

Japan Quake, Tsunami Still Rumbles in Industry

By SHINO YUASA
Associated Press

TOKYO (AP) – Toyota’s car production in Japan plummeted a staggering 62.7 percent in March due to a parts supply crunch following the earthquake and tsunami.

Toyota Motor Corp., the world’s top-selling automaker last year, said last week its domestic production in March was 129,491 vehicles – the lowest since 1976 when Toyota began maintaining production figures.

The magnitude-9.0 earthquake and tsunami on March 11 destroyed many factories in northeastern Japan, causing severe parts shortages for Toyota and other automakers.

Given Toyota’s production woes after the tsunami, General Motors Co. is likely to reclaim the title of world’s largest automaker that it lost in 2008.

Toyota sold 8.42 million vehicles last year, just keeping its lead over a resurgent General Motors Co., which sold 8.39 million, thanks to booming sales in China.

The threat of production disruptions prompted the Stan-

Canadian Fuel Cells to Power German Autos

BERLIN AND VANCOUVER, CANADA - Daimler has announced that it will outfit its hydrogen fleet with fuel cells produced in Canada.

Global engagement in this industry is steadily increasing.

In Germany, initiatives like the Clean Energy Partnership already have the biggest automakers in the world on-board.

Both Toyota and Honda recently joined the likes of BMW, Daimler, Volkswagen, GM and Ford in the CEP.

Chemical companies involved in hydrogen production and other stakeholders are also involved.

“Germany’s economy is booming and the fuel cell industry is on the verge of a major breakthrough. International companies and government initiatives have created optimal conditions for companies to prosper, especially in Germany’s high-tech eastern region,” said Dr. Juergen Fiedrich, chief executive of Germany Trade and Invest in Berlin.

The global fuel cell market remains wide open.

Malaysia Budgets \$20 Billion for New Oil Refinery

By EILEEN NG
Associated Press

KUALA LUMPUR, Malaysia (AP) – In a world oil market where very few new refineries are coming online because of volatility in prices, it’s full-speed ahead in Malaysia all the same.

That’s because Malaysia’s national oil company Petronas on Friday unveiled plans for an ambitious \$20 billion oil refinery and petrochemicals complex in a southern state bordering Singapore as part of its energy processing expansion.

Petronas Chief Executive Shamsul Azhar Abbas said the project, which will be under-

Toyota’s March Production Lowest Since 1976 Due to Parts Crunch

dard & Poor’s ratings service to cut its outlook on Toyota and five other Japanese companies.

Toyota said in December that its global production would total 7.7 million vehicles in 2011. But Tokai-Tokyo Securities analyst Mamoru Kato said that number would fall to around 6 million due to disrupted production.

Toyota’s global production in March dropped 29.9 percent to 542,465 vehicles from a year ago, while its sales in Japan tumbled 45 percent for the month.

Ford Motor Co. said it had idled three factories in Asia and South Africa earlier due to parts troubles from the earthquake.

Assembly plants in Pretoria, South Africa, and Nanjing, China, were down in an effort to conserve parts.

Ford spokesman Todd Nissen said the factories had been scheduled to shut down for a week later this year, but that was pulled ahead. Production resumed May 2.

The Nanjing plant is a joint venture with Mazda and makes compacts for both companies. The Pretoria plant makes small cars and pickup trucks for both companies.

Ford also idled a factory in Taiwan for two weeks because it ran short of parts. The plant makes the Ford Focus, Mondeo, Escape and Econovan and the Mazda3 and Mazda5.

Nissen would not identify the specific parts or models involved in the shortage or elaborate on the parts conservation efforts.

The parts supply crunch forced Toyota to suspend manufacturing in Japan for several weeks, resulting in a production loss of 260,000 cars. Toyota said last week it is still struggling to secure around 150 types of auto parts.

“The impact of the tsunami disaster on Toyota is extremely severe,” said Kato. “Since Toyota depends so much on domestic parts suppliers, any major disruptions in supply chains could cripple its output.”

