

Aggressive Ford Targets Asia as High Growth Zone

By DEE-ANN DURBIN
AP Auto Writer

DETROIT (AP) — Ford Motor Co. said last week that it wants to expand its global sales by 50 percent by the middle of this decade, mostly through growth in Asia.

The company aims to sell 8 million vehicles in the next five or six years, up from 5.3 million last year. It wants more than one-third of its sales to come from its Asia Pacific and Africa region by 2020.

That's double the 838,000 cars and trucks sold in that region today.

Ford's Asia Pacific region includes China, India, Australia, South Africa and Japan, where it controlled 2.4 percent of sales last year.

Analysts are concerned that Ford is lagging behind rivals like GM and Volkswagen in Asia. Ford's sales more than doubled in India last year thanks to the introduction of the Figo, an \$8,000 subcompact. But Ford still controls less than 3 percent of the market in India. The company said it will expand its offerings in India from three cars to eight by the middle of this decade.

Ford also said it will add 10 cars to its lineup in China, where it currently offers five. Ford controls 2.7 percent of the market in China, compared to a 14-percent share for GM.

The company presented its plans at a three-hour meeting for investors in New York.

Ford said most of the vehicles it builds will be sold globally, but it will offer lower-priced versions in emerging markets to attract buyers.

Small cars will represent 55

Ford to Lay Off 150 Employees At Buffalo Plant

By CAROLYN THOMPSON
Associated Press

BUFFALO, N.Y. (AP) — Ford Motor Co. will lay off 150 people from its Buffalo Stamping Plant in September because of the planned closing of one of two Canadian assembly plants it supplies.

The layoffs were disclosed Thursday in a notice to the New York Labor Department. They will take effect Sept. 5.

The plant currently has 650 hourly workers.

Ford announced in November 2009 it would shut down its St. Thomas Assembly plant near London, Ontario, because of a drop in demand for larger vehicles. The plant makes the Crown Victoria, Grand Marquis and Lincoln Town Car.

The Buffalo plant will continue to supply Ford's Oakville, Ontario, assembly plant, which makes the Ford Edge and Ford Flex and Lincoln MKX and MKT.

Laid-off workers could be recalled if the Buffalo plant lands more work, the company said. Employment there was more than 1,800 in 2002.

Ford was the world's fifth largest automaker in 2010, behind Toyota Motor Corp., General Motors Co., Volkswagen AG and Hyundai-Kia Automotive Group.

Meanwhile, General Motors' Tonawanda Powertrain plant near Buffalo is planning an open house for the public this week, spokeswoman Mary Ann Brown said, as the plant gears up for two new, previously announced engine lines representing a combined investment of \$825 million. The Tonawanda plant, which 20 years ago employed 4,350 people, currently has about 625 workers.

After Japan's earthquake, 59 Tonawanda GM employees were laid off when a Shreveport, La., assembly plant it supplies was temporarily shut down because of a shortage of parts from Japan. Brown said all returned to work after a week.

GM said in April it would invest \$100 million and add 30 jobs at the company's auto parts plant in nearby Rochester.

The company also recently took back auto parts supplier Delphi Corp.'s Lockport and Rochester manufacturing facilities. Troy, Michigan-based Delphi, once GM's parts division, was spun off in 1999 as a separate company.

percent of its sales by 2020, compared with 48 percent today. While those cars are less profitable than Ford's larger trucks and SUVs, the company said it will improve operating margins to 8 to 9 percent by the middle of the decade from 6.1 percent now.

Ford is making small cars more profitably than it once did.

Instead of developing different cars for different regions of the world, it builds more cars off of fewer underpinnings and sells them globally.

Chief Financial Officer Lewis Booth expects the company's debt will return to investment-grade status in the

next year, which would substantially lower its interest expenses. Ford lost its investment-grade rating in 2005, when it was deeply in debt. It borrowed \$23 billion in 2006 to fund a restructuring that involved cutting staff and brands such as Volvo. It also revamped vehicles.

As a result, the company rebounded and recently reported its eighth-straight quarterly profit.

