

Future Brightens for Carmakers Heading Into 2012

By TOM KRISHER
AP Auto Writer

DETROIT (AP) - After hitting a 30-year low in 2009, U.S. auto sales are poised for a second straight year of growth - the result of easier credit, low interest rates and pent-up demand for cars and trucks created by the Great Recession.

The sales forecast bodes well for the industry's continued recovery and for the broader American economy.

In 2009, Detroit automakers were in peril. Car sales plunged as unemployment soared, and loans became harder to get. Chrysler and General Motors filed for bankruptcy protection. Ford avoided bankruptcy only by borrowing billions.

Now credit is more available, interest rates are low and Americans need to replace old cars and trucks they kept during and after the downturn. Millions of drivers in their teens and 20s are expected to buy vehicles, too. That could mean more jobs,

more factory shifts and overall growth.

Vince Powell, a retiree from Winfield, Pa., recently traded in his wife's seven-year-old Chrysler 300 luxury sedan for a 2011 model. The old car had 145,000 miles on it, but it was the deal he got that most attracted him: a low-interest rate (2.7 percent per year), a six-year loan term and a big discount off the \$31,900 sticker price.

"I'm getting a \$300 per month payment," he said just before closing the sale at a nearby auto dealer. "I've never had a new car for 300 bucks a month."

In their effort to survive, all three Detroit automakers downsized and positioned themselves to turn profits - even if sales remained depressed. Now that sales are rising, the outlook has brightened considerably.

When final figures are calculated, 2011 sales of new cars and trucks are expected to reach 12.7 million, up from 11.5 million in 2010 and 10.4 million in 2009, the worst year

Forecasts Call for Rise in Car Sales Due to Lower Interest Rates, Easier Credit, Need to Replace Old Vehicles

since 1982.

In 2012, they could climb as high as 13.8 million, close to what experts consider a healthy market - around 14 million.

December sales could reach an annual rate of 13.4 million, which would make it the second-strongest month of the year. Only November was better.

Auto website Edmunds.com forecasts a 37 percent rise in sales at Chrysler Group LLC in December, thanks to new and revamped products such as the Jeep Grand Cherokee SUV and the Chrysler 200 midsize sedan.

Carmakers have announced plans to crank up factories and add thousands of jobs.

Last January, Ford said it would hire 7,000 workers over the next two years. During the summer, GM said it would add

2,500 at the Detroit factory that makes the Chevrolet Volt electric car.

Volkswagen hired 2,000 for a new plant in Tennessee, and Honda added 1,000 in Indiana.

The industry will add 167,000 jobs by 2015, a 28 percent increase over current levels, predicts The Center for Automotive Research in Ann Arbor.

During the summer, the auto industry was adding jobs at a faster pace than airplane manufacturers, shipbuilders, health care providers and the federal government.

It kept adding jobs even when the national unemployment rate rose above 9 percent, Standard & Poor's downgraded U.S. debt for the first time and the stock market tumbled.

Government estimates show

Americans spent roughly \$40 billion more on new cars and trucks in 2011 than in 2009.

Based on annualized figures from the first quarter of 2011, new-car spending totaled \$206 billion, or 1.3 percent of the gross domestic product, Commerce Department data shows. That compares with \$166 billion in 2009.

And the momentum in auto sales is likely to continue because people need to replace aging cars, said Jeff Schuster, senior vice president of forecasting for LMC Automotive, an automotive consulting company in Troy. The average American car is now 11 years old.

U.S. auto sales peaked at 17 million in 2005, when Detroit's automakers were much bigger and overproduced cars that they were forced to discount heavily. Sales could eventually reach that level again around 2018, said Schuster, because of 70 million so-called millennials born between 1981 and 2000 who need to set up households