Kato said Toyota could suffer a net loss of 1 trillion yen (\$12.2 billion) in the April-June quarter and a net loss of 500 billion yen in the July-September quarter.

Another auto analyst, Masataka Kunugimoto from Nomura Securities, has said Toyota would likely post an operating loss of 328 billion yen in the

April-June quarter and an operating loss of 78 billion yen in the July-September quarter.

The possibility of deteriorating financial performance prompted Standard & Poor’s to cut its ratings on six Japanese automakers and parts suppliers from “stable” to “negative.”

The ratings service changed outlooks on Toyota, Honda, Nissan, Aisin Seiki Co. Ltd., Denso Corp., and Toyota Industries Corp.

“The outlook revisions also reflect our opinion that extended production cuts may erode Japanese automakers’ market shares and competitive positions in the longer term,” S&P wrote in a note to investors.

The ratings agency said that parts disruptions are posing a greater challenge for Japanese automakers than S&P originally expected. Virtually all Japanese automakers have been forced to significantly cut output in Japan, and parts shortages are affecting production outside of Japan, S&P said.

Toyota is currently running all its Japanese auto plants at half capacity, and the car maker said last week its car production will not return to normal until November or December.

Toyota is probably the most challenged it has been since its founding, experts say.

Parts Shortages Forcing Honda To Cut Production of 2012 Civic

DETROIT (AP) – Honda Motor Co. warned its U.S. dealers last week that it will run short of popular models such as the Civic compact later this summer because of parts supply shortages caused by Japan’s earthquake.

Honda will significantly cut production of the new 2012 Civic, the sixth most popular car in the U.S., through the summer, if not longer.

In addition, the 2012 version of the CR-V small SUV will be delayed by at least a month this fall. To make up for shortages, Honda will keep making the 2011 version.

Both vehicles are made in North America, but like other automakers, Honda is running into shortages of chips, sensors and other parts made at factories in Japan that were damaged by the March 11 earthquake or hampered by power outages in the aftermath.

The parts shortages have hurt Honda, even though it

assembles 80 percent of the vehicles sold in North America in the region.

The company also said it will be able to import only a limited number of Japan-built cars to the U.S. That means dealers won’t be able to order the Fit subcompact, CR-Z gas-electric hybrid sports car, and the Insight and Civic hybrids until later in the year.

“Our goal remains to normalize overall production sometime around the end of the year,” John Mendel, executive vice president of sales for American Honda, wrote in the dealer memo.

Shortages also will cut supply of some Acuras, which are Honda’s luxury cars. Dealers won’t be able to order the TSX small car and wagon and the RL large sedan until later in the year, the memo said.

How Japan’s ongoing parts shortage will impact the domestic automakers here in the U.S. market still remains to be seen.

Campbell-Ewald Captures Major Marketing Award

WARREN – The North American Effie Awards – which recognizes ideas that formulate the most effective marketing campaigns and has become a global symbol for marketing achievement – has honored Campbell Ewald’s (CE) work for the United States Postal Service (USPS) by awarding “A Simpler Way to Ship” USPS holiday campaign with a silver Effie Award.

This is the second consecutive year Campbell Ewald’s work on behalf of USPS won the coveted award.

Behind the success of the campaign was consumer insight about holiday shipping and returns, which led to a game-changing idea that drove a new strategy for USPS during the six-week holiday shipping season.

A new version of the highly successful “Simpler Way to Ship” campaign featuring Priority Mail Flat Rate Boxes was created.

By penetrating the promotional noise of the holiday season and convincing consumers that shipping would be easier with Flat Rate Boxes, USPS was able to reinvent the holiday gift shipping and returns process for consumers by eliminating the hassle.

“The consumer insight not only led us to understand the perceived burden of shipping during and after the holidays, but also helped us to develop an easy-to-use solution for consumers,” said CE Managing Director Mark Bellissimo.

“We recognized there was a simpler solution we could offer consumers by leveraging the well-known USPS Priority Mail Flat Rate Boxes into the holiday shipping challenge – ultimately changing the game for holiday shipping and leading to unparalleled results.”

