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Spike in Gas Prices Hovers Over Geneva Auto Show

By COLLEEN BARRY
Associated Press

GENEVA (AP) — The car industry, it seems, just can't get a break.

Just when automakers thought it safe to roll out new models in the wake of the devastating economic crisis — 170 premiers are advertised for the Geneva Auto Show opening this week — confidence is shaken by a spike in oil prices due to civil unrest in Libya and other energy-producing nations.

Gas pump prices, which are at a seasonal record in the U.S., will sharpen attention at the auto show on technologies that squeeze more power out of conventional engines, along with much-anticipated

news in hybrid and electric vehicles.

Although most carmakers are showing upbeat signs of recovery, the key theme, as during the financial crisis years, will once again be fuel efficiency.

Rolls Royce's one-off electric-powered Phantom luxury sedan could give electric the kind of upscale appeal it so far lacks. The concept car, to be unveiled last week, will be tested on tracks in different climates around the world this year to help decide what drivetrain it should have. At the moment, however, there are no plans to put the car into full production, the carmaker said.

BMW, which owns Rolls Royce, also is launching its

latest ActiveE electric concept car in Geneva.

"We'll see a lot of alternative powertrains, which will get a lot of attention given the current oil prices. No one knows where that is going to go, especially given what is going on in the Middle East," said Ian Fletcher, analyst at IHS automotive.

There will be a particular focus on engine downsizing, an industry term for squeezing more power out of small engines. Nissan will be showcasing a 1.2-liter three-cylinder engine in the Nissan Micra DIG-S that is touted as having the same power as a 1.5 liter four-cylinder model. Fiat has done similar work with the Twin Air engine in the Fiat 500.

"It's tweaking current technology to meet new levels of expectations. The internal combustion engine is still a relatively cheap way of producing power on a light vehicle," Fletcher said.

With sales in Europe still sluggish, automakers have been counting on emerging economies, especially China, for major growth. But news that the once-galloping economy is slowing down, even to an enviable 7 percent, could cause companies like Volkswagen and BMW some worry.

Still, automakers are showing optimism coming into Geneva, evident in the roll-outs planned. After seeing participants scale back in recent years, organizers said they had requests for more show space than they could provide, and that 70 brands will be represented from 31 countries.

Geneva's motor show, which focuses primarily on European companies, is considered one of the more prestigious auto events of the year. And because it is based in industry-neutral Switzerland, which does not produce cars on any industrial scale, it creates an even playing field for German, French and Italian companies alike, not to mention a rare venue for Asian automakers like Tata to show cars outside of their markets.

Automakers that held back

launch during the economic crisis — not wanting to squander the considerable investment — will be out in force.

Fiat, which owns Chrysler, is launching the Fiat Freemont, based on the Dodge Journey and the first Fiat vehicle to be born of the alliance with Chrysler. It goes on sale in the second half of the year.

And Lancia, another Fiat brand that will be the European face of Chrysler, will unveil a series of rebadged cars to pave Chrysler's European renaissance under Fiat's management: an updated three-door Ypsilon minicar, a new Lancia Thema sedan in the C-segment combining American size with Italian style, Flavia concept, a D-segment sedan car, and Grand Voyager minivan.

But perhaps a surer sign that carmakers are feeling cheery is that many high-end automakers have new products to show.

"You only have to look at the launches taking place. Look at the top end, Aston Martin, Jaguar, Rolls Royce. They are all either unveiling concept cars or new roll outs. If the top end of the market is doing well, it's a good sign for the overall economy and growth in developing markets," Fletcher said.

Italian design houses, meanwhile, will be making a strong presence.

Bertone wants to turn Jaguar on its ears, unveiling a design for a concept called the B 99, for Bertone's 99-year history, a compact four-door Jaguar sedan that uses a full hybrid powertrain. The B 99, named for Bertone's 99-year history, is aimed at replacing the Jaguar X-Type, discontinued two years ago, as an entry model.

It's a fitting venue: Jaguar unveiled the legendary E-type 41 years ago in Geneva.

