# **Detroit Auto Scene**

"FIRST IN THE HEART OF DETROIT"

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**DECEMBER 17, 2018** 

### **U.S. TAX CODE COULD AFFECT ALL AUTOMAKERS** GM Asks Congress to Lift 200,000-Unit Cap on EV Deduction

WASHINGTON (AP) - General verge of being phased out of the Motors is fighting to retain a tax credit program unless Convaluable tax credit for electric vehicles as the nation's largest automaker contends with the political fallout triggered by its plans to shutter several U.S. factories and shed thousands of workers.

Preserving the \$7,500 tax incentive for buyers is crucial for GM as the company pivots from internal combustion engines in favor of building cars powered by batteries or hydrogen fuel cells. Yet the layoffs and plant closings could imperil GM's push to keep the incentive.

It helps make plug-ins such as the \$36,000 Chevy Bolt more affordable at a time when competition from other electric vehicle makers is heating up.

GM faces opposition from President Donald Trump and other Republicans who consider the credit a waste of taxpayer money and want it eliminated. Trump, who has pledged a manufacturing rebirth in the Midwest, reacted angrily to GM's "transformation" announcement late last month, declaring that his administration was "looking at cutting all GM subsidies, including for electric cars."

gress changes a law that caps the break at 200,000 vehicles per manufacturer.

Without the incentive, GM may be forced to cut the price of its electric cars to keep prospective customers from taking their business elsewhere, according to automotive industry experts.

As evidence of the credit's importance to GM's future, the automaker has expanded its lobbying footprint in Washington and even joined forces with two rivals, Tesla and Nissan, to call for the 200,000-vehicle limit to be scrapped.

Standing in the way of that goal is Sen. John Barrasso, R-Wyo., the chairman of the Senate Environment and Public Works Committee. Barrasso introduced legislation in October to abolish the tax credit, a move he said would save about \$20 billion over the next 10 years.

He has argued the market for electric vehicles is already established and "no longer needs the crutch of government assistance."

"The idea of the subsidies had to do with trying to make sure that electric vehicles would be a viable technology," Barrasso The company already is on the said. "Well, that's clearly there."



Without a tax credit, GM could be at a disadvantage selling the Bolt.

The tax credit came up briefly during a private meeting on Dec. 5 between Ohio's senators, Republican Rob Portman and Democrat Sherrod Brown, and GM chief executive Mary Barra, according to a congressional aide familiar with the conversation.

As part of the restructuring, GM said it will stop making the Chevy Cruze at its Lordstown, Ohio, plant by March and is con-

sidering closing the plant for good.

Portman told Barra that it's difficult to help with priorities such as the electric vehicle credit when GM is moving production out of Ohio, according to the aide, who was not authorized to publicly discuss the private conversation and spoke on condition of anonymity.

**CONTINUED ON PAGE 2** 

Pearson

# **Color Choices Brighten This Year for Consumers**

Axalta Coating Systems has re- thinking, it's no coincidence that leased its 66th annual Global Automotive Color Popularity Report, which shows white as the global leader in consumer vehicle color choice in 2018.

At an astounding 38 percent, white held its top spot with a significant gap ahead of secondplace black (18 percent) and a third-place tie between silver and gray (12 percent), said Axalta spokesman John Wray.

