



## *Weekly Car Dealers Newsletter*

November 19, 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 November 19, 2007

---

**PONTIAC TO GET WAGON, TRUCK ON G8 PLATFORM**  
**TOYOTA BUILDS A BETTER SEQUOIA**  
**CHRYSLER CHERYS WILL TAKE A WHILE**  
**SMART RAMPING UP FAST**  
**FORD DROPS NEW N.A. PLANT PLANS**  
**2009 MERCEDES-BENZ GLK SPIED**

---

**PONTIAC TO GET WAGON, TRUCK ON G8 PLATFORM** General Motors plans a new family of rear-wheel-drive vehicles for Pontiac. The G8 line will include a sedan followed by a wagon and sport truck.

All will be modeled after products sold by GM's Australian subsidiary, Holden, according to three sources familiar with the project. The vehicles will be assembled in Australia.

The G8 sedan goes on sale early next year. It replaces the Grand Prix and will be Pontiac's flagship sedan with a starting price around \$25,000.

The G8 wagon will be a performance vehicle similar to the Audi A3 wagon, sources say. The G8 sport truck will be reminiscent of the Chevrolet El Camino, which was produced in North America from 1959 through 1987.

The vehicles will closely resemble the Holden VE Ute sport truck and Commodore wagon.

There was debate within GM about whether to give the sport truck to GMC. GMC won't get it.

Instead, GM's marketers wanted--and will get--a Pontiac sport truck so GM can market the three rwd vehicles as a high-performance family.

The sport truck will have the same drivetrain as the Chevrolet Camaro, and it will use a modified sedan architecture.

The 2008 Pontiac G8 sedan is the first U.S. vehicle developed on GM's global rwd sedan architecture. The Camaro will be the second. The G8 sedan will be assembled in Australia and will share much of its sheet metal with the Commodore.

There is one caveat: Sources say the wagon and sport truck may be repriced or canceled if the U.S. dollar continues to drop. The Australian dollar is currently worth 90 cents in U.S. currency, up from 79 cents in August.

---

**TOYOTA BUILDS A BETTER SEQUOIA** Although the mainstream press has lost its collective mind over Toyota's green initiatives in recent years, light trucks are as much a part of the company's U.S. presence as are hybrids, compact cars and sedans. In 2006, SUVs, trucks and vans accounted for 46 percent of Toyota's sales in this country.

SUVs made up half of that mix, with no shortage of choices available. Toyota offers six models that cover the full ute spectrum, from the car-based RAV4 to the FJ Cruiser off-roader to the full-size luxury Land Cruiser ("Bruiser of a Cruiser," *AW*, Oct. 15) and the new Sequoia.

Savvy observers know that Toyota tends to dip its toe conservatively into new waters but learns lessons fast; the 2008 Sequoia improves significantly on the original that debuted in late 2000.

Toyota developed the Sequoia in conjunction with its new Tundra pickup, and the two are structurally identical from the front bumper to the B-pillar. Unlike the Tundra, the ute uses a fully boxed frame all the way through to the chassis's rear. The Sequoia's ride and handling benefit noticeably from the beefed-up frame.

The Sequoia's size increase is the big story. The wheelbase grows almost four full inches to 122.0 inches, overall length increases from 203.9 to 205.1 inches, and width increases an inch to 79.9, putting it between Chevrolet's Tahoe and Suburban in terms of dimensions.

This translates to comfortable travel no matter which row of seats you occupy. Six-foot-tall passengers have enough room even in the third row to tolerate long drives. A large portion of the extra cabin space benefits the back seat, which has 5.5 extra inches of legroom and about five additional inches of shoulder room compared with the old model. Front- and middle-row passengers have approximately four more inches of shoulder room; this is now a legitimate eight-passenger vehicle.

**ZOOM**

A reclining 60/40-split third row and a sliding 40/20/40 second row provide a full range of adjustments, and the seats fold flat quickly and easily. There are 16 cup/bottle holders, large storage bins and two gloveboxes. Toyota offers a navigation system, hands-free Bluetooth and a rear-seat DVD entertainment system that includes a 120-volt power outlet.

