



Weekly Car Dealers Newsletter

March 24, 2008

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PONTIAC G8 GETS CORVETTE POWER IN GXP

The GXP edition of [the new rear-drive G8](#) arrives late this year as the fourth GXP edition in the Pontiac lineup (sharing that status with versions of the Solstice, G6 and Torrent). But unlike those tamer models, this one has big, thumping V-8 power.

Corvette Power

The G8 GXP's engine is essentially a version of the [Corvette's 6.2-liter V-8](#). In this application, it blasts out 402 horsepower and 400 pound-feet of torque. (The Corvette makes 430 hp in stock trim.) Pontiac still hasn't verified those as the exact, final ratings for the engine, but expects the end results to be close. The engine is related to the Corvette's, but sports different cylinder bores, new heads, its own camshaft and cam timing, a high-flow manifold and fuel injectors. Its aluminum block has cylinders lined in iron. The net for all that power means the GXP edition of the G8 can shoot to 60 mph in about 4.7 seconds, and run the quarter-mile in 13 seconds and 108 mph, if you're stopwatching the whole process.

Six gears for G8 GXP

Any way you order it, the G8 GXP comes with a six-speed transmission. Pontiac purists will want the new six-speed Tremec that's available as an option. Pontiac says special reinforcements—stronger gears, housing and premium synchros—have made it a special design for the G8. Opt for the six-speed automatic and drivers will get a wide range of ratios for quick acceleration, Pontiac says. There's no mention of paddle shifters, but we'll take a look at the examples on the New York show floor to confirm how shifting happens. A limited-slip differential is standard either way.

Tweaking the G8

Other new features in the G8 GXP that we'll see in New York is an adjustable suspension for "more precise tuning," they say—whether that means NASCAR versions or not, we're not sure as of yet. Steering's been tightened up, and Brembo disc brakes are updated to 14-inches up front, and 12.8-inch discs in the rear. They're actuated by four-piston calipers in the front, single-caliper brakes in back. Anti-lock braking is standard. Also standard are big 19-inch polished aluminum wheels, and 40-series summer tires. Stability control, six airbags and OnStar are also standard. On its exterior, the G8 GXP wears a new front end with an air splitter, and a new rear bumper with its own diffuser. Inside it wears optional red-and-black trim on its sport seats, GXP badging, power front seats, and gets a 230-watt Blaupunkt stereo with XM.

LUTZ ON CAFE: GET USED TO DOWNSIZING

GM vice chairman Bob Lutz is talking fuel economy and climate change at this week's New York auto show, and when the topic of new fuel-economy regulations came up during a special interview session with the blog community, Lutz frankly laid out how the new rules will dramatically change the General Motors product lineup. Earlier in the day, Lutz told the *Detroit Free Press* that 80 percent of GM's products would have to be hybrids by 2020 if the company were to meet the new 35-mpg CAFE standard that the Congress crafted, and President Bush signed off on, last November. "We're all going to have to get used to cars getting downsized, to getting cars with six-cylinders and four-cylinders," Lutz said. "And as we downsize, small rear-wheel-drive vehicles will probably be the exception rather than the rule." The new CAFE rules probably mean that there won't be more rear-drive vehicles like the Solstice and Sky, Lutz added. And all development costs will go up - transmissions will need more gears, car bodies will have to be engineered to weigh less, and more complex turbocharged engines will take the place of larger-displacement and simpler engines. And no single "green" powertrain will be the answer, he noted. Hybrids will be a big player; GM is also looking at start-stop systems and hybrids currently in vehicles like the Chevrolet Malibu and Saturn Aura, and is trying to figure out how to pay to install them. "We'll have to look at generalizing that," Lutz estimated, which could be an increased cost of \$3500 a car.

GM's two-mode hybrid system will cost even more. The \$7000 hybrid system in the Tahoe "doesn't even come close" to paying for the cost of the system. Diesels will be a part of the equation too, but Europe has much less stringent diesel regulations and American diesels will be similarly expensive to work in to the lineup. "It's by no means locked in concrete," Lutz told *The Car Connection*.

Powertrains won't be the only vehicle components affected, either. Lutz said that improved aerodynamics, including moveable aerodynamics, are a part of GM's solution to the CAFE issue. The *Free Press* notes that while GM and other automakers agreed to the new 35-mpg CAFE fuel economy standard, California's attempts to set even tougher regulations are being challenged in court.

WOULD YOU PAY THIS MAN \$252 MILLION

We know this much: as his parting “gift” from Home Depot, former CEO Bob Nardelli received a payout worth around \$252 million. How much he’ll take home when he finishes up at Chrysler Corp. is uncertain, though most sources suggest that – logically – the payout for the new Chairman of troubled Chrysler LLC will depend on how good a job he does turning things around. Along with co-Vice Chairmen Jim Press and Tom LaSorda, Nardelli has been traveling the country making the pitch that Chrysler is on the mend, a message he took to the Big Apple, Wednesday, for the opening speech of the [2008 New York Auto Show](#).

