

# Busy Auto Plants Are Keeping Unemployment Rate Steady

By CHRISTOPHER S. RUGABER  
AP Economics Writer

WASHINGTON (AP) — The number of people seeking U.S. unemployment benefits plunged last week. But a big reason is that automakers skipped some of their usual summer shutdowns to keep up with demand, leading to fewer temporary auto layoffs.

Economists expect the number of Americans seeking unemployment aid to go back up in coming weeks.

The auto industry's recovery has helped support the struggling U.S. economy. Sales

of new cars and trucks surged in June. Automakers also began Independence Day promotions early, lifting sales at the end of the month.

That may largely explain why weekly applications for unemployment aid dropped 26,000 last week to a seasonally adjusted 350,000 — the fewest since March 2008.

"Take July with a grain of salt," Jill Brown, an economist at Credit Suisse, said in a note to clients. The auto shutdowns "often cause extreme volatility."

Automakers traditionally close their plants for the first

two weeks in July to prepare them to build new models and their employees file for unemployment benefits.

But Ford Motor Co. said in May that it would reduce its usual two-week closing to only one week.

And Chrysler said May 3 that it would Chrysler, for instance, canceled the normal two-week break at three factories.

Applications for unemployment benefits measure the pace of layoffs. When they consistently fall below 375,000, it generally suggests hiring is strong enough to re-

duce the unemployment rate. They have fluctuated at or above that level since April.

At the same time, hiring has slowed sharply compared with the first three months of the year. Employers added only 80,000 jobs in June, the third straight month of weak hiring.

The unemployment rate was stuck at 8.2 percent.

Job gains have averaged only 75,000 per month for in the April-June quarter. That's roughly a third of the 226,000 average monthly gains in the first quarter.

Employers advertised more

job openings in May after a sharp drop in April, according to a government report released Tuesday. That suggests the job market is stabilizing.

Still, more jobs are needed to lower painfully high unemployment and boost pay for those who are working. Wages have barely kept up with inflation over the past year, which has led consumers to pull back on spending.

Consumer spending is critical because it drives roughly 70 percent of growth. But the economy isn't growing quickly enough to encourage more

hiring. The economy grew at an annual rate of just 1.9 percent in the first three months of the year.

Most economists don't expect growth picked up in the April-June quarter. And some predict that it weakened.

The Federal Reserve downgraded its outlook for the economy this year. It now expects growth of just 1.9 percent to 2.4 percent for 2012.

That's half a percentage point lower than the range it estimated in April. The Fed also says the unemployment rate won't fall much further this year than it has already.

## Analysts Question Whether 2-Seat 'Neighborhood' EV Will Succeed

By JEFF AMY  
Associated Press

JACKSON, Miss. (AP) — An electric car maker planned another coming-out party last week in North Mississippi.

GreenTech Automotive says it will unveil its MyCar electric vehicle line in Horn Lake, just south of Memphis, Tenn. Some auto industry analysts have questioned whether the company will succeed.

MyCar is a two-seat neighborhood electric vehicle, a

cross between a golf cart and conventional car, with a 115-mile range.

The company has said it plans to sell a "sizeable percentage" of products to Denmark over several years. In the United States, such vehicles are allowed only on streets with speed limits of 35 mph and below. The vehicles are supposed to recharge from household electric outlets and sell for about \$10,000.

GreenTech announced in 2009 it would build a massive

factory in Tunica County, Miss., unveiling four models of full-sized electric cars at a Tunica casino. Those plans changed, though, after McAuliffe got involved and GreenTech acquired MyCar.

GreenTech had said it would start production in late 2011, but missed that deadline. The company said it still plans to build a 200,000- to 300,000-square-foot factory in Tunica County. It also says it plans to progress from neighborhood electric vehicles to

full-sized cars. But for now, it's leasing a former elevator factory in the Memphis suburbs of DeSoto County, Miss.

Sally Williams, spokeswoman for the Mississippi Development Authority, said that the state hasn't provided any assistance to the Horn Lake operation.

She said Mississippi is "committed" to providing infrastructure aid, tax breaks and a loan to Tunica County to buy land there. However, Williams said she had no esti-

mate of the value of that projected assistance and said details haven't been finalized be-

cause GreenTech "is still assessing its needs related to its Tunica County plant."

## Kenneth Frier is Put in Charge Of UAW Retiree Health Trust

DETROIT — Kenneth Frier has been appointed chief investment officer (CIO) of the UAW Retiree Medical Benefits Trust, effective Aug. 1.

Frier most recently served as CIO of the Stanford Management Company and held similar positions at Hewlett Packard and Disney.

The UAW Retiree Medical Benefits Trust provides access to health benefits for 840,000 General Motors, Chrysler, and Ford hourly retirees.

The Trust is an independent entity formed in 2007 as a result of collective bargaining agreements between the UAW and Chrysler, Ford and General Motors. The Trust has approximately \$54 billion in assets.

The announcement of Frier's appointment was made last week by Robert Naftaly, chairperson of the Trust.

"The Trust has a unique mission to serve as a source for retiree health care coverage for nearly one million members over time," said Naftaly.

"This mission requires the Trust to be a responsible steward of its assets. Ken's strength is managing risk, which will help the Trust create a customized investment strategy to meet its long-term needs."

