



Weekly Car Dealers Newsletter

July 6, 2009

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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REPORT: CHINA LIKELY TO REJECT HUMMER ACQUISITION

China's planning agency is likely to reject a Chinese company's bid to acquire General Motors' Hummer unit, in part because its gas-guzzling vehicles conflict with Beijing's conservation goals, state radio reported. The National Development and Reform Commission is also likely to say Sichuan Tengzhong Heavy Industrial Machinery, a maker of construction machinery, lacks expertise to run Hummer, China National Radio said late Thursday. It cited no source. Tengzhong said it has yet to reach a definitive agreement with GM, which the company said previously was required to make a formal request for government approval of the deal. "Some people may have views and speculation, but the Chinese government has a process that we respect," said a company statement. "We do not yet have a definitive agreement, but are developing our proposals with GM and Hummer and we will continue to engage with the appropriate authorities in an appropriate manner." Employees who answered the phone at the NDRC referred questions to its foreign affairs office, where calls were not answered.

Hummers, which roar along on oversize tires and can weigh up to five tons, are based on U.S. military vehicles that gained fame during the 1991 Gulf War. But sales have been battered by soaring fuel prices.

Tengzhong, based in the southwestern city of Chengdu, emerged as Hummer's surprise buyer this month after GM sought court protection from its creditors. The companies said the sale still required regulatory approval and refused to disclose the price. Auto industry analysts questioned how Tengzhong, which makes construction vehicles such as cement mixers and tow trucks, could succeed with Hummer, known as "Han Ma," or Bold Horse, in China. GM said the planned sale would save about 3,000 jobs in the United States. Tengzhong said it would invest

in research to create more fuel-efficient Hummers and would keep Hummer's headquarters and manufacturing in the United States.

The Chinese government is trying to promote conservation and use of more fuel-efficient vehicles. It has cut sales taxes on cars with smaller engines and is encouraging automakers to develop electric and other alternative-energy vehicles. Communist authorities are encouraging companies to expand abroad to diversify the economy but have cautioned against being too hasty or ambitious. Tengzhong is privately owned, which means it is free of some of the controls on Chinese state-owned companies. But regulators still can block foreign acquisitions.- *Source: The Associated Press*

VW DENIES IT ISSUED ULTIMATUM TO PORSCHE

German weekly Der Spiegel reported Saturday that VW and the German state of Lower Saxony had issued an ultimatum to Porsche to make a decision on a planned merger by [today]. Porsche responded that it rejected such an ultimatum, citing a declaration. But a Volkswagen spokesman said Sunday that "there is no ultimatum. This declaration doesn't exist." - *Source: [The Wall Street Journal](#)*

FORD UPS Q3 PRODUCTION BY 25,000 VEHICLES

DETROIT -- Ford Motor Co. is increasing its third-quarter production forecast by 25,000 vehicles to 485,000 units, Ford sales analyst George Pipas said [Monday]. "We'll increase production if sales keep going up," he said. "Our retail market share has increased, and our total market share has increased, and that's the reason for the production increase. We're trying to catch up with consumers." - *Source: [Automotive News](#)*

PORSCHE REJECTS VOLKSWAGEN OFFER

Porsche has rejected Volkswagen AG's bid to take a 49% stake in the sports carmaker, a company spokesman said Monday. Porsche Automobile Holding SE spokesman Albrecht Bamler said the offer by VW "is not a viable option." Porsche holds a roughly 51% stake in Volkswagen, but ran up hefty debts in accumulating that holding and is now seeking a merger with the larger company. - *Source: [The Associated Press](#)*

TOYOTA SAYS ENTIRE PRODUCT LINEUP WILL BE REVIEWED

Akio Toyoda promised a nimbler Toyota that will be more responsive to regional needs in his first public appearance as head of the Japanese automaker his grandfather founded. He said the company's entire product lineup will be reviewed to better focus its offerings to each global region. Toyoda, 53, one of youngest presidents in Toyota's history, said he will put customers and the rank-and-file first to steer the world's biggest automaker out of its worst crisis since being founded. "This ship is setting sail in a storm," he told reporters at a Tokyo showroom. "We are making our start from the very bottom."

Executive vice presidents will each oversee a global region -- North America, Europe, Japan and emerging markets -- to answer changing consumer needs, Toyoda said. He said Toyota will focus on some auto model sectors aggressively, while pulling out of others, depending on the region. He did not give details, but said hybrid technology, seen in the success of the third-generation Prius, which has been snapped up since going on sale last month, was an example of a Toyota strength.

Toyoda, who assumed the top post after approval from shareholders on Tuesday, is Toyota's first president from the founding family in 14 years. He said the basic principles of Toyota and his family include contributing to society, creating jobs and paying taxes. He acknowledged he was frustrated that Toyota has not fulfilled those aims well recently, and vowed to do his utmost to return the company to profit.

The global auto slump has battered Toyota, which lost 436.94 billion yen (\$4.4 billion) in the fiscal year ended March, its worst loss since being founded in 1937. Toyota, spelled with a "t" unlike the family name, is expecting even more red ink this fiscal year. – *Source: The Canadian Press*

FORD POSTS BEST JUNE SALES PERFORMANCE IN DOWN MARKET

In a month of sandbagged auto sales, Ford was the clear winner. The Blue Oval posted a sales decline of "just" 10.7 percent in June, in a market that fell nearly 27.7 percent. It was by far the best showing of any major carmaker, helped by strong sales of its Fusion sedan and Escape crossover.



Ford is the only U.S. automaker that did not have to resort to a bankruptcy restructuring or take bailout loans.

Detroit rivals General Motors and Chrysler did not fare as well in June. GM, which filed for Chapter 11 on June 1, saw its sales slip 33.4 percent, though the freshly launched Camaro outsold the Mustang for the first time in more than a decade.

Chrysler, which recently emerged from bankruptcy, posted a 41.9 percent drop. Import companies fared nearly as poorly. Toyota, which has lost billions in the last year, fell a staggering 31.9 percent, and Honda's tally plummeted 29.5 percent.

Nissan sales fell 23.1 percent.

Just 860,101 vehicles were sold in June, though the 27.7 percent drop was the smallest in nine months – *Source:Autoweek.com*

CHEVROLET CAMARO OUTSELLS THE FORD MUSTANG FOR FIRST TIME SINCE 1993

Some drivers weren't even born the last time the Chevrolet Camaro outsold the Ford Mustang. But it happened in June as the reborn Camaro dusted the restyled Mustang, 9,320 to 7,362. The last time the Camaro beat the Mustang in a monthly sales race was October 1993, when Chevy sold 10,985 Camaros and Ford sold 5,680 Mustangs.



The last time the Camaro outsold the Mustang for a full year was 1985. That year, Chevrolet sold 199,985 Camaros while Ford moved 157,821 Mustangs.

Mark LaNeve, General Motors vice president of sales, service and marketing, said nearly every Camaro sale in June was at retail and was nearly double the number GM expected. LaNeve said GM has a six-day supply of Camaros.

Some dealers have reported selling the cars right off the delivery truck, with some consumers paying as much as \$500 over sticker--making the sleek sports coupe one of the few vehicles in the industry hot enough to do that.

Ford restyled the Mustang for 2010, making it look smaller and upgrading the interior but keeping the same powertrains. The Camaro is all new with a base V6 that delivers almost as much horsepower as the V8 in the Mustang. The Camaro's V6 comes with direct fuel injection, 304 hp and an EPA rating of 29 mpg in the city. – *Source: Automotive News*