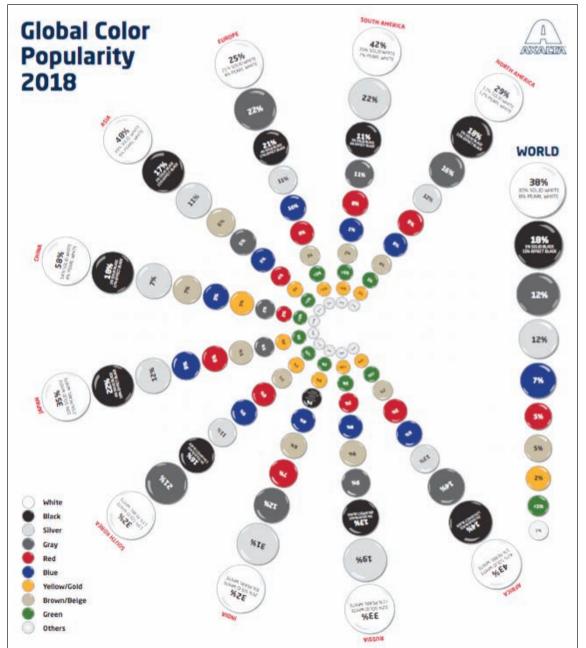
Regionally, black and gray saw significant increases in notable areas. Black jumped in China (5 percent), Asia (3 percent), South Korea and Africa (both 2 percent). Gray gained ground in Africa (3 percent) and Europe (2 percent).

"We have witnessed an emerging trend toward warmer shades along with color combinations with black to challenge white's position," said Nancy Lockhart, Axalta Global Color Marketing Manager. "Although neutral spaces are the headliners. there is an indication of a return to color to change the automotive landscape. Blue is most popular outside the neutrals and holding strong at seven percent of the market, increases of orange and bronze are popping up and gaining interest."

white is the most popular color in all regions across the globe. It also explains why black, gray and silver are the next most popular colors

Regional highlights from the 2018 report include:

- Asia: Even with a one percent drop, yellow/gold is most popular worldwide in India and China. Blue is being reimagined in Japan as an ecological friendly shade. In Korea, black increased two percent.
- Europe: Europe is experiencing an upward trend of gray with a two percent increase.
- North America: Brown/beige experienced a two percent



### Key Changes At FCA, Ford

As the year 2018 comes to a close, both FCA and Ford have made changes to their respective executive staffs.

FCA CEO Mike Manley said in a







Stewart



Keegan

Kent

Worthington

Wray said that the study shows that consumers pick the "safe" choices most.

"That makes sense," Wray said. "For most people, purchasing a car is the largest or secondlargest purchase they will make. So most people will pick a safe ta's report is the automotive incolor. The size of the purchase makes experimenting with color intimidating."

Wray said because of this

year-over-year increase the biggest gain for any region.

- Russia: The most popular region for brown/beige at nine percent, Russia is followed by China at seven percent.
- South America: Red decreased one point to eight percent making this region second only to North America (9 percent).
- South Africa: Orange shows an increase from 2017 and 3.6 percent of all vehicles fall into the "Others" category.

First published in 1953, Axaldustry's longest running and most comprehensive color ac-

CONTINUED ON PAGE 2

A study of global vehicle color popularity in 2018 showed only slight differences among regions.

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### **Key Changes** At FCA, Ford

**CONTINUED FROM PAGE 1** 

Dec. 6 email to FCA employees worldwide Manley named his senior executive staff, where he stated that "in early October we announced senior executive changes that underscored the depth of expertise we have leading FCA.

"Mark Stewart is named Chief Operating Officer (COO) of our North America region." Manley noted that Stewart joins FCA from Amazon, "a company known for its culture of innovation, and obsession with delivering incredible value to customers.

"Most recently, Stewart served as Amazon's vice president of Operations, overseeing customer fulfillment across 200 facilities with 180,000 employees. Mark also has significant automotive experience, serving as the COO of automotive components supplier ZF TRW.

Niel Golightly was named Global Chief Communications Officer. Niel joins FCA from Shell Oil Company where he served as the vice president of External Relations Americas. He has also worked in a number of roles for Ford.

Mike Keegan was named Chief Audit, Sustainability and Compliance Officer. He previously served as Global Head of Communications, and is replacing Alessandro Baldi who has announced his intent to retire in the first quarter of 2019.

At Ford, Trevor Worthington was appointed vice president, Global Product Development Operations & Vehicle Programs.

In this new role, Worthington will lead Ford's global vehicle programs and be responsible for coordinating the company's product development resources to bring new products to market and will also have responsibility for driving competitive material costs and engineering expenses in the development cycle, said Ford spokeswoman Lori Arpin.

