

## Crisis Will Likely Weaken Japan's Auto Exporting

NEWARK, N.J. – The automobile industry is the largest U.S. importer of goods shipped via container transport from Japan, giving auto manufacturing and support businesses the greatest threat of disruption as Japan's industrial output struggles following the devastating earthquake and tsunami, according to data and analysis from The Journal of Commerce/PIERS.

Japan is the No. 3 exporter of containerized goods to the United States, according to PIERS data, behind China and Korea. The country is second, behind only China, as an importer from the U.S., based on container volume measured by PIERS data.

Although three Japanese maritime ports – Sendai, Hitachinaka and Kashima – have remained closed since the disaster on the northeastern coast, the country's largest ports, including Tokyo, Kobe and Yokohama in the industrial southern part of the country were open this week and handling commercial vessels.

But Mario Moreno, economist for *The Journal of Commerce*, said Japanese exports "will weaken in the months ahead as the closing of several manufacturing plants prompted by electricity shortages, combines with se-

verely damaged roads and bridges to hamper production."

In 2010, U.S. containerized imports of auto parts from Japan, accounted for 28 percent of all the total U.S. imports of this commodity globally.

Boosted by solid gains in U.S. auto sales last year, imports of auto parts from Japan rose 22 percent in 2010, according to PIERS data.

The increase was already slowing in 2011, growing by only 3 percent, year over year in January 2011 versus 2010.

"The positive trend is unlikely to continue," says Moreno. "U.S. car manufacturers, like Toyota, must meet strict specifications and use Toyota-made auto parts only."

Moreno's forecast issued in December anticipated a 2.5 percent decline in U.S. containerized imports from Japan, coming off high volumes in 2010.

Japan's bilateral trade includes China as its top export market, with 21 percent of its total exports in 2010, while the U.S. accounted for 17 percent.

Japan's export to China was \$598 billion in 2010, up 36 percent from 2009, and exports to the U.S. totaled \$482 billion, up by 26 percent from 2009.

## Chrysler Begins Selling 'Imported' Merchandise

AUBURN HILLS – The Chrysler brand introduced the new "Imported from Detroit" merchandise last week on the brand's website.

The new collection features an array of products with the "Imported from Detroit" logo which represents the hard-working spirit captured and celebrated in the Chrysler brand's Super Bowl commercial, "Born of Fire."

The two-minute commercial resonated throughout the country, as many felt a connection to the attitude and work ethic portrayed in the scenes and narration. While the commercial focused on Detroit, in many ways, it encapsulated the spirit of the country and the comeback of the Chrysler brand and Chrysler Group LLC.

"The objective of the 'Born of Fire' commercial was intended to generate a conversation about the Chrysler brand and the new 2011 Chrysler 200, we are humbled at the thought that the conversation continues and is generating a spark throughout the country," said Olivier Francois, President and CEO, Chrysler Brand and Lead Executive for Marketing, Chrysler Group LLC.

"The Chrysler brand, the company and its employees have adopted the principle that failure is not an option – this merchandise reflects that spirit and attitude. The entire



Chrysler is now marketing its famous Super Bowl ad slogan on a new set of consumer merchandise.

company is proud that we are manufacturing and producing products that embody beauty and quality such as the 2011 Chrysler 200."

In keeping with the spirit in which the logo was created, a portion of the proceeds from the sale of "Imported from Detroit" merchandise found on Chrysler.com will go to four Detroit-area charities.

Charities are as follows:

- The Marshall Mathers Foundation;

- Boys & Girls Clubs of Southeastern Michigan;
- Habitat for Humanity Detroit;

- Think Detroit PAL;

"We hope that by partnering with these charitable organizations people will be encouraged to wear their 'Imported from Detroit' merchandise proudly knowing that a portion of the proceeds will go to programs and initiatives that contribute to the fundamental development of the children of Detroit and the communities in which they re-

side," Francois said.

"We are very happy to partner with the Chrysler brand in supporting the local communities," said Paul Rosenberg, Eminem's manager, President of Shady Records and Director of The Marshall Mathers Foundation.

"The Chrysler brand and The Marshall Mathers Foundation share a parallel commitment to give back to the City of Detroit."