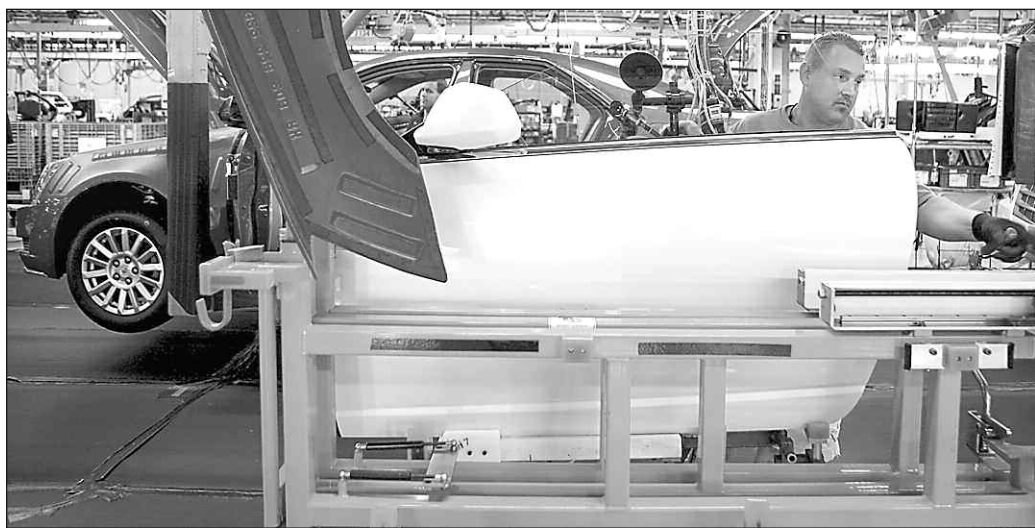
Booth said Ford plans to reduce its debt by \$2.6 billion by the end of the second quarter. The company will then have \$14 billion in debt and it hopes to reduce that to \$10 billion by the middle of

the decade, he said.

Ford began developing its growth plan in the middle of 2009, when it started achieving its profit goals in North America and turned its attention to opportunities elsewhere, Booth said.

He said the company still has no plans to take its Lincoln luxury brand overseas. Ford is in the midst of overhauling the slow-selling brand and will keep it in North America for now.

Ford was the world's fifth largest automaker in 2010, behind Toyota Motor Corp., General Motors Co., Volkswagen AG and Hyundai-Kia Automotive Group.



The assembly line at the GM Lansing Grand River factory. GM announced a major investment in the plant last week.

GM Invests In Lansing Grand River

LANSING, Mich. — General Motors will invest \$88 million for a future product at the Lansing Grand River assembly plant, home of the award-winning family of Cadillac CTS models.

The investment will be used for equipment and tooling for a new model.

"Employees at Lansing Grand River have earned this investment through the high quality of their work and the flexible manufacturing that has been a hallmark of this plant since it opened in 2001," said Manufacturing Manager Gerald Johnson.

"We look forward to this plant continuing the world-class manufacturing performance for which it is known."

The \$88 million is part of \$2 billion in U.S. manufacturing investment that GM announced on May 10. The money and an estimated 4,000 new and retained jobs are spread across 17 facilities in eight states.

"It is important that General Motors continue to show commitment to our members by providing them with the tools and technology they need to be successful," said Joe Ashton, UAW vice president-GM Department.

"The UAW workforce in Lansing enjoys the reputation

Saab 9-5 Earns IIHS Safety Nod For 2011 Sedan

ROYAL OAK — The Saab 9-5 Sedan earned the "Top Safety Pick," the highest rating for crashworthiness in the U.S. today by the Insurance Institute for Highway Safety (IIHS).

IIHS performs full tests for front impact (offset) and side impact crashes. Seat/head restraints also undergo a simulated rear impact conducted on a sled to assess protection against whiplash injuries and the roof structure tested to assess vehicle rollover protection.

Vehicles are rated as "Good," "Acceptable," "Marginal" or "Poor" in the various categories. To receive the "Top Safety Pick" award, cars must achieve the highest rating in all four categories and should also be fitted with ESP.

"We are very pleased with the 9-5's performance. IIHS is an independent body and the results of their tests are easily accessible and objective information for car buyers. It is therefore important for us to achieve good results in this type of testing," said Per Lenhoff, Head of Safety Development at Saab Automobile.

"Our main priority, however, will always be to protect real people in real accidents, not just to do well in crash tests. It is the core of our Real-Life Safety philosophy," Linhoff continued.

for being one of the most productive in the world," he said. "This investment will enable the members of UAW Local 652 to continue the legacy of building high-quality automobiles for our customers and making a positive contribution to the bottom line of GM."