GM in early August named a former Trump White House offi-

to salvage the credit for GM is

Kent Hance, a former chancellor

of Texas Tech University who is

well connected in GOP circles,

fundraiser for the campaigns of

outgoing House Speaker Paul

Ryan, R-Wis., Senate Majority

Leader Mitch McConnell, R-Ky.,

House Majority Leader Kevin Mc-

Carthy, R-Calif., and others. He

has known Rick Perry, the energy

secretary and former Texas gov-

ernor, for nearly 30 years.

Hance lists his role as a

according to his online profile.

Worthington, 55, will continue to report to Hau Thai-Tang, executive vice president, Product Development and Purchasing.

Additionally, three long-serving global executives - Kenneth R. Kent, vice president and treasurer; Joe Bakaj, vice president, Product Development, Ford of Europe; and Bill Russo, vice president, Manufacturing, Ford of Asia Pacific, will be retiring from the company, effective at the end of the year.

Kent became vice president and treasurer on Aug. 1, 2017. He has held several leadership positions in Finance, including controller of The Americas and executive director, Investor Relations. Kent has also served as vice chairman and chief financial officer, Ford Motor Credit Company.

Graham Pearson, 52, takes over leadership of Product Development in Asia Pacific and China. Over his 31-year career with the company, Pearson has served in a variety of product development positions in China, Australia and the U.S.

David Webb, assistant treasurer, will take over as Treasurer. Webb joined Ford in 2003 and holds a bachelor's degree in economics from Wheaton College and a master's of business administration from the University of Michigan.

Bakaj became vice president, Product Development, Ford of Europe, in November 2013. He has more than 30 years of Ford product development experience having served as vice president, Powertrain Engineering, and vice president, Global Product Programs, in addition to his current role.

His replacement is Joerg Beyer, executive engineering director, Ford of Europe.

Russo has served as vice president, Manufacturing, Ford of Asia Pacific, since January 2016.

One of the lobbyists working cial, Everett Eissenstat, its senior vice president for global public policy, a post that oversees the company's lobbying operations. Eissenstat, however, is not registered as a lobbyist, according to disclosure records filed with Congress. Before coming to GM, he was Trump's deputy assistant for international economic affairs.

Tax Code, EVs, and the Automakers

#### Under federal law, the \$7,500 credit for buyers begins to phase out after a manufacturer has sold 200,000 qualifying electric vehicles. GM has estimated it will hit **CONTINUED ON PAGE 9**

**Colors Brighten In** '18 for Consumers

#### **CONTINUED FROM PAGE 1**

count. Compiled and designed by Axalta's global color experts, the report gives automotive OEMs captivating insights into consumer preferences, aiding them in making informed decisions on auto colors.

According to Annie You, Axalta OEM Color Designer - China, Axalta customers value the annual report and some of the understated trends it unveils. "In China, white may have peaked in 2017 at 62 percent. This year, it's 58 percent, well above any other region.'

Elke Dirks, Axalta OEM Color Designer - Europe, Middle East, Africa, points out a regional preference for gray. "For the first time in the history of our reporting, gray ranks second in the region, making it a major player in the neutrals space.'

Wray said that this report shows that the colors brown/beige have gained some popularity. It has grown in Asia and Russia – 9 percent in Russia and 7 percent in China.

'This shows that a little color is sneaking in, in terms of popularity," Wray said. "I personally think that's a good thing. We make a lot of money selling white paint, but things are a little better with more color in the world.

#### Ford is Moving 250 Van Dyke **Employees**

Reports in the media state that Ford will be moving some employees out of the company's transmission plant in Sterling Heights.

Bloomberg News reported that a letter posted inside Ford's Van Dyke Transmission Plant by UAW Local 228 leaders stated the factory faces a possible indefinite layoff in March 2019.

