



Weekly Car Dealers Newsletter

October 29, 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.

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BAN GREETES CANADIANS SEEKING U.S. CAR DEALS John Mainse thought he could get the deal of a lifetime after surfing online and finding a GMC Acadia sport utility vehicle at least \$10,000 cheaper in the U.S. than in Canada. But then the Oshawa firefighter read further on the website of a New York state dealer and found a message to Canadians slamming the brakes on any big savings.

"Please do not call," said the message from Fox Auto Group in Painted Brush, N.Y. "We are unable to sell new vehicles out of the country due to our dealer franchise agreement with GM.

"It is understood that buying new vehicles in the U.S. may save you a few dollars and, trust me, I would appreciate the extra business. But we will not/cannot jeopardize our good standing with GM."

General Motors of Canada doesn't plan to lower prices to U.S. levels but Mainse wonders why he can't exercise his right as a consumer by shopping south of the border and buying the same 2008 model there.

"I really do feel they're taking advantage of Canadians," he said.

He's not the only one. Many consumers are angry that prices for many products here haven't dropped as the Canadian dollar shot up during the last year.

But several auto manufacturers are sticking to a policy prohibiting U.S. dealers from selling to Canadians, who see thousands of dollars in savings on dealer websites.

"I tried buying a Honda vehicle from the U.S. to save \$5,000 to \$10,000 but the dealerships from New Hampshire to North Carolina in the east and from Washington to California in the west refused to sell to Canadians," said Bernard Au of Toronto. "Dealers claimed that Honda U.S. had threatened to close down their dealership if they do sell new vehicles to Canadians."

In Ekland, Pa., Brad Orchowski, a salesperson at Walters Ekland Chevrolet, said inquiries from Canadians have increased in recent months. "Sure we'd love to sell to Canadians and anybody else, so long we can do it legally," he said, referring to the franchise agreement.

Other auto makers ranging from Chrysler to Toyota have also warned their U.S. dealers not to sell to Canadian consumers or brokers. Most franchise agreements state that a dealer can't sell to a resident of another country.

The federal Competition Bureau says there is nothing illegal about the practice.

Au noted that staff at Honda's customer relations office in the U.S. told him the company refuses to issue the Canadian Motor Vehicle Safety Standards compliance letter that would allow entry here.

Several auto makers have indicated they won't honour warranties here on vehicles bought in the U.S.

However, a Ford of Canada spokesperson said her company will honour warranties in both countries. Public affairs manager Gina Gehlert also said she is unaware of any company rule prohibiting a Canadian consumer from buying in the U.S. At the same time, she noted Ford will continue to set its prices for the Canadian market, and not to match the U.S.

The North American industry faced the same situation in reverse several years ago. It prompted auto makers like Chrysler to threaten sanctions against Canadian dealers who sold vehicles to U.S. buyers.

A group of shoppers recently filed a claim seeking class-action status in Ontario, alleging collusion between many major auto makers to inflate prices in Canada while inhibiting cross-border shopping.

Although many consumers have noticed major price differences in the same U.S. and Canadian models in their online research, company officials and

some analysts said other factors and actual transaction prices would narrow the gap.

For example, Canadians must bear the cost of retrofitting U.S. models to meet Canadian regulations. Canadians would also need cash to make the purchase because financing is not available.

After receiving an inquiry from Mainse about the wide difference in pricing, GM replied that Canada and the U.S. are separate markets and the company's divisions operate independently of each other. Economic differences between the two countries mean vehicle, parts and service pricing plus incentives are not the same, the company said.

Meanwhile, Mainse plans to find out what he must do to legally bring a new vehicle into Canada by attending a seminar offered by the Canada Border Services Agency.

He is still confident of buying a new fully loaded Acadia sport utility vehicle for about \$38,500 (U.S.), instead of about \$50,000 here.

"If prices don't come down, I'll get one in Florida because, as of yet, they don't have the restrictions on selling to Canadians like they do in the border states," said Mainse.

ARE WE SURE WE HAVE THE RIGHT BRAND? - 2008 Lexus IS-F Road Test

Stereotypes, they say, have their basis in fact. Well, at least in the automobile world, there's some truth to that. Take Lexus, the luxury arm of Toyota, which has a reputation for building beautifully appointed, bulletproof products that seem predestined for the sort of aging, affluent buyers who don't really enjoy driving all that much.

So what to make of the new Lexus IS-F? Yep, it's well executed, from nose-to-tail, with near-flawless attention to detail and the absolutely precise fit-and-finish you'd expect from the Japanese marque. But boring and bland? Not on your life.

The original IS, launched in 2000, was intended to serve as a hip, sporty and affordable alternative to more mainstream models, like the Lexus LS. But in a segment where everyone benchmarks the BMW 3-Series, the IS fell short, even with the second-generation update, introduced two years ago.