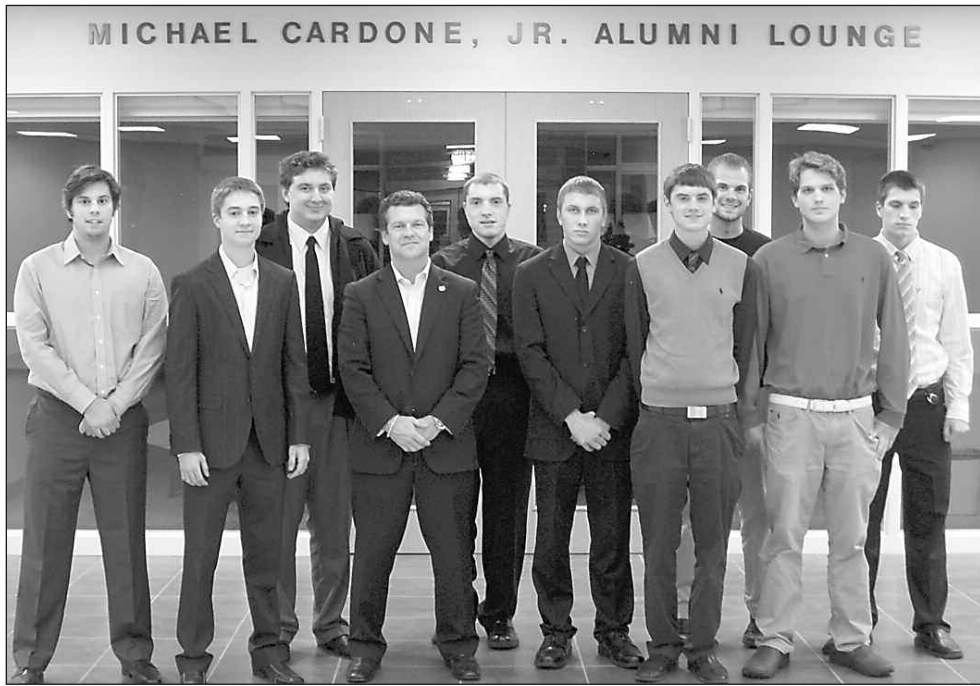
and buy cars.

Other trends emerged in 2011. Many people bought smaller vehicles as gas prices hit a record average of \$3.53 per gallon. Fuel-efficient compact cars, which have been vastly improved by automakers, are likely to unseat the midsize sedan as America's favorite passenger car for the first time in 20 years.

At the other extreme, pickups rebounded as businesses started to replace older trucks. Sales for the year were expected to rise 11 percent, and Ford's F-Series will remain the country's top-selling model, a title it has held for more than three decades.

For much of the year, U.S.-based automakers took advantage of Japanese car shortages to increase sales, especially in the compact car segment normally dominated by the Honda Civic and Toyota Corolla. Japanese companies ran short of popular models after an earthquake and tsunami disrupted production in Japan in March.

Cadillac Exec Visits Northwood



Jim Vurpillat, director for Cadillac Global Marketing, visited Northwood University in Midland. About 50 students, who are members of The Automotive Group (TAG) and the American Marketing Association (AMA), listened to Vurpillat speak about Cadillac history, Cadillac branding strategy as well as his personal career path. The students engaged the GM executive in an interesting discussion about the current automotive industry. Vurpillat, front row, third from left, is standing with some of the TAG and AMA officers at Northwood.

GM to Invest \$168 Million in Oshawa

OSHAWA, Ontario - General Motors will invest \$68 million to prepare the Oshawa Assembly Plant to build the next-generation Chevrolet Impala, securing approximately 350 jobs.

"With the investments for the Chevrolet Impala and Cadillac XTS, we are taking big steps forward to ensure we maximize the flexible manufacturing facility and high-quality workforce that exist in Oshawa," said Kevin Williams, president and managing director of General Motors of Canada.

"We are building on the recent capacity increases, product launches and shift additions at our Canadian operations to affirm that Canada will play an important role in the new GM as we continue to transform our product lineup."

Combined with the recent investment to support the launch of the Cadillac XTS in 2012, GM is committing \$185 million to Oshawa, which will create or retain approximately 750 jobs. The next-generation Chevrolet Impala is GM's

fifth new product commitment to Canada since 2009.

In order to meet customer demand and maximize the flexibility of GM's manufacturing operations, the next-generation Chevrolet Impala will be built at both the Oshawa Assembly Plant and the Detroit-Hamtramck Assembly Plant.