The letter further stated that Ford and the UAW are working to avoid layoffs and project jobs. Ford spokeswoman Kelli Felker told Bloomberg that all full-time hourly employees would be offered jobs at other Ford plants.

#### Silverado Meets Highest **Performance Demands**

There is more than one kind of pickup truck customer, so it makes sense that there is more than one kind of Chevrolet Silverado.

Chevrolet knows no two truck customers are the same, and as such continues to expand its truck franchise with five distinct trim levels for the new Silverado HD: Work Truck, Custom, LT, LTZ and range-topping High Country, said GM spokesman Mike Ofiara.

This follows the expanded range of customer choices on the new Silverado 1500, which has eight distinct trim levels, Ofiara said. As with the 2019 Silverado 1500, each 2020 Silverado HD model offers a different level of design, features and technology to meet the individual and rigorous demands of HD pickup truck owners.

"Truck customers are very clear: They want the perfect truck for them and not a 'one size fits most' truck compromised for the masses," said Mike Simcoe, vice president, Global Design, General Motors. "That insight shaped our strategy for the next-generation Silverado franchise, providing customers more differentiation between the Silverado 1500 and the Silverado HD as well as more personalization and differentiation between individual trim levels."

For example, each of the Silverado HD models features distinct exterior design details including grilles featuring either the Chevrolet stamped bar or the iconic Chevrolet bowtie and a mix of black, body color, chrome or the two-tone metallic trim exclusive to High Country models, Simcoe said.

"We took into account every detail of what customers expect, and how they will use their truck," said Simcoe. "The results are unique versions of the Silverado HD equally at home working on a construction site or pulling a camping trailer.'

The 2020 Silverado HD goes on sale in mid-2019. Simcoe said that people interestd in learning more about the new pickup should stay tuned for more details about the new 2020 Silverado HD - including images of Work Truck, Custom and LTZ closer to launch.



2020 Silverado HD HighCountry





Russo

#### Ally Financial Gives for the Holidays

Ally Financial is showing its appreciation for its dealer customers this holiday season with a series of donations across the country targeted at dealership employees and communities facing adversity. In all, Ally will give approximately \$50,000 to help dealership employees and communities overcome the impacts of hurricanes, fires, floods and other personal setbacks, said Ally spokeswoman Ann Smith.

We care about our dealers and these holiday gifts are a way to show we are here to support them," said Doug Timmerman, president of Ally Auto Finance. "For those dealers who have weathered particularly challenging circumstances, some extra support can boost the wellbeing of their employees, businesses and communities."

Donations being made include contributions to employees and

charities supported by Alma Chrysler, Dodge, Jeep, and Ram following a fire that destroyed the dealership in November.

Van Dyke Transmission employs about 1,550 and produces transmissions for Explorer, Edge, Escape and Flex SUVs and Transit Connect vans.



# **Detroit Auto Scene**

**DECEMBER 17, 2018** 

"FIRST IN THE HEART OF DETROIT SINCE 1933"

PAGE 3

## **Global Automakers Building More SUVs to Meet Demand Consumer Preferences Driving OEMs to Change Vehicle Portfolio**

by Jim Stickford

The growing popularity of SUVs and CUVs is not something limited to the United States.

According to JATO Dynamics, an international provider of automotive business intelligence based in Britain, 2017 marked another record year for global car sales and SUVs.

According to a JATO report issued in early 2018, as the global economy stabilized, the car industry benefited from positive growth in most regions.

The report noted that SUV global sales in 2017 continued to increase. In 2014, SUVs accounted for about 16.66 million vehicle sales. That is 22.4 percent of total automotive sales globally.

The JATO report show that in 2015, 20.23 million SUVs were sold, accounting for 26.5 percent of vehicle sales. In 2016, 24.71 million SUVs were sold, accounting for 30.8 percent of total vehicle marketshare. By 2017, 27.85

million SUVs were sold, earning 34 percent marketshare.