Italdesign Giugiaro SpA, shows up for the first time at Geneva as part of the Volkswagen group. VW last May acquired 90-percent of the coach builder that previously had designed Volkswagen Golf, Passat and Scirocco along with the Audi 80. The show runs through March 13.

Chrysler Engineering Group Rises to Art Challenge

by Gerald Scott
Editor
U.S. Auto Scene

The Chrysler Engineering team entry into the automaker's recent employee art contest to celebrate the Fiat 500 was quite a sight to behold.

A metallic Fiat 500 on a red-white-and-blue American flag background, the Engineering team's design turned heads when Chrysler put 80-plus art renderings of the Fiat 500 on display at its Technical Center in Auburn Hills recently.

Olabisi "Bisi" Boyle, director, Engineering Planning and Technical Cost Reduction at Chrysler, described some of the ingredients that went into her team's mixture of art and industry that animated the painting.

"It's a sheet of aluminum, 266 grade aluminum," she said.

Of the spinning tires, she said, "There is a servo, a shaft-mounted servo motor, and we had the axles come to a piece of wood into the wheels, and there's two electric motors that get it to spin.

"It's backlit with rope-LED lighting that's powered by two double-A batteries."

The contest was inspired by the Fiat brand platform, and its new marketing slogan, "Life is best when driven," which celebrates individuals who live life to the fullest.

In addition, the team challenge allowed each department to collaborate on their entries in a friendly and competitive environment, while coinciding with the introduction of the new 2012 Fiat 500 (Cinquecento) to the North

American market.

The "Life is best when driven" platform encourages people to demonstrate how they are driven and inspired — by Passion, by Enthusiasm, by Wonder, and now by Celebration.

Chrysler said that embracing the creativity and self-expression within was part of the theme.

Further, inspired by the more than 500,000 unique ways to personalize the new 2012 Fiat 500, each Chrysler Group department had 10 business days to individualize a 4-foot-by-3-foot art canvas with the outline of the new Fiat 500. In addition to the canvas, each department team had to create a 2-3-minute video documenting the motivation and development behind their completed project.

Chrysler Group employees and contractors located in Mexico, Canada and the United States were encouraged to participate in the contest, and all departments — including all offices from Auburn Hills to the manufacturing facilities to the parts distribution centers and everywhere in between — were represented in the final submissions.

Helping to narrow down the creative talents of more than 80 departments' entries to five finalists were four guest judges who reviewed and voted on-site and from virtual locations. The judges included Laura Soave, head of FIAT Brand North America; Roberto Giolito, head of Fiat Style, Fiat Group, S.p.A.; Ralph Gilles, senior vice president of Product Design, Chrysler



PHOTO: GERALD SCOTT

Bisi Boyle, Director, Engineering Planning and Technical Cost Reduction at Chrysler, with her Engineering team's entry in the Fiat 500 painting contest. The painting had some bling built in.

Group LLC; and Antonio "Shades" Agee, Detroit artist.

Those were the parameters the Chrysler Engineering team, led by Boyle, worked within to meet the deadlines.

"I manage all our resources, budget and timing for engineering, and also make sure that any cost reductions we take in the vehicle do not affect the customer from a quality standpoint, and from a feature-removal standpoint," Boyle said.

"I've been at Chrysler six years. I just took this job, (previously) I was chief engineer for minivan.

"It's really fun. The best part, we had about 35 people on our team — and everybody got really enthused and excited about working on this — people came in Saturday and Sunday working on this.

"Seeing the team so excited about a project like this is fantastic."

The Chrysler employee art contest not only celebrated the pending introduction of the Fiat 500 in this marketplace for the first time in a generation — but it also gave employee morale a boost as well.

Chrysler opened its atrium lobby to media tours on the last Friday in February, all to show off the 80-plus entries from various work groups across North America.

The Chrysler Engineering team entry, what with all of the bling built in — spinning wheels and LED lighting — made heads turn and brought the team much acclaim.

Boyle said diversions like the art contest make coming to work even more fun.