Rather than trying to gain ground, and credibility, by slowly honing in on the base BMW 328, the new Lexus IS-F takes aim at the toughest challenge of them all, the German maker's vaunted M3. What Lexus has delivered is a growling, 416-horsepower muscle car that would likely shock the brand's traditional owners into apoplexy.

"The IS-F is likely to represent everything you didn't think we were - thank goodness," declared Jim Farley, who until recently headed the Lexus division, (and who put in his last public appearance at the IS-F launch before unexpectedly taking the top marketing job at Ford Motor Co.).

In today's alphanumeric soup, every automaker seems to glom onto some letter to represent the high point of their engineering prowess: M for BMW, V Cadillac, R for Jaguar. Considering our less than stellar school days, the letter, F, still carries some painful overtones, but for Lexus, it seems, F stands for "fast," "furious," and "fun."

The letter has been used on internal projects designed to inject some of those factors into the brand DNA, and it's surfaced not only in the IS-F concept and production car, but also the exotic LF-A supercar concept.

While Lexus has yet to create a full brand-within-a-brand, like BMW's M, or Mercedes' AMG, the IS-F is more than just a high-powered makeover of the mainstream IS 250. In a company that normally adheres to rather strict development protocols, the new sedan burst forth from what Farley described as "a skunkworks team of car fiends."

Chief among them was Yukihiro Yaguchi. He originally proposed the idea of a muscle car when the Lexus brand was getting set to go global, earlier in the decade. And he was promptly told, "no." But Yaguchi decided to keep the project going - in secret - assigning it "to myself, and working on it in my spare time." By the spring of 2004, he was far enough along, and confident enough of the results, to bring the idea up again. This time, he got the okay, and went from being the IS-F's "secret advocate to its chief engineer."

Even then, where a typical Toyota and Lexus project might have 1,000 or more engineers and support staff assigned, the IS-F had to make due with anywhere from 100 to 300, over the course of its development, supplementing the effort with the help of the company's racing arm, TRD, and its Toyota Technocraft division.

So what did they come up with?

Let's start off with some of the vital statistics: under the hood, you'll find a 5.0-liter V-8 making an impressive 416 horsepower and 371 lb-ft of torque. That's a full 76 ponies more than the old M3 and two more than the '09 model. Purists might growl, but all that muscle is piped through the industry's first 8-speed direct-shift auto/manual transmission, with steering wheel-mounted paddle shifters. The fastest car ever delivered by Lexus, it's capable of hitting 60 in 4.6 seconds and topping out at an electronically regulated 168 mph.

CHRYSLER NAILS UAW CONTRACT The United Auto Workers reports that its members have ratified its first labor agreement with Chrysler LLC.

"We are pleased that our UAW employees recognize that the new agreement meets the needs of the company and its employees by providing a framework to improve our long-term manufacturing competitiveness," Tom LaSorda, Chrysler's vice chairman and president, said in a statement released after the union announced the contract had been approved.

Meanwhile, the UAW also is moving to finish off negotiations with Ford. The negotiations with Ford are expected to conclude sometime next week.

The UAW's official tally showed that 56 percent of the production workers at Chrysler and 51 percent of the skilled tradesworkers had voted in favor of the new contract. Ninety-four percent of office and clerical workers voted in favor of the agreement, and 79 percent of UAW-represented Chrysler engineering workers approved the pact.

"Our members had to face some tough choices, and we had a solid, democratic debate about this contract," UAW President Ron Gettelfinger said. "Now we're going to come together as a union-and now it's on the company to move ahead, increase their market share and continue to build great cars and trucks here in the U.S."

The contentious debate inside the union was symptom of the UAW's declining influence within the U.S. auto industry. Critics of the pact said that Gettelfinger was surrendering gains the union had taken a half-century to accumulate.

For example, many workers were unhappy with a new wage scale that will pay new hires \$14 per hour or about half what long-term employees will make under the same contract. The lower wage for new hires is a step towards permanently lowering the wages of auto workers in the U.S., according to critics of the contract such as Bill Parker, the president of the UAW Local 1700 in Sterling Heights, who chaired the Chrysler bargaining committee.

Gettelfinger, however, lobbied hard for the contract after it was rejected by workers at two of Chrysler's assembly plants in St. Louis, Mo. A significant number of workers had voted against the contract in St. Louis because it contained only limited guarantees on job security. UAW officials told workers in final stages of the ratification vote the agreement was the best union negotiators could get given the climate in the industry. Chrysler has lost more than \$4 billion in the past year and had just been dumped by Daimler AG.

"There's no question this was a difficult set of negotiations during difficult times for the U.S. auto industry," said UAW Vice President General Holifield, who heads the union's Chrysler Department. "But with the support of our membership and local leadership, we have an agreement that secures jobs and wages and protects healthcare and pension benefits," Holifield said.