JATO's analysis of 52 markets found that car sales totaled just over 86 million units in 2017, 2 million more units than the total registered in 2016, which equates to a 2.4 percent increase. Most of this growth was driven by SUVs, which accounted for 32.4 percent of the total market (LCVs included) and almost 34 percent of the passenger car market, Light Commercial Vehicles (LCVs) excluded). There was a record of 27.85 million new SUVs sold in 2017 - up by 12.7 percent compared to 2016 - confirming that the SUV boom is more than just a fad," the 2018 JATO report stated.

The report broke down 2017 SUV sales by region. They are:

• North America - U.S., 7.03 million for a 6 percent increase; Canada, 820,000 for a 9 percent increase; Mexico, 321,000 for an 8 percent increase.

• South America – A total of 629,000 SUVs were sold for a 39.8 percent increase; Brazil, 405,000 sold for a 37 percent increase; Chile, 117,000 sold for a 39 percent increase; Argentina, 107,000 sold for a 51 percent increase. • Europe, Middle East, Africa (EMEA) – 5.51 million SUVs sold, representing a 19.2 percent increase. Germany, 847,000, for a 16 percent in-

crease; United Kingdom, 812,000 for a 7 percent increase; France, 659,000 for a 28 percent increase; Russia, 623,000 for a 22 percent in crease; Italy, 585,000 for a 23 percent increase.

Asia-Pacific sold 1.74 million SUVs for a 32 percent in crease. India 692,000 for a 32 percent increase; Australia, 439,000 for a 5 percent increase; Indonesia, 148,000 for a 13 percent decline; Taiwan, 148,000 for a 19 percent increase; Thailand, 112,000 for a 4 percent increase; China, 10.73 million for a 13.2 percent increase; Japan, crease; South Korea, 500,000 for a 2.8 percent increase.

JATO's report stated that for "the first time in their history, SUV sales exceeded 10 million 502,000 for a 29.5 percent in units in China, with 10.73 million

**CONTINUED ON PAGE 4** 



Even luxury automaker Rolls Royce has an SUV - the 2019 Cullinan.

### Gladiator Truck is a Jeep

tor truck to its lineup at the Los Angeles Auto Show in November.

The Gladiator had a storied history with the Jeep brand. FCA's Website gave a brief history of the model.

It was first introduced in the 1963 model year. The Gladiator full-size pickup trucks shared the same platform, front-end styling, and powertrain as the Wagoneer. In late 1965, the J-200 and J-300

Jeep reintroduced the Gladia- Gladiators became known as the J-2000 and J-3000 respectively. The Gladiator name was dropped in 1971, after which the pickup line was known as the J-Series through 1987.

Trevor Dorchies, manager, Jeep Product Communications and Media Relations, responded to some questions about the new Gladiator.

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### **Club GM Seeks Donations**

of new, unwrapped hats, gloves, scarves, shoes and socks (children and adult sizes) to give to local shelters this holiday season

"Please drop off your donations at Club GM store locations at the Global Technical Center in Warren (VEC, first floor) or Global Propulsion Systems in Pontiac (Building B, next to the Propulsion Museum) no later than Wednesday, Dec. 19," said Club GM president Cathy Glaser. "I want to say that cash and checks can also be donated.'

Glaser said the organization has a long history of collecting for charity. The clothes donated will be distributed to those in need via several local shelters that have previousy worked with the Club.

Joe Brooks, director of Com-

Club GM is seeking donations ing out those who need help is part of what Club GM does.<sup>3</sup>

Katie Murphy, head of Special Events for the Club, said that, as of a week before the deadline, the donations have been generous

"We filled one box that is three feet by three feet by three feet completely up at our VEC site," Murphy said. "We've done the same at our Pontiac location, but we can always use more. Some kind soul donated two brandnew winter coats, so now we can donate hats, gloves and coats. We still have some time left and we hope that others will be generous this holiday season.'

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munity Involvement at Club GM, said that while the organization donates to more than 50 charities over any given year, it's important to donate warm clothes during the winter months.