UAW's Role in Contract Talks Sure Got Complicated

By TOM KRISHER
AP Auto Writer

DETROIT (AP) — The United Auto Workers' mission used to be simple — fight Detroit's automakers for better pay and job security.

But things got more complex when the government bailed out General Motors and Chrysler two years ago in a deal that left the union with big chunks of stock in both companies. Now the UAW has to be both owner and worker advocate, essentially sitting on both sides of the bargaining table.

The tricky dual role is causing problems for union leaders, and in particular UAW president Bob King, as they prepare for contract talks later this year.

"That conflict of interest, I think, should probably be illegal," says Nick Waun, who works at a GM plant in Ohio and says King should put workers first.

In 2009, when GM and Chrysler nearly collapsed, the companies were allowed to use stock rather than cash to pay into UAW trust funds that cover health care costs for about 800,000 retirees. With bankruptcy looming for the automakers, the union was faced with taking the stock or risking getting nothing.

The trusts now own about 13 percent of GM stock, which is publicly traded, and 65 percent of Chrysler, which is privately owned but could go public later this year. The trusts can sell the stock to help pay bills.

King, 64, contends union members will benefit if the companies' stock prices go up. He has tried to position the union as a business part-

ner rather than an adversary of Detroit's car companies.

Angry union members say he's more concerned about profits than winning back raises and benefits surrendered by the union the last six years. And if enough of them doubt his motives, they could reject any contract he brings red in the negotiating table and force up labor costs — just as General Motors Co. and Chrysler Group LLC are starting to recover from bankruptcy and gain ground against rivals.

That distrust could also create a more hard-line union once King's tenure ends in 2014.

"The seeds are there for an insurrection within the union if it's not handled correctly," says Gary Chaison, a professor of industrial relations at Clark University in Worcester, Massachusetts.

So far, the number of union workers voicing distrust is small. But discontent has spilled into the open.

Workers at a GM parts factory in Indianapolis recently voted down a King-backed deal that would have cut wages. In December, a King lieutenant was booted at a Chrysler factory near Detroit by workers upset about concessions. Ford workers embarrassed King in 2009 when they rejected some concessions on another contract, although the company later won a lot of the givebacks through plant-by-plant negotiations.

Ford will go through similar contract talks with the UAW this summer, but it never took government bailout money, and the union has no ownership stake.

Under the concessions,

which began in 2005, autoworkers gave up cost-of-living pay raises and allowed rule changes so workers could do several jobs. The health care trusts also were created to shift the cost and management of medical costs to the UAW, helping automakers shed billions in liabilities. In return, the companies promised them regular payments.

Gary Walkowicz, a Ford worker who ran against King for president last year, said the concessions are examples of a gullible union believing the company line. "If we continue to base everything on what the companies tell us, what their profits are, we have no place to go but down," he said.

UAW membership has been shrinking for years. It's down to 355,000 active workers from 1.5 million in 1979.

King recently agreed to wage cuts in a deal to build a subcompact Chevrolet at GM's plant in Orion, Michigan, near Detroit. The deal saved 1,500 jobs that would have gone to Mexico, but it lets GM pay up to 40 percent of the plant's workers, mainly new hires, about \$15 an hour, or half what senior UAW workers get.

Workers like Waun and Walkowicz want concessions reversed now that GM is making money again — \$4.2 billion in the first three quarters of last year. The UAW estimates that each hourly worker has given up more than \$7,000 a year in pay and benefits.

As part of the 2009 government deal, the union forfeited the right to strike over wages in this year's talks. In the past, the UAW wielded that weapon to win pay and benefits that helped establish the U.S. mid-

dle class.