Nevertheless, the last workers to vote on the contract, union members from the Chrysler plant in Belvidere, Ill., also rejected the contract but by only 55 percent, which wasn't enough to halt the ratification, union officials familiar with the voting said.

The new contract, reached Oct. 10, following a six-hour nationwide strike against the company, covers approximately 45,000 active workers at Chrysler and more than 55,000 Chrysler retirees and 23,000 surviving spouses and it expires on Sept. 14, 2011.

The UAW-Chrysler contract was patterned after the contract the union negotiated in September with General Motors and includes a voluntary employee benefit association or VEBA that will give the union direct responsibility for retiree healthcare in exchange for \$46 billion in cash and stock. At GM, 66 percent of workers ratified the deal.

2007 MITSUBISHI iMIEV SPORT CONCEPT - NOW THIS IS REALLY CAB FORWARD

A long time ago, when Chrysler was more of a force in the market, it promoted a line of full-size sedan as having a cab-forward look. Now comes the real thing: The iMiEV Sport electric car moves the two front passengers forward to accommodate high capacity lithium-ion battery packs mounted low under the front and rear floor.

Range is estimated at 123 miles for the 2138-pound 2+2. The inverter and charger are under the trunk. A microwave wireless recharging system is used. The transmitter is housed on the garage floor, and a receiver is mounted under the lithium ion batteries. Recharging takes 17 hours at 100 volts input. Using 200 volts cuts the time in half, and an 80-percent charge can be obtained in 35 minutes with a 200-volt quick charger.



All-wheel drive is via three motors - one inside each front wheel rated at 26 horsepower each, and one 63-horsepower motor for the rear wheels. The wheels are at the corners of the aluminum space-frame platform. The electric powered all-wheel-drive system also integrates stability and yaw control, as well as anti-lock braking control.

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SEMA PREVIEW - WHAT CAN YOU EXPECT AT THE INDUSTRY'S BIGGEST, WILDEST, TRADE SHOW? SEMA STARTS TUESDAY OCT. 30TH

The Tokyo show press days are barely over, and it's already time to turn our attention to the 2007 Specialty Equipment Marketing Association show in Las Vegas. Here's what we know so far about what the automakers are up to at the industry's biggest trade show.

Chrysler will debut eight customized Chrysler, Jeep and Dodge vehicles, including a Jeep Wrangler JT, a Hemi-powered Wrangler, tuned Ram pickup and Avenger and even a tuned Caravan minivan.

Ford is pulling out all the proverbial stops and will have some 25 vehicles on display, running the gamut from small cars and coupes to large trucks and family haulers. Some of the cars and trucks will come from people such as Chip Foose and hip-hop guru FunkMaster Flex.

Ford also will show a "new" 1967 Ford Mustang reproduction that the automaker is doing with Dynacorn, a manufacturer of reproduction parts.

General Motors will show a wide variety of customized cars, trucks and SUVs, with an underlying message: Green doesn't necessarily mean that performance is dead. Many of the 28 vehicles GM will bring to SEMA either run on alternative fuel, such as E85, or feature fuel-efficient performance. The lineup is headlined by an E85-capable Corvette Z06 owned by Jay Leno. The Tonight Show host's new car boasts a 500-cid engine that generates approximately 600 hp and is fueled by E85.

Another mean, green Chevy at SEMA is a flex-fuel hot rod built by the GM Performance Division. The car is a re-creation of the hot rods that competed at drag strips and land-speed venues in the late 1940s and '50s. The bodywork is inspired by a 1934 Chevy, and the car is powered by a 500-hp version of the turbocharged Ecotec engine. It runs on E85, gasoline or any combination of the two.

GM also will use SEMA to introduce some concepts and production models, including the Pontiac Solstice SD-290 concept, which has a covered passenger compartment, evoking vintage race cars, and a tuned 2008 Saturn Astra. Chevy will make a couple of sport-compact production announcements on Monday, Oct. 29.

Cadillac will show a tuned CTS and Escalade, [GMC](#) will show a Sierra All-Terrain concept, Hummer will show a racing-inspired H3R, and Pontiac will show tuned G8s.

Honda plans to show two 2008 Accord Coupe factory performance vehicles, and, as usual, its booth will have a wide variety of tuned Hondas, ranging from the Fit to the Ridgeline. Most of these vehicles have been tuned by independent tuners.

Hyundai will display a tuned, concept version of its i30 wagon. The production version will be called the Elantra Touring, and the concept is the Beach Cruiser.

[Kia](#) will show tuned versions of its Rio, Spectra and Rondo.

Toyota will have a tuned version of its Corolla and a Matrix called the M-Theory. Scion will have tuned versions of all its models. Lexus will show a few concepts as well.