Oshawa has undergone many changes this past year, recently launching the Buick Regal, Chevrolet Camaro Convertible and Chevrolet Equinox, adding two shifts and securing 1,300 jobs. The plant employs more than 4,400 people,

who build the Chevrolet Camaro and current Chevrolet Impala.

"Our workforce has always worked hard to exceed expectations and execute exceptional product launches, and we're happy to receive another vote of confidence with this most recent investment," said Dan Hermer, plant manager at the Oshawa Assembly Plant.

Said Chris Buckley, president of the Canadian Auto Workers Local 222, "We have a strong track record of quality and productivity in Oshawa."

Nürburgring Provides Location For Cadillac ATS Video Series

DETROIT - The Cadillac ATS engineering team traveled to the world famous Nürburgring in Germany to give the cars an opportunity to perform in a strenuous, yet predictable environment.

There, on the Nordschleife, or "North Loop," the next chapter in the Cadillac ATS video series continues.

At this world-class road course, the team can fine-tune the ATS calibrations for the new 270-horsepower, 2.0L turbo four-cylinder and 3.6L V6 engines, along with the second-generation Cadillac Magnetic Ride Control suspension.

"No other facility in the world is like this. You can accomplish more here in one lap around the ring than you can on dozens of tracks in the U.S.," said Dave Mikels, energy and powertrain integration engineer. Mikels and his colleagues on the ATS team are Nürburgring-certified perfor-

mance test drivers.

"There are places where you're airborne, and then there are valleys where you're in full compression. There are off-camber, on-camber turns. There's no other place in the world where you can test for all of that, except here."

Cadillac monitors every aspect of the cars and can transmit that data back to calibration teams back in Michigan, who can then upload new algorithms to calibrate shock stiffness and engine dynamics to continually shave seconds off of lap times.

Additional details on the ATS will be announced at the 2012 North American International Auto Show.

The ATS, which will be revealed on Jan. 8 in Detroit, will be built at the Lansing (Mich.) Grand River plant alongside the Cadillac CTS Sedan, Coupe and Sport Wagon, and V-Series performance cars.

Retired GM Engineers Present Science in Schools

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Nick Shaskos' 5th grade classroom at Paint Creek School where Chaput and colleagues are delivering their next demo, well, it's actually some pretty sophisticated science lessons that engage the precocious youngsters quite well.

Said Thomas, "They eat this stuff up big time."

Said Anne, "They cheer us like rock stars when we come in here on our days off. It's like that at every school we go to."

Adds Thomas, "The teacher says that they put on the board: 'We have art on Monday, gymnasium on Tuesday and those guys from GM are coming on Friday.' She says the whole class breaks into applause."

The Science with the Engi-

neers curriculum mixes nicely with the learning that the youngsters are getting throughout the course of the school year.

Chaput described the interactive science experiments that the students engage in as a way for the students to engage in basic principles of engineering all without the baggage of tests and homework.

At Paint Creek School, the balsa wood airplane test flights captivated the kids' attention and they learned about the airframe's "center of gravity" along the way, how clay weights impact flight.

These are kids who grew up with Game Boys, iPods, Xbox controllers and tablet computers, so they're more savvy than they get credit for.

Said Thomas, "The tedium of learning from a book just

doesn't cut it (with today's children), if I ask for a volunteer, they all raise their hands and bolt out of their seats - it's exciting to see - they're anxious to learn.

"We probably show 8 or 10 different projects here to 2nd, 3rd and 4th, and now we're doing 5th grade here, that's a lot of visits. We're hoping that kind of gets in their mind and they want to do something in 7th and 8th grade and continue on with it."

He added that even some deceptively simple demos can be quite engaging, and eye-opening, for the young minds to consider.

"The first one was a pulley and a weight - a block and tackle. Why is it so easy to pull a block and tackle but not so easy to lift the weight? I thought, if we could explain it

to the kids in real basic terms, it would be a little bit exciting.

"To show how the horsepower formula mixed in with that, the James Watt formula mixed in with that," he said.

Other hands-on demos reflect the theories of famous scientists as varied as Sir Isaac Newton, Daniel Bernoulli, Robert Goddard, Michael Faraday and more.

Those interested in more details may visit www.SciencewiththeEngineers.com.

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