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P.O. Box 2040
Dearborn, Michigan 48123
313-565-5500
Info@USAutoScene.net

Gerald Scott, Editorial Dept.
News@USAutoScene.net

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Ads@SpringerPublishing.com 586-939-5850 Fax - SPC Warren

William L. Springer II, Publisher
Hal Watts, Local News Editor
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Disruptions at Toyota Could Last Until End of 2011

By ELAINE KURTENBACH
AP Business Writer

TOKYO (AP) — Toyota's global car production, disrupted by parts shortages from Japan's earthquake and tsunami, won't return to normal until November or December — imperiling its spot as the world's top-selling automaker.

President Akio Toyoda apologized to customers for the delays due to the March 11 disasters that damaged suppliers in northeastern Japan, affecting automakers around the world.

"To all the customers who made the decision to buy a vehicle made by us, I sincerely apologize for the enormous delay in delivery," Toyoda said at a news conference in Tokyo.

Toyota Motor Corp. earlier said it has suffered a production loss of 260,000 cars. Earlier this week, it resumed car production at all of its plants in Japan for the first time since the quake, but the factories are running at half capacity due to the parts shortages. Japanese manufacturers are also grappling with power shortages.

Aftershocks from the magnitude 9.0 quake have slowed progress, Toyoda said.

"We've seen some of the recovery work set back to square one many, many times," he said.

The setbacks could cost Toyota its top position in the global auto industry.

Last year, Toyota sold 8.42 million vehicles, barely keeping

its lead over a resurgent General Motors Co., which sold 8.39 million, thanks to booming sales in China. Given Toyota's production woes, GM could reclaim the title of world's largest automaker that it lost in 2008.

Adding to those worries, customers in some overseas markets are raising questions over possible radiation contamination of exported vehicles due to radiation leaks at a tsunami-damaged nuclear plant in northern Japan's Fukushima prefecture (state).

In response to that concern, Japanese automakers have begun checking radiation levels on some cars and tires before shipment.

"We want to erase their worries by taking this measure," said Hirokazu Furukawa, a spokesman for the Japan Automobile Manufacturers Association. He noted that no radiation has been detected on cars bound for overseas markets so far.

Toyoda and other Toyota executives said normal production for some vehicles inside Japan could resume by July, with normal output beginning to be restored by August overseas. But it will take until late in the year for the company to bring its production lines back to full capacity for all models.

"In November or December means that all lines and all models will go back to normal and we will be able to receive orders and make deliveries as usual," Toyoda said.

The company would not provide details on which vehicles might become fully available first. The announcement Friday was meant to facilitate dealers' discussions with customers, Toyoda said.

"Even if it is only the timing we can share with others... we may be able to deal better with people working on the front lines," he said. "Dealers cannot discuss deliveries or any other specifics and they are having a hard time right now."

The parts crunch has been felt around the world, from Malaysia to Europe to the United States. Nissan Motor Co. and Ford Motor Co. have said several North American plants would be closed for some of April, and Chrysler CEO Sergio Marchionne has said his company will see disruptions.

Toyota has extended production cuts at its North American factories into early June, a move that will likely result in widespread model shortages. Its factories in China are operating at 50 percent capacity, and production at three Thailand plants is being cut by 70 percent.

The company has pledged not to lay off any of its 25,000 workers in North America and says it will use the extra time for training to make improvements at its 13 factories in the region.

The disaster has left Toyota and other Japanese manufacturers who pride themselves on just-in-time efficiency in an awkward bind.

Toyota executives say that while the industry's supply chains were designed out of necessity to maximize competitiveness, the company might consider ensuring that its plants have alternative suppliers or that each region is relatively self-sufficient.

"I don't want to think about this, but we are in an earthquake-prone country, so we will have to give serious consideration to what we will do in the future," said Shinichi Sasaki, an executive vice president.

All of which means that Toyota is facing more challenges than at any time in the past 50 years or so, when it first began shipping and then building cars for the North American market. Its rivals continue to watch how it is reacting to events.

Associated Press writers Shin-ya Yuasa and Malcolm Foster in Tokyo and Grant Peck in Bangkok contributed to this report.

Army Still Looking at EVs to Protect Warfighters

by Christine Snyder
Staff Reporter
Tech Center News

Protecting the environment is desirable. Minimizing foreign oil imports is crucial. Saving money is optimal.

All these reasons are good ones for the U.S. Army to adopt electrified transportation, but they aren't the main reason.

"We are green, lean and mean," said Paul Skalny, director of National Automotive Center for the U.S. Army RDECOM TARDEC. "But everything we do is for the warfighter."

Skalny's comments were at the "Electrifying the Economy" conference April 19 at Macomb Community College.

"We touch 330 systems, and 153 countries use our equipment," said Skalny of the Detroit Arsenal. "Anything you can do to improve that equip-

ment is (optimal)."

Skalny said the U.S. Army has been looking into electrification for a long time. EV silence and instant pickup are attractive safety qualities for the Army.