Lansing Grand River Assembly currently has 971 hourly and salaried employees.

The plant builds three Cadillac CTS models — sedan, coupe and wagon, as well as high-performance V-Series models of each. While Lansing Grand River is the J.D. Power and Associates Bronze Plant Award winner for initial quality, the CTS models have amassed a list of awards including:

- MotorWeek 2011 Drivers' Choice Award: Best Coupe (CTS Coupe)
- Edmunds Inside Line Most Wanted Awards for 2011 (CTS-V Wagon)
- Car and Driver 10Best List for 2011 (CTS-V Sedan, Coupe and Wagon)
- AUTOMOBILE Magazine

2011 All-Star (CTS-V Wagon)
MSN Autos Editors Choice Award for 2010 (CTS-V Wagon)

- AutoWeek Best of the Best Car for 2011 (CTS-V Coupe)
- Popular Mechanics Auto Excellence Award: Top 10 Cars of 2011 (CTS Coupe)

- Motor Authority Best Performance/Luxury Car to Buy for 2011 (CTS-V Coupe and Wagon)

- Esquire Car of the Year Awards for 2010: Best Domestic Car (CTS-V Coupe)

Cadillac has gained more market share so far this year than any other brand in the U.S. luxury segment. U.S. sales were up 32 percent through April and the brand's market share is up almost 2 percentage points through the first four months of the year.

Cadillac has been a leading luxury auto brand since 1902. In recent years, Cadillac has engineered a historic renaissance led by artful engineering and advanced technology.

Cadillac is headquartered today at the GM Renaissance Center in Detroit.

Cadillac Begins Upgrading Its Showroom Look

by Gerald Scott
Editor
U.S. Auto Scene

Perhaps feeling the heat from Ford's recent intentions to upgrade its prestige Lincoln brand across the board, GM last week officially announced that more than 200 Cadillac dealers are committed to significant makeovers in the next two years.

Suburban Cadillac in Ann Arbor is the first such dealership to complete the new look.

Cadillac said it is rolling out a new, modern design for its dealerships as part of the brand's "Defining Moments" customer service initiative.

Designed by Gensler architects and Cadillac designers, the new showroom layout features open, well-lit displays allowing customers to interact with the cars and dealership staff, and relax in a customer lounge that features a coffee bar with custom-designed art and designer furniture.

The design includes contemporary architecture and premium materials, such as English Oak, matte porcelain tile and brushed stainless steel accents.

In select markets, the redesigned dealerships will be stand-alone Cadillac dealers. Multi-brand dealerships will feature dedicated covered service drives.

"The new facility design and furnishings provide a great stage for our exciting new automobiles," said Kurt McNeil, vice president of Cadillac Sales and Service, "but our main goal is to create a highly positive first impression that creates that defining



Suburban Cadillac of Ann Arbor is the first Cadillac dealer in the nation to complete a facility makeover that creates a more inviting environment for customers and a more refined showcase for its vehicles.

moment in our customers' minds that we will exceed their expectations before, during and after the sale."

In addition to Suburban Cadillac, more than 200 Cadillac dealers across the United States have committed to completing a similar image upgrade within the next two years.

The new facility image is part of a concerted effort by Cadillac and its dealers to make Cadillac the top luxury brand in customer service. For the second straight year, Cadillac and its dealers are partnering with luxury hotelier Ritz-Carlton on a series of customer-service training programs for sales and service personnel.

Of course, with Lincoln, BMW and Mercedes all freshening their domestic showrooms, it gives GM added impetus to smarten up the Caddy dealerships as well.

The new showroom gives Suburban Cadillac an advantage over the competing luxury dealers in the area, said Mike Mosser, the Ann Arbor dealership's general manager.

Carmakers See Decline In Monthly China Sales

By ELAINE KURTENBACH
AP Business Writer

SHANGHAI (AP) — Foreign automakers are seeing mixed sales trends in China as the world's biggest market for new vehicles cools after years of torrid growth.

General Motors Co. said last week that its total sales in China fell 3 percent in May from a year earlier to 190,674 vehicles. Its sales in the first five months of the year edged up nearly 5 percent to 1.08 million.

GM's flagship joint venture with Shanghai Automotive Industrial Corp. fared well. Its sales climbed 11 percent to 92,519 on robust demand both for fuel-efficient Chevrolet models and for pricier Buicks and Cadillacs.

