazda 6 were the only cars to withstand four bumper tests with US\$1,500 or less in damages in each test. Some of the other cars tested sustained more than \$4,500 in damages in just one of the four tests. Meanwhile, two cars had more than \$9,000 in damages after the four tests -- Volkswagen Jetta had \$9,020 in damage while the Nissan Maxima had \$9,051.

"The whole purpose of bumpers is to keep damage away from headlights, hoods, and other parts that are expensive to repair, but this purpose was accomplished in only two of the 68 tests

we conducted. In the rest, what we found is that bumpers aren't up to the job," IIHS President Adrian Lund said in a press release.

Annually in the U.S., insurance claims of \$4,500 or less from low-speed crashes cost the industry more than \$6 billion. With so many models, recent research shows that low-speed crash damages are adding up quickly because bumpers don't line up. Instead, they slide off of each other and damage the soft parts of vehicles. "The cars with the lowest repair bills after our new bumper tests still sustained much more damage than they should have in some of the tests," said Lund. "We got crumpled grilles and headlights plus buckled fenders in impacts at speeds equivalent to an average person walking fast."

The IIHS is recommending to automakers that they use bumpers with energy-absorbing bars that extend into vehicle corners to reduce damage to headlights and other costly parts.

Bumper performance in low-speed crash tests (vehicle repair costs):

	Front full	Front corner	Rear full	Rear corner	TOTAL DAMAGE
Mitsubishi Galant	\$929	\$1,138	\$1,048	\$1,162	\$4,277
Toyota Camry	\$936	\$1,467	\$1,480	\$1,028	\$4,911
Mazda 6	\$978	\$1,384	\$1,202	\$1,397	\$4,961
Ford Fusion	\$1,620	\$991	\$1,298	\$1,121	\$5,030
Volvo S40	\$2,252	\$1,306	\$802	\$1,240	\$5,600
Kia Optima	\$1,730	\$1,534	\$1,715	\$756	\$5,735
Saturn AURA	\$1,032	\$1,152	\$3,191	\$999	\$6,374
Nissan Altima	\$945	\$969	\$3,114	\$1,431	\$6,459
Chevrolet Malibu	\$1,268	\$1,610	\$2,542	\$1,226	\$6,646
Subaru Legacy	\$3,911	\$1,287	\$1,122	\$1,128	\$7,448
Chrysler Sebring	\$1,084	\$2,061	\$3,210	\$1,099	\$7,454
Hyundai Sonata	\$4,312	\$1,349	\$739	\$1,165	\$7,565
Honda Accord	\$3,469	\$1,169	\$2,767	\$605	\$8,010
Volkswagen Passat	\$4,594	\$1,544	\$982	\$1,139	\$8,259
Pontiac G6	\$4,588	\$1,183	\$1,638	\$1,510	\$8,919
Volkswagen Jetta	\$2,598	\$1,223	\$3,375	\$1,824	\$9,020
Nissan Maxima	\$4,535	\$1,732	\$1,787	\$997	\$9,051
1981 Ford Escort	\$86	\$0	\$383	\$0	\$469

From CTV.ca

FEB. SALES: WILL DETROIT DROP UNDER 50? If domestic-brand auto sales finish the month as expected today, foreign-branded cars could account for more than 50 percent of all vehicles sold in the U.S. for the month.

The *Wall Street Journal* made the prediction in its Tuesday online edition. In January, the paper reports, the domestic brands - General Motors, Ford, and Chrysler Group - tallied 50.6 percent of all vehicle sales. The deterioration of sales at those companies could mean February is the first time in history when the domestics move less than half the cars sold in America in a month. The current turmoil across the American auto scene has been a "trend 20 years in the making," the *Journal* quotes Ford sales analyst George Pipas. Pipas notes that in terms of retail sales, Detroit's numbers had fallen below 50 percent long ago. The long slide in sales has, in part, brought Ford and Chrysler to their current crises, in which Chrysler Group is reportedly up for sale and Ford is predicting losses through 2009.

As for February sales, the paper notes that Ford expects a sales drop of at least 15 percent on the month. General Motors pegs its sales for a decline as well, and Chrysler has warned its dealers that sales were tracking lower for most of the month. Meanwhile, Toyota and Honda are both expecting big sales gains in February. Toyota 's sales could get an eight-percent boost, while Honda could be up 15 percent.

AUTO UNION D-TYPE HEADS TO AUCTION, AGAIN The 1939 Auto Union D-Type set out for auction, then revoked, by Christie's auction house will be sold after all. The auctioneers, CNNMoney.com reports, will sell the rare sportscar by sealed bids, due on March 6.