Over 700 Cars Coming to ‘Muster’

DEARBORN – The gleam of chrome grilles, rows of whitewall tires, Mustangs, Barracudas and even Gremlins – it’s a transformation back to the good ol’ days with Motor Muster in Greenfield Village, scheduled for June 18-19.

With more than 700 automobiles from the 1930s to late-1970s filling the Village, there’s no better way to treat Dad this year for Father’s Day.

Admission to Greenfield Village is free with membership or \$22 adults, \$21 senior and \$16 youth ticket schedule.

Meanwhile, from vintage fire engines to modern day muscle cars, visitors are destined to find their favorite vehicle. Even race fans will enjoy the special dedication to the 100th Anniversary of the Indianapolis 500, with Indianapolis-themed vehicles and race cars placed throughout the Village.

Don’t miss the Pass-in-Review parades throughout the weekend that includes bicycles, motorcycles and scooters, cars from different decades, military vehicles and even a special racing presentation featuring cars

that represent drag, midget and stock car racing from the 1930s to the 1950s.

Each such Pass-in-Review will be accompanied by commentary from automotive experts including Marty Bufalini, broadcaster; Bob Basey, Curator of Transportation at The Henry Ford; Bill Porter, retired chief of Design, General Motors; Tom Ross, bicycle historian; Jim Wagner, retired engineer, Ford Motor Co.; Roger Wojtkowicz, engineer, Ford Motor Co., and John Lind, director of the Detroit Arsenal of Democracy Museum.

On Saturday night, Greenfield Village is open until 9 p.m. for its annual Cruise and Live World War II / USO entertainment show.

Watch as several hundred automobiles cruise through the streets of the Village starting at 6 p.m.

The Masters of Music Big Band, led by Ron Kischuck, will re-create a World War II USO show and radio broadcast, offering fabulous music and the opportunity for visitors to just literally dance the night away.

Volt Tops in Safety – NHTSA

DETROIT – The 2011 Chevrolet Volt is the first electric vehicle to earn a five-star overall vehicle score for safety as part of the National Highway Traffic Safety Administration’s New Car Assessment Program.

“Safety is a key consideration for all buyers no matter how a car is powered – gas, or in the case of the Volt, electricity,” said Doug Parks, Volt global vehicle line executive.

The Volt also has been named a 2011 Top Safety Pick by the Insurance Institute for Highway Safety.

For the first 35 miles, the Volt can drive gas- and tailpipe emissions-free using a full charge of electricity stored in its 16-kWh lithium-ion battery.

When the Volt’s battery runs low, a gas-powered engine/generator seamlessly operates to extend the driving range another 344 miles on a full tank for a total driving range of 379 miles.

Safety features on the Volt



The Chevrolet Volt during a 35 mph front impact crash test.

include:

- GM’s StabiliTrak electronic stability control system
- Front-, side- and knee-air bags as well as roof-mounted head-curtain air bags that help protect occupants in a side or rollover crash
- Optional rearview camera system featuring a display integrated into the navigation system screen
- Five-year subscription to OnStar’s Directions and Connections Plan including Automatic Crash Response, stolen vehicle assistance and con-

nected navigation.

Starting with 2011 models, NHTSA introduced tougher tests and more rigorous requirements for its five-star safety ratings program that provide more comprehensive information about safety performance and crash-avoidance technologies.

Changes include a new side pole test simulating a 20 mph side-impact crash into a 10-inch-diameter pole or tree at a 75-degree angle just behind the A-pillar on the driver’s side.

Just Like a Rolling Stone



Big Three marketers gathered to greet Rolling Stone magazine publisher Jann Wenner recently. Left to right are Adcraft Board Member Susan Venen-Bock, Media Operations Manager, Ford Motor Company; Adcraft President Luana Floccuzio, Managing Director, Campbell Ewald; Jann Wenner, Chairman, Wenner Media (and editor/publisher of Rolling Stone); Adcraft Second Vice President Sherrie Weitzman, National Advertising Manager, Cadillac, General Motors Corp. and Adcrafter Vicki Carlini, U.S. Marketing Lead, Jeep Brand, Chrysler LLC.