Ford Motor Co. said its sales in China climbed 14 percent from a year earlier to 45,162 vehicles in May.

Sales in January-May climbed 15 percent to 230,068, helped by strong demand for the Ford Focus and Mondeo models.

Japan's Honda Motor Co. reported its sales fell about 32 percent to 27,204 vehicles in May and about 9 percent in the first five months of the year, to 236,264.

Auto sales edged lower in China in April, the first such decline in over two years, as dealers were hit by both weakening demand and the spillover from Japan's earthquake disaster.

Industrywide sales for May are due later in the week. But reports in state media suggest growth, if any, will be modest.

Detroit Auto Show Hosts Two Full Media Days

The North American International Auto Show (NAIAS) last week announced that it will feature two full days of auto manufacturer press conferences at the 2012 show.

The announcement was made by NAIAS Chairman Bill Perkins at a meeting of auto show exhibitors in Detroit.

NAIAS 2012 Press Preview will be held on Monday, Jan. 9 and Tuesday, Jan. 10 at Detroit's Cobo Center.

More than 5,000 media from 41 states and 60 countries attended the show's 2011 press preview, and even more are expected next January, said Perkins.

Perkins added that he was

Domestic automakers are meanwhile trying to beat the heat of intense competition at home by focusing on overseas investments and exports.

The government-affiliated China Automotive Technology & Research Center has forecast that sales could fall 10 percent this year, sapped by rising fuel prices, traffic curbs and the end of government subsidies for some vehicle purchases.

But the market is still expected to see strong and steady growth in the long run, albeit at a slower pace, and major automakers continue to expand capacity.

Ford recently announced that its joint venture Changan Ford Mazda Automobile Ltd. will spend \$350 million to build the company's first transmission plant in Chongqing in southwest China, an area that saw rapid sales growth before the current lull.

Surging sales following the global financial crisis made China the world's biggest market for new vehicles as of 2009, and sales jumped 32 percent last year to over 18 million vehicles.

In the first quarter of 2011, sales rose just 8 percent.

Supply chain disruptions following the massive March 11 earthquake and tsunami in northeastern Japan are still hindering Japanese automakers. Honda reported that sales of its joint venture with central-China based Dongfeng Motors held steady in January-May, edging up 1.6 percent from the same period a year earlier, to 105,722.

personally gratified by the enthusiasm of the domestic manufacturers, which stepped up early to support the two-day format.

He said Chrysler Group, Ford Motor Co. and General Motors Co. have all confirmed that they would be hosting significant product announcements on both press days.

Press attendance at NAIAS back in 2008-09 lagged somewhat as the depressed global economy kept a number of foreign reporters from visiting, but since then the numbers have returned to normal, relatively speaking. NAIAS used to have three press days during the booming 1990s.

"If you want to compete in the luxury market, you have to create the right environment for customers," Mosser said.

"The new showroom greets potential buyers with a look and feel that puts us at the top of class in the luxury market."

Some details for the new showroom include:

- Limestone tile and aluminum storefront glazing;
- Photography highlighting elements in Cadillac's Art & Science design philosophy;
- Stainless steel and brushed aluminum finishes;
- Precise, theatrical lighting to highlight the vehicles;
- English Oak walls, matte porcelain tile floors;
- Rich, ultra-dark textured leather chairs and Knoll Barcelona lounge chairs;
- Polished chrome tables and lamps.

The new showroom comes as Cadillac strengthens its position in the luxury market. Cadillac launched a dramatically redesigned SRX crossover for the 2010 model year that now ranks second in its seg-

ment.

Cadillac also added the CTS Sport Wagon for the 2010 model year and the CTS Coupe for the 2011 model year. In the past year, the expanded CTS family has earned awards from *Car and Driver*, *Popular Mechanics*, *Automobile* magazine, *MotorWeek*, *Esquire*, MSN Autos and Motor Authority.

For the 2012 model year, the CTS and SRX both receive upgraded 3.6L V6 engines that increase power while maintaining the same fuel economy of their smaller-displacement predecessors.

The CTS also receives a new, bolder front grille design, touring packages, standard Bluetooth phone integration on all models and blind-zone detection on the CTS Coupe.

"The dealer image is another piece in the effort to make Cadillac the new standard of the luxury market," McNeil said.

"Combined with our new lineup and heightened focus on customer service, we're confident it will help make Cadillac a compelling choice for luxury buyers."