In February, Christie's was to sell the V-12 race car, one of five remaining D-Types in the world. With an estimated \$12 million price tag, the auction was to be held on February 17. Soon after the auction was announced, however, Christie's said it would postpone the sale until questions about the car's origin could be resolved. The D-Type had been built to win a 500,000-reichmark prize offered by Adolf Hitler to prove the country's abilities to the world. After development and races, one of the cars that resulted was the D-Type offered by Christie's. Christie's had believed the car for sale had won a Grand Prix race in Belgrade, Yugoslavia , but that has been disproven. The car in question did race, and finished fifth in a Nurburgring race. Its value is substantially the same as it would be had it won a race, Christie's says, since it's one of the only vehicles from the era available. The car was one of 18 hidden in a mineshaft during World War II, and survived being dismantled by the Russians after the war as they studied its technology.

FEBRUARY SALES ROLL IN General Motors and Toyota Motor Corp, which are dueling for industry leadership, paced industry sales during February as Ford and Chrysler continued to lose ground. Ford was the biggest loser - its sales dropped 13 percent and it wound up in fourth place in overall sales despite an eight-percent decline in sales by DaimlerChrysler AG.

Toyota sales jumped 12.2 percent in February. It finished third in overall sales - just behind DaimlerChrysler. GM executives were jubilant, however, as their company reversed a sales decline and posted a 3.4-percent sales increase, compared with February 2006. "Our pickup, SUV, and crossover business was terrific across the board. Our customers are telling us that we have the winning formula - the best products, industry-leading fuel economy, and the best value," said Mark LaNeve, vice president, GM North American Sales, Service and Marketing. GM officials acknowledged sales were helped by the judicious use of incentives but they also noted that February's performance was led by the positive reception of the new GMC Sierra and Chevrolet Silverado full-size pickups. The Silverado had its best February sales month in five years, total full-size pickup sales were up 29 percent, and total truck sales were up more than seven percent compared with last February, according to Paul Ballew, GM general director of market analysis. The new GMC Acadia and Saturn Outlook also posted strong numbers, he noted.

Ballew also noted GM retail sales increased 11 percent. GM fleet sales were down 18 percent due to a planned 25-percent reduction in daily rental sales, he said.

George Pipas, Ford sales analyst, also emphasized cuts in fleet sales, specifically to rental

fleets, contributed to the double-digit drop in the company's total sales. Steve Landry, Chrysler Group vice president of sales, also said Chrysler deliberately trimmed back fleet sales. Both Pipas and Landry indicated their companies were preparing to launch new incentives to bolster sales during the next few months. "The path of incentives seems to have increased as we moved from January to February. It's hard to see anyone backing off as we go forward through the model year," Pipas added.

Jim Lentz, executive vice president at Toyota Motor Sales USA, said that February was another solid month for the Japanese auto giant. "Sales were brisk at both ends of our product lineup," said Lentz. "Setting an all-time record, the Prius hybrid led the way, nearly doubling last February's sales pace; while the new full-size Tundra got off to an impressive start since hitting showrooms February 5th," he added. Both the Toyota and Lexus divisions posted sales record, he added.

Nissan sales increased 4.5 percent on the strength of the new Altima and new G35. Sales of the Nissan Quest also jumped last month. Honda posted a 3.2-percent sales increase last month. Subaru and Mitsubishi also posted double-digit sales increases last month.

Kia sales rose 13 percent, while Hyundai sales increased a modest 1.4 percent.

Mercedes-Benz sales were essentially flat but Audi sales increased 37 percent and BMW sales increased 12.9 percent, even though sales of the MINI fell 13 percent during a model change.

Volkswagen also reported that its sales were essentially flat last month.

DC, BMW JOINS ON REAR-DRIVE HYBRIDS BMW and DaimlerChrysler have announced that they will team up to develop a hybrid powertrain to be used in large rear-drive vehicles. The announcement came as increases in the number of hybrids put on the road have begun to tail off somewhat. A recent Polk survey said the pace of new hybrid registrations had slowed, even though sales of vehicles like Toyota's Prius are booming. The hybrid movement could get a renewed push, however, this summer as gas prices rise again to \$3 or more, as analysts have predicted.

The new BMW/DC hybrid drivetrain is an equal partnership, the companies confirmed in a release. The first products to use the drivetrain will come to market within three years. And the collaboration will enable the companies to split the cost of developing the hybrids.

Core development work on the "mild" hybrids, which means the vehicles will not be able to drive solely on electric power, will be done in Germany. But the companies will pursue different applications in production, they insisted in a release.

The joint venture is an extension of a deal that the companies enjoyed in 2005. That resulted in the Hybrid Development Center in Troy, Mich., which has led to the cooperation just announced.