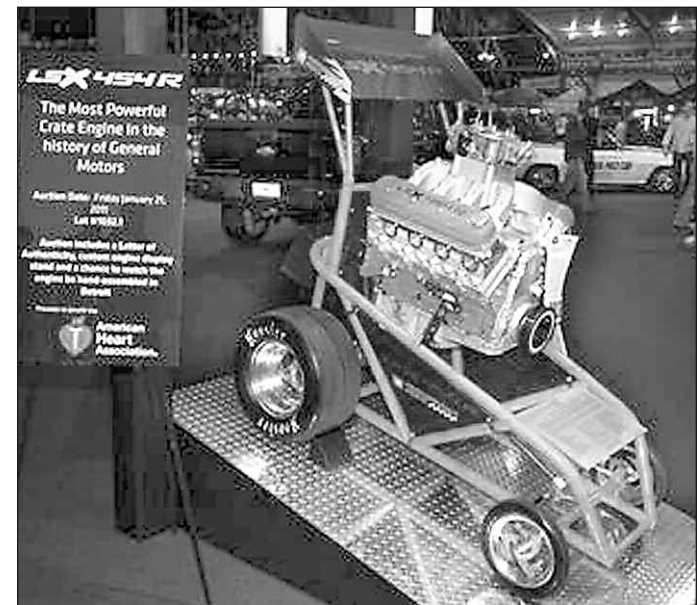
But the union gains left the Detroit companies with labor costs that were much higher than foreign-based competitors. The givebacks brought costs more in line with Asian automakers that have U.S. plants. GM now pays roughly \$58 per hour — \$29 in wages and the rest in benefits and other costs, according to the Center for Automotive Research. For Toyota, that figure is \$56. Before the concessions, GM's costs were about \$70 per hour.

King, a veteran UAW negotiator and law school graduate, said in a recent interview that keeping companies profitable is just as important to the union as it is to management. "That's the only way we're going to protect the pensions, the retiree health care, all the things we want for our members, good wages."

That's the reverse of former UAW President Stephen Yochim, a firebrand who said the union was in an "all-out war" with GM during a crippling strike in 1998.

The health care trust, which supplements Medicare, the national health insurance program, has to pay benefits for the next 80 years. At GM, the trust has at least \$16.6 billion, still short of the \$20 billion it needs. It has \$2 billion at Chrysler, plus a \$5 billion company note, short of the \$11 billion it needs.

To help make up the difference, the trust needs GM's stock price to rise. It began trading publicly again in November, and has gained more than \$3 from the \$33 starting price. Chrysler, which hasn't been publicly traded since 1998, could sell stock to the public later this year.



This crate engine was bought at auction through the GM Foundation to benefit the American Heart Association.

Texan's \$67,000 Auction Bid Goes To American Heart Association

DETROIT — GM Performance Parts (GMPP) presented the American Heart Association (AHA) with the proceeds from the auction of the first production LSX454R crate engine Feb. 24, at the Go Red for Women Luncheon at the MGM Grand Detroit.

Texan Greg Mauzy placed the winning bid of \$67,000 last month at the Barrett-Jackson Scottsdale collector car auction, which featured the LSX454R crate engine. The engine will become part of his collection of vintage cars and automobilia, which also includes historic vehicles sold in previous years from GM's Heritage Collection.

"I am pleased to be the top bidder not only to win this incredible engine, but to help the American Heart Association," said Mauzy, who owns MGM Oil & Gas Company. "This is a cause that is close to my heart."

"We are so grateful for the donation from both GM Performance Parts and Mr. Greg Mauzy," said Heather Kinder, executive director for the Southeast Michigan American Heart Association.

"This funding will allow us to help so many people through education, aware-

ness and research. Lives will be saved and that is our ultimate goal."

Dr. Jamie Meyer, product integration manager for GMPP, presented the sale's proceeds and was a featured speaker at the event.

Dr. Meyer earned a Ph.D. with honors in Anatomy and Cell Biology from the State University of New York upstate Medical Center in Syracuse, and has made several significant advancements in the study of and fight against heart disease.

Dr. Meyer's passion for racing led him to build and sell performance engines full time.

"We're grateful and ecstatic over Mr. Mauzy's generous bid to benefit the American Heart Association," said Dr. Meyer. "Our goal is to help performance enthusiasts make the connection between the importance of keeping your engine working properly, and heart health and disease prevention."

Over the years, GM and the GM Foundation have contributed more than \$1 million to the AHA. The GM Foundation has been doing philanthropic work on behalf of the automaker since 1976.