The real power comes from the old 4.7-liter, 276-hp, 314-lb-ft V8 or Toyota's new 5.7-liter V8, shared with the Tundra and the Land Cruiser. The new V8 features variable exhaust and intake valve timing and makes 381 hp and 401 lb-ft. The 4.7 is standard across all three trim levels (SR5, Limited and Platinum), but Toyota expects 90 percent of buyers to go with the bigger engine, regardless of whether they opt for two-wheel or four-wheel drive. A five-speed automatic comes with the 4.7, while the 5.7 gets a six-speed auto with a torque converter that allows lock-up in fourth, fifth and sixth gears. Four-wheel-drive models get a two-speed transfer case with a lockable limited-slip differential.

With a stronger frame, a larger engine and an optional towing package that includes a 4.3:1 differential ratio, the new Sequoia can pull up to 10,000 pounds with either the standard four-wheel independent suspension or the optional adjustable rear air suspension. That news is as welcome as the larger dimensions; the previous model had a maximum trailer-weight rating of just 6500 pounds. (You can tow at least 5600 pounds, regardless of model or equipment.)

Throw in the requisite safety features, including traction/stability control, larger brakes and brake assist, along with plenty of available accessories, and the 2008 Sequoia is a strong contender.

---

**CHRYSLER CHERYS WILL TAKE A WHILE** The new alliance between Chery and Chrysler LLC is up and running, but it be a while before the cars spawned by the collaboration will reach showrooms in the U.S. and Europe, a Chery executive says.

Lin Zhang, general manager of Chery's International operations, said the work on the alliance is just getting started and declined to make any predictions about when a Chery-built Chrysler will reach U.S. showrooms.

"We don't have any kind of timetable yet for entry into the U.S. market," Lin Zhang said. "We won't come until we feel we're ready," he added.

Frank Klegon, Chrysler's executive vice president for vehicle development, said in an interview that vehicles built by Chinese automakers don't yet meet very tough U.S. crash-test standards. The new vehicle Chery is supposed to build for Chrysler will require considerable technical assistance from Chrysler, Klegon added.

"It will be a whole new vehicle," he said. The smallish B-car from Chery will give Chrysler an entry into a growing market around the globe, including the U.S.

Chrysler officials said last summer they hoped to be selling about 100,000-Chery-made vehicles in North America and Europe within "three or four years." However, Lin Zhang said Chery is now building a 240,000-square-meter engineering center at its center of operations in Wuhu, China. The new center will include a state of the art crash-test center but it won't be ready until next year, he said during an appearance at a seminar on the Chinese auto industry sponsored by J.D. Power & Associates. The agenda for both Chery and Chrysler sketched out by Zhang and Klegon suggests it will take 36 months or more before the project comes to fruition.

Meanwhile, Chery, which now has recruited 2000 engineers, is pushing ahead with other projects designed to help it become China 's largest home-grown carmaker. Talent is one of the Chery's strengths.

"It has very strong leadership and a very strong workforce," Zhang said.

Chery is also reaching out to well-established suppliers in the United States and Europe to help boost quality and for critical product expertise, he said.

Michael Dunne, managing director China for J.D. Power and Associates, agreed, noting that Chery's top executive, Yin Tongyao, is considered one of the top automotive executives in China .

"If you believe good leadership makes a difference in the automobile business, and I believe it does, than Chery is in a strong position," he said.

While it's still relatively small on global scale, Chery ranks 27th among the world's automakers, and it is clearly the company furthest along in reaching the Chinese government's goal of building a global automaker, Dunne added.

"Chery is on a level all of its own. It's way out in front of its (Chinese) competition," he said.

The homegrown Chinese companies, such as Chery, Nanjing , Geely, BYD, and Great Wall, are holding their own and have now captured 30 percent of their own home market when joint-venture vehicles are subtracted from the sales totals, Dunne said.

"Brilliance is another company to watch because by working with BMW it has greatly improved its quality," Dunne said.

Another Chinese automaker, BYD, while quite small, is owned by an entrepreneur whose company is the largest maker of cell-phone batteries.

"They are quite interested in making electric vehicles. This is another company to watch," he said. "The Chinese companies are small but they're audacious," he said.

Until now, the conventional wisdom involving China suggested that the large international car companies such Volkswagen, GM, and Toyota, with the help of Chinese partners, would dominate the Chinese market in the years to come. The Chinese companies, while still small, are proving to be aggressive competitors.

---

**SMART RAMPING UP FAST** As it gets ready to roll its first car into U.S. showrooms, smart is quickly building up its early order bank, noted the carmaker's boss, Dave Schembri.