“We’re reinventing ourselves for success,” Nardelli declared, during a nearly 30-minute speech and question-and-answer session that left many members of the media wanting for more. Nardelli repeated his oft-told tale that as a private company – a part of the private equity giant, Cerberus Capital Management – Chrysler can move quicker and more freely than when it had to respond to shareholders. But one group that Chrysler needs to be more responsive to is its customers, he acknowledged, making a passing reference to the hits Chrysler has taken, lately, for its quality. “Our customer satisfaction isn’t where we would like it to be,” admitted Nardelli, adding that Chrysler has created a new position, Chief Customer Officer, to more directly connect with current and future buyers.



If there’s a good story to tell, Nardelli suggested it can be found outside the U.S., where Chrysler sales have risen for a consecutive 33 months, reaching 238,000 last year. The goal is to hit 400,000 by 2012. Closer to home, Nardelli has taken a conservative view of the troubled U.S. market, which he expects to slip to just 15.5 million vehicles, in 2008. He acknowledged it is possible that the market might slip even lower – a new forecast by J.D. Power and Associates says volumes might plunge to just 14.9 million. By trimming production and eliminating weak product lines, Nardelli argued that Chrysler can handle even that worst-case scenario, while also having the potential to ramp up should the American market recover.

Following Nardelli’s speech, Vice Chairman Press offered some of his own thoughts on Chrysler’s recovery, noting the automaker plans to move deliberately and carefully as it re-fashions its product line-up. , For Chrysler, the key is to be true to its own heritage and to do a better job of separating any overlapping products, Press said. For example, Chrysler has two minivans – the Dodge Caravan and Chrysler Town & Country — but that doesn’t mean the company has to kill one off. Instead the objective is to emphasize the differences between the Dodge and the Chrysler vans. “We’re going to have fewer platforms but put more money into differentiating the vehicles,” Press said. “We don’t have to be all things to all people.”

“We don’t have to try and out Toyota, Toyota,” said Press, who spent 37 years with the Japanese automaker before joining Chrysler last September. However, Chrysler will also look at new product niches, particularly on the car side, Press. There is an opportunity, meanwhile, to move upscale now that Chrysler is no longer married to Daimler and Mercedes-Benz.

TOYOTA UNION VOTE CANCELLED, FOR NOW

(Nicolas Van Praet, Financial Post Published: Wednesday, March 19, 2008)

Ever since they built Canada's first Corolla car nearly 20 years ago, workers at Toyota Motor Corp.'s hulking assembly plant in Cambridge, Ont. have resisted unionizing, putting their full trust instead in a company that was growing fast and making quality cars consumers were eager to buy. Time after time, they have pushed the Canadian Auto Workers away. Time after time, Toyota has convinced them there's nothing to be gained in exchange for paying hundreds of dollars in union dues a year.

Now, courted heavily by the International Association of Machinists, a different union that is touting a "soft sell" approach, a majority of them appears to have rejected organized labour's advances yet again. Just hours before a vote on unionization was to be held Thursday at the Cambridge facility, Toyota said it received notification from the Ontario Labour Relations Board that the machinists union withdrew its certification application. The vote was cancelled. Only last week, the machinists had expressed their confidence that enough Toyota employees signed union cards to force a vote. But Toyota challenged that claim formally and the union backed down. Labour leaders vowed Wednesday to press on with the organizing drive and said another vote could be called in the near future.

"It's the same as it's always been. The union wants in and I really don't think they have anything to benefit us," said one maintenance worker at the plant. "They think the union's going to be the saviour of everything. But to me, they're going to be a middle man muddling the waters." No factory in Canada or the United States wholly-owned by Toyota, Honda Motor Co. or Nissan Motor Co. has a union presence. But some industry watchers say that won't last forever.

"Toyota has almost been immune to unionization in the United States and in Canada and that's because Toyota has been blooming. But they cannot continue to bloom forever," said Gary Chaison, a specialist in auto labour relations at Clark University in Worcester, MA. "This is a harbinger of things to come... Toyota's conditions will eventually come to resemble more those of other car companies."

When they set up assembly plants in North America, Japanese automakers like Toyota enjoyed dramatic sales success and expansion and were "very sophisticated" in trying to defuse labour relations issues, said Harley Shaiken, a labour expert at the University of California, Berkeley. "The rapid growth has tended to diffuse some discontent," he said. But with an ageing workforce, a volatile industry, and some longer term issues that workers have become concerned about, union organization is possible at Toyota, if not now then in the years ahead, he said.

"The campaign is not over by any means," said Lee Sperduti, a Toyota employee who is working with the machinists, insisting there is still strong support for a union presence. He said the dispute is now in the hands of lawyers on both sides, who will determine which employees are eligible to vote.