"What we were looking at was exportable power," said Skalny. "It has silent watch capability... also, it was about fast acceleration."

Also, fuel economy means saving lives in the military, said Skalny.

"A one percent increase in fuel economy means 6,444 less soldiers involved in ground combat missions," said Skalny. "When oil prices rise, it has an impact on installations. Imagine being in a convoy going through... a bad area, and your vehicle stops. Anything that can be done to reduce the amount of fuel we use."

"It has to be reliable, maintainable, it has to get soldiers



The U.S. Army started adding Neighborhood Electric Vehicles to its fleet last year to diversify its fueling options.

out of there as fast as possible."

The U.S. Army started incorporating small EVs, called Neighborhood Electric Vehicles, into its fleet two years ago, with a goal of 4,000 by

this year.

"Let's be smart in what we do," said Skalny. "Let's take advantage of all this neat technology. When you look at the payback... in terms of energy savings, it's huge."

California Family Takes Ford Explorer to Hawaii

NEW YORK — The all-new Ford Explorer can handle just about any kind of terrain, but the first webisode of the "Go Do Adventures" campaign shows this sport utility vehicle can help make dreams come true, as well.

Ford's new Go Do Adventures program invites consumers to suggest how they would use an Explorer to create their own unique adventure. Those people whose ideas are selected will then be able to live out their dream adventure, courtesy of Explorer.

"This particular entry provided us with a way to really show consumers what Go Do Adventures is all about — especially with the background being Hawaii," said Kevin Schebil, Ford experiential marketing manager.

"It seemed compelling as a celebration for the family and as a way to show the backroad, adventurous nature of the new Explorer."

This first video webisode features a California family on a once-in-a-lifetime Hawaiian adventure. It is the first in a series that will run through the end of the year.

The Asdel family from

Northern California wanted nothing more than to escape the cold winter and head to the North Shore of Oahu, Hawaii, to bodysurf and dive with the sea turtles of Lanika. An all-new Ford Explorer took them there, traveling from the paved highways on the island all the way to the dirt roads leading to the secluded beach.

Once there, a legendary North Shore lifeguard, Mark Cunningham, offered the family a "backstage pass" to the North Shore and took them out to the Wiamea Shorebreak for a lesson in bodysurfing. He also gave them an overview of Ka'ena Point and the number of protected species that reside there. The Asdels made sure to document the adventure with plenty of pictures, which they were able to download back on land into the MyFord Touch™ system in their Explorer.

The trip proved especially meaningful for the family, since they're going their separate ways in the coming month. The father is heading to Puerto Rico to continue his studies in dentistry, his daughter is returning to col-

lege and the son is traveling to Guatemala for mission work. See the webisode at www.facebook.com/FordExplorer.

Consumers can submit stories in the form of essays, photos and videos through the new site. Ideas can be entered up until November, with more than 850 entries already submitted. In the last 30 days, more than 60,000 people have visited the wall on the Explorer Facebook page and more than 46,000 have visited the Go Do Adventures Facebook page.

Additionally, through collaboration with Outside Media and its network of unique assets, the webisode will be uploaded to the Facebook page for Outside Magazine and Outside TV. Running through the rest of the year, Go Do Adventures will include the creation of up to 10 adventures. Ultimately, they will be developed into a TV special.

The current marketing campaign for the reinvented 2011 Explorer, Go Do, is an innovative example of how a consumer-oriented approach can influence advertising and generate online discussion. It be-

gan with the Ford Explorer Facebook engagement that showed the all-new SUV's live Facebook reveal last July 26.

The Go Do campaign continued evolving through Facebook as Ford engaged fans and prospective Explorer customers in one-on-one conversations using texts, videos and images. This led to significant Facebook growth — more than 138,000 fans and growing — and increased anticipation for the new Explorer. Explorer fans also can get real-time answers from Ford experts as well as view video responses from engineers and celebrities such as Bret Michaels and Snoop Dogg.

The unfiltered feedback influenced more traditional aspects of the campaign, including TV and print advertising. The result is an unscripted, organic look at American families and the American road trip, with a mini-documentary feel to TV spots.

The 2011 Ford Explorer, it might be pointed out was the North American Truck of the year at the Detroit auto show back in January and it has been since — charming buyers and auto critics alike.

Automakers Anxious About EV Car Growth in China

By JOE McDONALD
AP Business Writer

SHANGHAI (AP) — The toy-like electric cars at the Shanghai Auto Show are a glimpse of the high-tech automotive future China's leaders are pursuing — and a harbinger of possible disputes with its trading partners.

Geely's two-seat McCar, Dongfeng's Shuaike microvan, the four-seat M1 REEV from Chery and others promise a range of more than 100 kilometers (60 miles). Most are still in development but some are appearing on China's streets.