"Club GM has been around for many years," Brooks said. "And all during that time, we've worked to help people less fortunate than us in our community. We've been blessed and this is just something we can do to help out."

Shelters receiving donated clothing include the Ennis Center for Children, which has facilities in Flint, Pontiac, Port Huron, Detroit and Monroe, Brooks said. They also give clothing to the Mary's Children Family Center in Clawson, as well as the Grace Centers of Hope, which have facilities in Pontiac, Sterling Heights and Waterford Township.

"It's never too late to give," Brooks said. "It gets very cold in the winter in Michigan and help-

AAA forecasts that more than one-third of Americans will travel this holiday season.

The record-breaking 112.5 million travelers taking to the nation's runways, roads and rails for the year-end holidays represents a 4.4 percent increase over last year and the most since AAA has been tracking holiday travel, said AAA spokeswoman Maria Violette.

For the more than 102 million people who will pack up their cars for a holiday road trip, IN-RIX, a global mobility analytics company, predicts travel times in the most congested cities in the U.S. could be as much as four times longer than a normal trip.

The year-end holiday travel period is defined as Saturday, Dec. 22 through Tuesday, Jan. 1, 2019.

The 11-day span is one day longer than last year, due to Christmas and New Year's Day falling on Tuesdays this year.

### **Portfolios Changed to Meet SUV Demand**

**CONTINUED FROM PAGE 3** 

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being sold in 2017. Volume grew by 13.2 percent as it was boosted by strong growth at GM, VW Group, Geely, Renault-Nissan, GAC, Dongfeng and SAIC. The Chinese SUV market is split by Chinese makers (52percent) and foreign brands (48 percent). China was also the market where SU-Vs made up the largest percentage of its total sales, with the segment counting for 41.6percent of the market. This was followed by North America (39.3 percent) and Europe-31 (29.5 percent).

The segment made up the small- SUVs in 2017 for a 53 percent inest percentage in Japan and Korea (17.4 percent) and Latin America (19.2 percent).'

The report even broke down SUV production by automaker. Toyota, for instance, sold 1.944 million SUVs in 2017.

That represents a 30 percent increase over the previous year. Nissan sold 1.85 million for a 13 percent increase. Honda sold 1.825 million for a 12 percent increase.

Automakers not known for their SUVs also reported strong sales. Volkswagen sold 868,000

rease, while Peugeot sold 543,000 for a 70 percent increase.

Even luxury brands were getting in on the act, according to JATO. Mercedes sold 766,000 for an 18 percent increase, and BMW sold 668,000 for a 10 percent increase.

Even Rolls Royce has introduced an SUV to the market. The Cullinan was first revealed to the marketplace in May of 2018. It has a starting price of about \$325,000 and will be reaching Rolls Royce showroom floors in early 2019.

### **FCA Issues No Comment On Mack Engine II Rumors**

by DAVID KOENIG AP Business Writer

Fiat Chrysler will open another assembly plant in the Detroit area, according to a person familiar with the automaker's plan.

The source said the plant will produce SUVs but did not specify when it will open or how many jobs it will create. The person spoke on condition of anonymity because the plan has not been made public.

Fiat Chrysler declined to comment on the rumors that have appeared in the automotive media.

The Detroit News reported Dec. 6 that the company plans to reopen a former engine plant on the city's east side to make Jeep Grand Cherokee SUVs with three rows of seats starting with the 2021 model year.

The FCA plant will employ 100 to 400 people, the newspaper said. The Mack Avenue Engine II plant has been shuttered since 2012.

Fiat Chrysler has seen strong sales of light trucks and SUVs, including its Jeep and Dodge Ram models, helping boost November U.S. sales to more than 181,000 vehicles, its best November in 17 vears

Sales of the Ram line jumped 44 percent, but sales of Chrysler cars and minivans slumped 21 percent.

This comes as no surprise to executives at FCA. The company's chief financial officer told investors in June that trucks and SUVs would account for 80 percent of revenue by 2022.