"Chrysler Group has been a long-time supporter of Boys & Girls Clubs of Southeastern Michigan and we truly appreciate this opportunity for the 23,000 kids we serve to benefit from the 'Imported from Detroit' merchandise campaign. Our kids will be future leaders and they are also being developed right here in Detroit and this campaign will help impact many lives," said, Len Krichko, President & CEO, Boys & Girls Clubs of Southeastern Michigan.

"We are very pleased to have been chosen by the

Chrysler brand as a partnering non-profit organization in this campaign. This partnership will support our organization in assisting more Detroit-based, low-income families in need of decent, affordable housing where they can raise their children," said Vincent Tilford, Executive Director of Habitat for Humanity Detroit.

"We are grateful for this support from the Chrysler brand's 'Imported from Detroit' program. For over 40 years, Think Detroit PAL has been providing leadership development, team sports and mentoring programs to tens of thousands of Detroit youngsters. Chrysler's support will help us continue to build character among young people," said Think Detroit PAL Chief Executive Officer, Michael Porter.

## NADA Says High Gas Prices in the U.S. Will Create Run on High Mileage Cars

MCLEAN, Va. – Rising gasoline prices will play a significant role in determining the price of used cars and trucks – including trade-in values – across all vehicle segments, said Jonathan Banks, executive automotive analyst for the NADA Used Car Guide.

"The upward trend in gasoline prices will have an impact on consumer preferences for vehicles and will impact used-vehicle prices, but it will pale in comparison to the situation in 2008, when gasoline prices last spiked," Banks said.

Gasoline prices have climbed more than 35 cents during the first two weeks of March, driven by speculation that the country will experience a shortage in oil supply because of disruptions in oil production in the Middle East and new concerns after the devastating earthquake and tsunami in Japan last week.

"The impact to vehicle production from the earthquake in Japan will limit the supply of many fuel-efficient cars like the Toyota Prius," Banks added.

"These vehicles were already tight on inventory and over the next month demand should easily outstrip supply in the new market, driving more consumer demand towards used cars and trucks.

"Historically, a sharp increase in fuel prices has been followed by a decline in large, used SUV prices and conversely, resulted in an increase in prices for used com-

compact cars," he said.

Auction prices in February were up between 1 to 3.7 percent on a month-over-month basis, with passenger cars recording the largest price gains and SUVs recording the smallest price gains, according to AuctionNet, a wholesale data supplier.

In February, auction prices for compact cars increased about 3.1 percent or higher, depending on the model year. Auction prices for large pickup trucks and SUVs were flat compared to January, which is a departure from the expected seasonal price increase of about 2.5 percent.

The latest data gathered by AuctionNet on March 15 shows that fuel-efficient vehicles like the Honda Civic and Chevrolet Cobalt have continued to increase. Average values on small cars are up between 4 to 6 percent with several Hyundai and Kia models posting increases more than 6 percent in March. Meanwhile, truck prices have remained stable and have not showed signs of serious declines over the past month.

"Because of the recent spike in fuel prices, values for used compact and mid-size cars are increasing dramatically compared to the rest of the market," Banks said.

"We expect prices of compact and mid-size cars to continue to increase because of the recent production disruptions in Japan. Lower production of popular-selling new

cars will limit availability and drive more consumers into the used-vehicle market."

Hybrid prices, which increased dramatically in 2008 and then waned considerably through fall 2010, have begun to rise again as fuel prices have increased, he said. For example, AuctionNet prices for the Prius are up more than \$1,700 since November 2010. In March, Prius values have increased by about 6 percent with the strongest gains occurring this past week.

"Barring an extreme increase in gas prices driven by a potential domino effect in other Middle East and North African countries, it's unlikely that used-vehicle prices will experience the extreme volatility seen in 2008."

## Goodyear CEO's Pay Jumped in 2010

By DEE-ANN DURBIN  
AP Auto Writer

DETROIT (AP) – Goodyear Tire and Rubber Co.'s chairman, president and chief executive saw his compensation jump 69 percent to \$8.5 million in 2010 as he assumed new leadership roles, according to an Associated Press calculation from a regulatory filing.

Richard Kramer, who became CEO on April 13 and chairman on Oct. 1, received a base salary of \$929,924, an increase of 37 percent, as the company reversed a 2009 de-

## JCI Donates to Japan Aid

Johnson Controls, an automotive and industrial supplier, announced last week that it is donating \$1 million – or nearly 100 million yen – to the Japan Red Cross through the American Red Cross for disaster relief efforts currently underway in Japan.