Beijing sees electric cars as a field where it can take a global lead, helping to transform China into a creator of technology. But while it pushes its fledgling automakers to create their own products, it also has alarmed global producers that operate in China by pressing them to hand over know-how and limiting access to its market.

Draft investment rules issued last month would allow foreigners to own only a mi-

nority stake in Chinese manufacturers of electric car components. Next month, Beijing is due to release a 10-year industry development plan for "new energy vehicles," and automakers worry it will impose further curbs on production or imports.

Foreign manufacturers are concerned Beijing might require them to hand over valuable technology and help local partners create "indigenous brands" as the price of being allowed to sell electric cars in China.

"They certainly worry about that," said John Zeng of JD Power and Associates.

"They are still at the stage of investing heavily in research and development. So right now, they are not ready to transfer technology."

Beijing already requires that for a foreign manufacturer to produce an electric car in China, its local joint venture must own the technology for one of the three "core components" — the battery, the motor or the power-management system.

Developing powerful but

safe batteries has been a key challenge for Chinese automakers. Batteries in Chinese cars have exploded more than 10 times during development, the business magazine *Caijing* reported this month.

"This makes drivers not dare to drive these cars," the magazine said.

Electric cars are the latest industry in which Beijing hopes to use China's fast-growing market as leverage to develop its own technology and global brands. It passed the United States in 2009 in number of vehicles sold annually and foreign producers are looking to China to drive sales, putting them under pressure to cooperate.

Beijing requires foreign automakers in China to operate in joint ventures, in hopes their local partners will learn and grow. But communist leaders have been disappointed with the results: Today, China's market is dominated by General Motors Co., Volkswagen AG and other foreign brands. Local producers such as Chery Automobile Co. and

Geely Holding Group, the new owner of Sweden's Volvo Cars, are growing fast but are far behind.

Electric cars offer a fresh start in a field with no entrenched leaders.

"They see it as a big opportunity. They want to be dominant in some vehicle market and the old technologies have already been taken," said Deborah Seligsohn, a researcher in Beijing for the Washington-based World Resources Institute.

Electric cars also are a key part of China's efforts to curb its voracious appetite for imported oil and gas, which communist leaders see as a strategic weakness.

"The energy security advantages for them are enormous," said Seligsohn. "Switching people to electricity that you can produce domestically is very appealing."

Beijing has long pushed for technology transfer in fields from high-speed rail to clean energy as a condition of contracts or licenses. China's bullet trains are based on Euro and Japanese technology.



The Opel Ampera, the European version of the Chevrolet Volt, is being made right now at the Detroit Hamtramck Assembly plant.

Ampera Output Joins Volt At Hamtramck Assembly

by Christine Snyder
Staff Reporter
Tech Center News

The highlight of a recent Detroit-Hamtramck Assembly plant tour April 20 was the new Opel Amperas coming off the line.

The Ampera is the European version of the Chevrolet Volt and makes GM's assertion — that the Volt (extended range electric drive technology) would be expanded to other models — a reality.

"The big story is that we are in a transition," said John Ferris, a GM program planning manager for vehicles and infrastructure. "A transition in the DNA of the automobile. The Volt is symbolic of that transformation."

The tour was part of the Wayne State University/Macomb Chamber of Commerce "Electrifying the Economy" conference and consisted of a guided plant tour, bookended with presentations and question-and-answer periods.

Right now, the plant is not running at full capacity. It produces about 290 vehicles a day and runs one shift. The vehicles range from legacy vehicles — Buick Lucerne and Cadillac DTS — to the Chevrolet Volt and its cousin Opel Ampera.

Chris Lee, the plant communications manager, said every month the plant surveys dealers to determine what mix of vehicles to make.

"We can turn it up in some vehicles or down in others," said Lee, who added that Volt production is scheduled to go from the current 10,000 Volts this year to 45,000 next.

"If we turn up the volume,

our suppliers have to be prepared so those conversations are taking place right now," said Lee. "Ultimately, the market will tell us how many to make."

There is no separate assembly line for the different vehicles, so old-school Cadillacs are juxtaposed with GM's newest technology, the Chevy Volt.

Lee said the assembly line workers are used to putting a lot of content onto vehicles, so the Volt was no more difficult than any new product coming down the line.

There were, however, 255 new robots brought in specifically for the Volt's production.

Lee said the Volt is getting a lot of attention, but the workers ensure that all the vehicles coming down the line get equal diligence.

"Although Volt is our headliner, it's important our people don't take their eyes off other vehicles," said Lee. "We still need all our vehicles to be quality vehicles."

Right now, 40 percent of the Volt's content comes from the U.S.

"Two significant events will increase that," said Lee, referring to the Volt's EcoTec engine, which soon will be made in Flint instead of Austria, and its battery, which will move to Holland, Michigan, from Korea. "That will raise our U.S. content, but we are a global company and some parts will come from outside the U.S."

The Detroit Hamtramck Assembly plant is retooling for the 2012 Chevrolet Malibu, which will be manufactured partially at the plant.