Fiat Chrysler's decision to open another assembly plant comes as other automakers are retrenching. General Motors announced last week that it plans to cut up to 14,000 jobs in North America and consider closing five plants as it abandons many cars in favor of trucks and SUVS, as well as autonomous and electric vehicles.

President Donald Trump ripped GM for the cuts, which will include salaried workers and employees on factory floors. Trump has promised more jobs in the auto industry. At a rally last summer near a GM plant in Ohio, he told the crowd that jobs are "all coming back.'

Lawmakers in both parties have also blasted General Motors, complaining that the company could be using savings from recently lowered federal taxes to employ more Americans, not fewer.



Jeep revived the Gladiator truck after more than thee decades.

### **Gladiator Truck a True Jeep**

#### **CONTINUED FROM PAGE 3**

What challenges did you face creating the new Gladiator?

The Gladiator is 100 percent Truck and 100 percent Jeep. Throughout the development process, the engineering team was challenged with balancing both the on road and off road performance requirements. We made sure the Gladiator was the best truck in segment as an every day driver that is capable of towing boats, or carrying ATV's and Motorcycles to places that only a Jeep can go.

What technological issues did

on getting away for the weekend with the boat, dirt bikes or ATV and taking on any off road challenges.

How does this stand up to Jeep heritage? Gladiator hasn't been a Jeep model for decades.

The Jeep Gladiator builds on a rich heritage of tough, dependable Jeep trucks, offering rugged utility and uncompromising 4x4 performance. The new 2020 Gladiator is the latest in a long line of dependable Jeep trucks. With best in segment ground clearances and off road hardware like like 33" All Terrain Tires, Locking Axles and disconnecting sway

### **Proton Banks on X70 SUV to Drive Growth**

KUALA LUMPUR, Malaysia (AP) - Malaysian national car maker Proton launched its first SUV on Dec. 10 in a fresh effort to transform its stale brand and turn around its fortunes, more than a year after China's Geely Holding Group Co. Ltd. bought a key stake in the company.

Prime Minister Mahathir Mohamad launched the 1.8 liter (0.48 gallon) engine X70 and expressed hopes for Proton's recovery. The X70 is based on Geely's Boyue vehicle, which is one of China's best-selling SUVs. It is priced from 99,800 ringgit (\$23,800) to 123,800 ringgit (\$29,540), making it competitive with Japanese and South Korean brands.

Proton, founded in 1983 as part of Malaysia's industrialization push, was once king of the country's roads but its sales suffered because of growing competition and a reputation for poor quality and bland models. Proton independent auto brands. Foundwas privatized in 2012 and its new owner, conglomerate DRB-Hicom Berhad, sold a 49.9 percent stake to Geely in June last vear after it failed to revive the carmaker. DRB-Hicom retains

50.1 percent equity in loss-making Proton.

Geely, which also owns Sweden's Volvo Cars, last year said it will inject \$40 million into Proton as part of its stake purchase. Proton has a distribution network in some key markets in the region and the deal gives the Chinese company a platform to expand in Southeast Asia, where non-Japanese brands often struggle.

Proton said in a statement that the X70, its first vehicle jointly developed with Geely, will help transform perceptions of its brand. It said bookings for the car opened in September ahead of the launch and that it has received more than 10.000 orders.

The X70 "introduces Proton to a new market segment and is the key catalyst for the total rejuvenation of the brand," the company said.

Geely is one of China's biggest ed in 1986 as a refrigerator manufacturer, it started producing motorcycles in the 1990s and launched its first car in 2002. It bought Volvo from Ford Motor Co. in 2010.

Geely has said it will make Malaysia a manufacturing hub for right-hand-drive vehicles for its global sales. Geely recently also agreed to help upgrade Proton cars for sale in global markets.

Proton's tie-up with Geely also marked a turning point in Malaysia's auto policy. The government has long resisted efforts to sell off any key stake in Proton, seen as a national icon.

Mahathir, who started Proton when he was prime minister for 22 years until his retirement in 2003, last year slammed the sale to Geely, saying it was like "losing a child.