In an unusual process, smart began offering potential customers the chance to make no-obligation, \$99 "reservations" early this year. Now it is reaching out to those 30,000 handraisers, asking them to convert reservation into an actual order. So far, about 90 percent have followed through, going online to use smart's digital order form. Only about seven percent have canceled out and asked for their money back, said Schembri.

---

In the meantime, smart has continued its "very non-traditional" marketing campaign - which eschews traditional TV and print advertising in favor of direct consumer contact. A road tour recently wrapped up after visiting 50 cities and providing 50,000 test drives.

Schembri claimed that 92 percent of those who participated in the program told surveyers they'd consider buying a smart fortwo, which he described as "off-the-chart numbers."

An unexpectedly low price tag has certainly been working in the maker's favor. Initial press reports anticipated a starting price of around \$15,000, but the French-made two-seaters will launch at \$11,590 for the base vehicle, \$13,590 for the mid-range Passion model, and \$16,590 for the Cabriolet.

Tellingly, those who placed reservations - mostly before pricing was announced - have decided, in large numbers, to upgrade when actually ordering a smart. So far, four percent are opting for the base car, 61 percent for the Passion Coupe and 35 percent are ordering the Cabriolet.

Ordering is an active word, as smart is using an unusual build-to-order model, rather than stocking showrooms with ready-to-go versions of the fortwo. That's a key part of the

strategy, emphasized Schembri, even though he acknowledged that could negatively impact sales. American motorists are especially impulse-driven compared to buyers in many other parts of the world, and are far more likely than not to want a car they can take home immediately. But the smart model will require a typical wait of 45 days for buyers on the east coast, and 60 days out west.

The first smart fortwo will go on sale just after the New Year.

---

### **FORD DROPS NEW N.A. PLANT PLANS - Low-cost factory had been in Way Forward**

Ford is shelving plans to build a new assembly plant in northern Mexico. Instead, Ford has promised the United Auto Workers in its new labor pact to build a small car in the U.S.

Pushing both Ford and GM to build small and alternate fuel vehicles in plants staffed by union members was one of the top goals of UAW President Ron Gettelfinger in the recent contract negotiations. Gettelfinger had warned in speech to the Detroit Economic Club that small car production was in danger of leaving the U.S. altogether in the next few years.

Under the new agreement with the UAW, which was ratified last week by union members at Ford, the company has agreed to keep open five plants, including assembly plants in Louisville, Ky., and Wayne, Mich. The Wayne plant now builds the Ford Focus and will be retooled for the replacement for the Focus, which is now in the company's new product pipeline. Ford also agreed to extend for another year, until 2009, the life of the assembly plant in St. Paul, Minn., where Ford now builds its Ranger pickup.

Ford CEO Alan Mulally said overall the new UAW contract terms significantly improve Ford's competitiveness and will allow the company to be profitable at a lower sales volume and mix of vehicles that include fewer trucks and more passenger cars. The changes in healthcare included in the agreement will save the company almost \$2 billion annually, Ford officials said.

Ford had first announced it might build a new, low-cost assembly line when it unveiled its "Way Forward" turnaround plan in January 2006. A key contingent of Ford officials wanted the plant in northern Mexico but the UAW lobbied against it, particularly since it would doom one of Ford's major assembly plants in the U.S.

The planning for the Mexican plant was well developed and as late as last June, Mark Fields, Ford president of the Americas, told TheCarConnection.com, the plans were still being actively reviewed.

Ford says it retains the right to shutter assembly if business conditions dictate cuts in production.

---

**2009 MERCEDES-BENZ GLK SPIED A** new compact SUV and a soon-to-be peer of the BMW X3 and Audi's coming Q5. At first glance this test car looks like a disguised GL, but in reality this prototype is considerably smaller than Mercedes' full-size sport-ute. Translated, the name GLK means basically "short version of GL" as "K" is a diminutive of the German *kurz*, meaning short.

The GLK will use components from the new Mercedes C-Class, but will be close in design to the much larger GL-Class. Power is expected to come from a 3.5-liter V-6 with Mercedes

4Matic all-wheel-drive standard. All versions are expected to have the 7G-Tronic TouchShift automatic transmission. Later on there could be a V-8-powered GLK63 AMG version.

The GLK will debut as a 2009 model and is expected to be introduced at the Geneva Motor Show in 2008.

---