"We have a responsibility to support the disaster relief efforts to help our customers and others who are in vital need of assistance," said Steve Roell, chairman and CEO of Johnson Controls, which has a local facility in Plymouth.

The supplier also will col-

lect donations from its 142,000 employees worldwide to provide additional financial support for this worthy cause.

Johnson Controls has approximately 2,000 employees in Japan and conducts business there through its Automotive Experience business unit.

Reports from Japan are conflicted about the total number of nationals who have been displaced or otherwise have acute medical needs, but the American Red Cross said that all donations will benefit survivors directly.

## Economy Is On Way Up

Comerica Bank's Michigan Economic Activity Index rose one point in January, to a level of 87. January's level is two points above the average for all of 2010, and 15 points, or 23 percent, above the Index cyclical low of 71.

"After three months of drag, motor vehicle production contributed significantly to the January rise in our index," said Dana Johnson, chief economist at Comerica Bank, which is now headquartered in Dallas.

"Further gains in the motor vehicle sector are likely over the first half of 2011, given that the Michigan-based producers have boosted their production plans in reaction to stronger national sales.

"More broadly, the Michigan economy is poised to make modest gains in 2011, against a background of gradually accelerating national growth."

The bank's Michigan Economic Activity Index equally weighs nine, seasonally adjusted coincident indicators of real economic activity. These indicators reflect activity in the construction, manufacturing and service sectors as well as job growth and consumer outlays including credit and cash purchases.

Comerica Bank was formerly based in Detroit but moved its corporate headquarters to Texas a few years ago.



PHOTO: GERALD SCOTT

Patrick Davis, right, program manager for Vehicle Technologies at the U.S. Department of Energy, checks under the hood of the Mississippi State student entry vehicle at the GM EcoCAR challenge in Ann Arbor last week. The student cars measured emissions and horsepower at the EPA labs.

## EPA Labs in Ann Arbor Plays Host to GM's Ongoing EcoCAR Competition

By Gerald Scott  
Editor  
U.S. Auto Scene

The best lab for developing automotive engineers still remains popping the hood on a new car.

This became clear at the EPA testing labs in Ann Arbor last week, when the EPA hosted GM's ongoing EcoCAR: The Next Challenge university student car competition.

The competition challenges 16 universities across North America to reduce the environmental impact of vehicles by minimizing the vehicle's fuel consumption, petroleum use and emissions, while maintaining its utility, safety and performance.

GM and the U.S. Department of Energy are the major sponsors of the competition.

Kent Helfrich, executive director, Electronics Integration & Software at the GM Milford Proving Ground, and one of the executive leads for the competition, was on hand at the EPA parking lot in Ann Arbor to describe EcoCAR and

what GM gains from sponsoring the competition.

"What we did is we chose 16 universities from across the U.S. and Canada," said Helfrich. "And we challenged them to re-imagine the car and we gave them a 'donor car' and we said, 'make it more sustainable, make it more ecologically friendly,' and tell us what you come up with."

"So these teams of (student) engineers have re-created these vehicles into something that's totally different."

The student teams, from universities as diverse as the University of Wisconsin, Michigan Tech, Virginia Tech, Ohio State and others, were given "Chevrolet Energy" vehicles (actually Saturn Vues) three years ago to modify to perform as hybrids using modified powertrains.

The results are now starting to bear fruit for GM, DOE and the other sponsors.

"Our role in this is providing parts and mentors and advice and along with a bunch of other sponsors, we're the

ones who make it possible for the kids to do this all very safely," said Helfrich. "They've done amazing things and they use the industry-standard tools, and they use the industry standard tools so we benefit from getting really top-notch engineers right out of the chute, graduating engineers that are a couple years ahead of their peers."

This is the third year of a three-year competition. The final competition is June in Milford and Washington, D.C.

The students – almost all engineering majors – said they love the competition and what it provides. One Ohio State student has already interned at the GM Tech Center in Warren. Another student from Virginia Tech will begin working for GM this July.

The U.S. Department of Energy likes what it sees with all the hoods up, 16 cars in a row at the EPA parking lot for inspection, as well. Patrick Davis, program manager for Vehicle Technologies at DOE, came from Washington, D.C.