Frier's background, which includes both pension and endowment asset management, is uniquely suited to the needs of the Trust, according to Adam Blumenthal, chair of the Trust's Investment Committee and partner, Blue Wolf Capital Partners.

"The Trust is a hybrid. While not a pension or an endowment, the Trust has characteristics of both," said Blumenthal, who chaired the CIO search committee.

"The Trust has a defined population of retiree mem-

bers with a relatively predictable set of health benefit needs. The invested assets of the Trust fund the health benefits.

"Ken's familiarity with both pension and endowment investment strategies is what attracted the Trust to Ken. Ken also brings a track record of success in using investment risk analysis to optimize investment returns. We will learn from Ken's experiences."

Frier served as CIO at Stanford Management Company in 2010 and 2011. Previously, he spent 10 years with Hewlett-Packard Company, including serving as CIO from 2007 to 2010 managing \$33 billion in retirement plan assets.

From 1999-2000, Frier was executive vice president and chief financial officer with firstsource.com. From 1991-1999, Frier served as vice president, corporate treasury with The Walt Disney Company, where he spent two years overseeing the \$2.5 billion retirement plan assets.

Frier will relocate to Michigan from California.

The national CIO search was conducted by Spencer-Stuart.

## U.S. Files China Anti-Dumping Complaint with WTO

By JOE McDONALD  
AP Business Writer

BEIJING (AP) — China's government said last week it will "properly handle" a U.S. complaint to the World Trade Organization about its anti-dumping duties on auto imports and doesn't want the latest in a string of trade disputes to harm relations.

"It is normal for frictions to occur," said a foreign ministry spokesman, Liu Weimin, at a regular briefing. "What is important is to properly handle it and not to let it impede friendly relations."

The U.S. complaint adds to a series of disputes with Beijing over market access for goods ranging from poultry to steel. Political tensions over trade

are mounting as governments try to boost exports at a time of slumping global demand.

Washington accused Beijing of improperly imposing anti-dumping duties on American-made autos worth \$3 billion. The Chinese duties of 2 to 21.5 percent affect cars and SUVs with engine capacity of 2.5 liters or larger.

A Commerce Ministry statement said Beijing will "properly handle the request for consultations under the WTO dispute settlement procedures" — the first step in resolving a complaint.

If consultations fail to resolve the issue, Washington can request a WTO dispute panel. A ruling can take 18 months to two years.

WTO rules allow countries

to raise import duties to offset improper subsidies and dumping. The United States contends China has imposed anti-dumping duties improperly to obstruct imports of U.S. goods and shield its own producers. Last month, the U.S. successfully challenged Chinese tariffs imposed on American steel products and has also objected to tariffs on chicken products.

The Chinese duties cover more than 80 percent of U.S. auto exports to China and fall disproportionately on General Motors and Chrysler because of actions Obama took to support the auto industry during the financial crisis, according to White House spokesman Jay Carney.

In March, the U.S., the Euro-

pean Union and Japan filed a WTO challenge to Chinese curbs on exports of rare earths used in making mobile phones and other high-tech products. China has about 30 percent of the world's rare earths deposits but accounts for more than 90 percent of production.

China's trading partners say export quotas and other controls raise the price of rare earths abroad, giving its manufacturers an unfair advantage. Beijing says the curbs are for environmental protection, not intended to help Chinese companies.

In December, Chinese Commerce Minister Chen Deming defended the duties on U.S.-made vehicles as legal under international rules.

## Stracke Leaves GM Europe Post For Assignment With Akerson

RUSSELSHEIM, Germany — General Motors Europe President and Opel/Vauxhall CEO Karl-Friedrich Stracke has stepped down from his position to take on special assignments reporting to GM Chairman and CEO Dan Akerson.

GM Vice Chairman Steve Girsky, currently chairman of the Opel Supervisory Board, will serve as acting head of GM's European operations as the company searches for a replacement.

Stracke, 56, was president, GM Europe and chairman of the Management Board of Adam Opel, in charge of all Opel/Vauxhall operations. He led the effort to put Opel/Vauxhall on a path toward sustained profitability amid a massive European economic downturn.

The Opel Supervisory Board will be convened soon to appoint an interim chairman of the management board.

"Karl Stracke worked tirelessly, under great pressure, to stabilize this business and we look forward to building on his success. We appreciate Karl's many contributions to GM's success," Akerson said.

"I am leaving my current position knowing that



Steve Girsky

Opel/Vauxhall has a bright future," Stracke said. "And I am looking forward to taking on new challenges for GM and Dan Akerson."

## Polk Promotes Brad Korner

SOUTHFIELD — Brad Korner has been promoted to vice president, sales and client services — Automotive Retail Solutions (ARS) at Polk.

In his new role, Korner will lead the ARS and Media Group with responsibility for managing and growing these businesses.

"We are excited to welcome Brad to this role," said Kendra Rawls, senior vice president of global sales and marketing at Polk.

"His proven track record and extensive industry experience, combined with his stronger focus on customer relationships, will serve as a great asset to Polk customers and prospects."

Korner, a 30-plus-year customer relationship management veteran, has been with auto consultants Polk in Southfield since 2004.

He previously served as director of sales and client services for the ARS group. Korner will continue to direct the ARS group until a replacement is named.

Prior to joining Polk, Korner spent nearly 24 years with Reynolds and Reynolds, a well-respected provider of automobile dealership software, services and forms, in a variety of sales and client service positions.

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