



## *Weekly Car Dealers Newsletter*

February 2, 2009

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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 February 2, 2009

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### [OBAMA TARGETS GREENHOUSE GASES, FUEL EFFICIENCY](#)

President Barack Obama took aim Monday at the lofty but long elusive goal of making the nation more energy independent, ordering reviews that could lead to tougher auto emission standards in states and higher pressure on automakers to produce more fuel-efficient cars. Attacking a Bush administration policy, Obama directed the Environmental Protection Agency to re-examine whether California and other states should be allowed to have tougher auto emission standards to combat a build up of greenhouse gases. Obama also directed his administration to get moving on new fuel-efficiency guidelines for the auto industry in time to cover 2011 model-year cars. "For the sake of our security, our economy and our planet, we must have the courage and commitment to change," Obama said in his first formal event in the ornate East Room of the White House. "It will be the policy of my administration," he said, "to reverse our dependence on foreign oil while building a new energy economy that will create millions of jobs." California and at least a dozen other states have tried to come up with tougher emission standards than those imposed by the federal government, but Obama said that "Washington stood in their way." The president wants the EPA to take a second look at a decision denying California - and the other states that want to follow its model - permission to set tougher tailpipe emission standards. Obama on Monday directed the EPA to re-examine the decision. That does not yet overturn anything. But still, the states' wanting their own power considered it a victory. "Let me be clear: Our goal is not to further burden an already struggling industry," Obama said. "It is to help America's automakers prepare for the future." - *Source: Associated Press*

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## **LOWER GAS PRICES SEND BUYERS AFTER BIG CARS AGAIN**

Gyrating gas prices are playing havoc on auto industry planners, who've been adding small cars to their lineups, even as customers are showing more interest again in bigger vehicles. The turnabout "shows the fickleness of the market," says [Chrysler President Jim] Press, speaking after a J.D. Power and Associates conference here for auto dealers. Guessing what people want has been just as hard for dealers. The change shows how fuel prices rule the car business. The market is becoming "almost schizophrenic" for big or small car demand, says Tom Libby, analyst for Power Information Network. He cautions against writing off small vehicles. — Source: [USA TODAY](#)

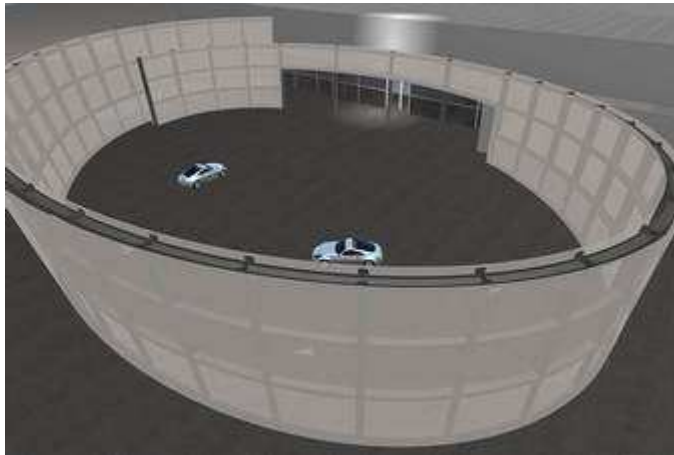
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## **INCENTIVES HELP CHRYSLER MARKET SHARE**

LINTHICUM HEIGHTS, Md. -- Chrysler LLC's new incentives have given it more market share this month, even as the auto industry's sales remain depressed, Chrysler President Jim Press said. In a roundtable with reporters Tuesday, Press also said the company needed an additional \$3 billion in federal assistance to survive the first quarter, and that the deal with Fiat SpA would help Chrysler make the case that it can survive a withering recession. "We're starting to get some traction on our products," Press said, adding that buyers were shifting back to trucks given the low gasoline prices. He estimated total U.S. vehicle sales were running at an annual rate of about 10 million vehicles this month, in line with the weak pace from December. -Source: [Detroit Free Press](#)

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## **NISSAN TO CLOSE MICHIGAN DESIGN STUDIO**



Nissan's design studio in suburban Detroit included an outdoor viewing area surrounded by metal walls to keep things private. In a cost-cutting move, Nissan is shutting its design studio at its research-and-development complex in suburban Detroit and moving the work to its main U.S. design studio in San Diego.

The design studio in Farmington Hills, Mich., opened in 2005. Nissan spent \$14 million on the studio as part of an \$80 million expansion project at the R&D facility.

A mix of high-tech and artist's loft, the 50,900-square-foot studio has sliding walls and a giant video wall to view designs at full size. There is a courtyard where vehicles can be seen outdoors, dubbed the "egg," with metal privacy screens. Entry to the studio is via a giant sliding metal door with a large black N on its face.

Thirty designers work in the Farmington Hills studio. Most will be offered the chance to transfer to the San Diego studio, Nissan said.

The Michigan studio space will be reconfigured for use by engineers, Nissan said.

In addition to closing the design studio, Nissan also said it is closing four regional sales offices.

In all, the automaker expects to cut about 100 jobs — Source: [Autoweek.com](#)

### **TOYOTA RECALLS YARIS CARS OVER SAFETY ISSUE**

NEW YORK -- Toyota Motor Corp. said Wednesday it will recall almost 1.3 million vehicles world-wide due to a defect that could cause a foam pad near the seat belt to ignite during collisions. The Japanese auto maker said the recall includes 134,900 model-year 2006 and 2007 Yaris subcompacts that were sold in the U.S. Toyota Motor Sales USA said it is working with the National Highway Traffic Safety Administration to recall the vehicles. Toyota Motor Sales USA will mail letters to consumers who own the affected cars next week... Toyota will pay the cost of the repair, which should take an hour at a Toyota dealer. - Source: [Associated Press](#)

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### **MORE CONSUMERS READY TO BUY CARS, DATA SHOW**

Conference Board survey: 5.3% will act in next 6 months

The percentage of consumers who intend to purchase vehicles in the next six months has risen since November, despite back-to-back months of record lows in consumer confidence. In the Conference Board's monthly consumer confidence survey, 5.3 percent of respondents said they planned to buy a vehicle in the next six months, the market information group said yesterday. That's the highest percentage since April's 5.8 percent. Auto purchase intent in November fell to 3.8 percent, the lowest point in the board's 42-year survey history. The recovery could stem from pent-up demand, as the U.S. auto sales rate hit bottom in November at well below the scrappage rate, said Matt Nemer, an analyst with Thomas Weisel Partners.- Source: - [Automotive News](#)

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### **HONDA CUTS OUTLOOK AS THIRD-QUARTER PROFIT DROPS 90%**

TOKYO -- Honda Motor Co. on Friday reported a 90% drop in third-quarter net profit, dragged down by the credit crisis, cautious consumer sentiment and the yen's strength, and further slashed its forecast for the full fiscal year. Japan's second largest car maker by volume after Toyota posted a net profit of ... \$225.2 million in the three months to Dec. 31, down from a net profit ... a year earlier. The downbeat results come a day after Ford Motor Co. reported a much-wider-than-expected net loss for the fourth quarter, reflecting the tough business environment afflicting the entire auto industry. Honda, like its competitors, recently stepped up efforts to cut back production for the current fiscal year to bring down inventory levels as demand collapses in the U.S., Europe and Japan. As a result, the company lowered its earnings forecast for the fourth time in the current fiscal year, and the third time in the past three months.- Source: [The Wall Street Journal](#)

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