He returned to power a second time after leading an alliance to oust the country's long-ruling coalition in May elections.

At the launch Dec. 12, Mahathir praised Proton's progress since its partnership with Geely. He said he was impressed with technological advances such as better security and voice command features in the X70. He urged Proton to continue to produce strong car models that can make Malaysia proud.



you have to overcome? (for example, did vou have to make the transmission smaller, or did you have to get around aerodynamics with better powertrain performance).

We widened the grille slots for additional air intake to assist with the increased towing capacity. To achieve best-in-class 4x4 payload, the rear five-link coil suspension design, exclusive to Gladiator, features two upper and two lower forged steel control arms for longitudinal control, and a track bar for lateral axle control.

The control arms are located under the frame rails while the rear shocks are forward facing to provide consistent damping for ride comfort and load management.

#### What makes a Jeep truck versus a Ram?

Gladiator features an all-new frame that's exclusive to it along with a rear suspension configuration. Gladiator is focused more

bars, the Gladiator proves that it has earned the Jeep Badge.

#### What was the biggest surprise when developing the Gladiator?

Development progressed as expected. Our engineers worked hard to make the the ride comfortable and refined for the daily commutes. With the heavy duty front and rear solid axles, our enbest-ingineers delivered segment ride comfort while not compromising off road capability.

#### What are you most proud of in this new truck?

We're proud that it is equal parts Jeep and truck. Not only will it take you places where others can't, it'll do it with best-inclass towing and  $4x4\ payload.$ The Gladiator is like nothing else in the segment.

We're proud of it's off road capability, on road dynamics, rear seat comfort and all of the other thoughtful features our customers will appreciate, including a class exclusive removable top.

Jacobs

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DETROIT AUTO SCENE



DETROIT (AP) - Toyota is recalling about 70,000 Toyota and Lexus brand vehicles in North America to replace air bag inflators that could explode and hurl shrapnel at drivers and passengers.

The recall covers the 2003 to 2005 Corolla, the 2002 to 2005 Sequoia, the 2003 to 2005 Tundra and the 2002 to 2005 Lexus SC.

Takata uses the chemical ammonium nitrate to create a small explosion and inflate the bags. But it can deteriorate and burn too fast, blowing apart a metal canister.

The Toyota and Lexus vehicles were recalled previously and the inflators replaced with new ones that still used ammonium nitrate. In the latest recall, Toyota will use inflators made by another company with a safer chemical

Owners will be notified early next year. Toyota says it has replacement parts available.

# Detroit's Renaissance Not Stalled by GM Move

by COREY WILLIAMS Associated Press

DETROIT (AP) - General Motors' planned shutdown of its Detroit-Hamtramck plant would leave only one auto assembly factory in the city known for "putting America on wheels," but the closure and job losses are not expected to stall out Detroit's comeback since its 2014 bankruptcy exit.

Experts say a more tech-driven and medical industry economy is moving Detroit further from a reliance on manufacturing and that GM's downsizing in the name of cost-cutting and investment in autonomous and electric vehicles won't hurt as much as past mass layoffs and plant closings.

Detroit once was home to about a dozen massive assembly plants. A Fiat-Chrysler facility on the east side would be the last if GM closes its Detroit-Hamtramck plant. About 1,500 people work at the GM plant while Fiat-Chrysler's Jefferson Avenue plant employs about 5,000.

Fiat-Chrysler reportedly plans to reopen a former engine plant on the city's east side to make Jeep Grand Cherokee SUVs with three rows of seats starting with the 2021 model year.

"Manufacturing is now a tech industry – you don't have to hire as many people to make as much stuff," said Ned Staebler, president and chief executive of the small business incubator Tech-Town Detroit. "It's not just General Motors. Every major OEM (original equipment manufacturer), major manufacturer is going through similar processes. It's a trend that is going to continue."

GM wants to close four facilities in the United States and one in Canada. Nearly all of the 8,000 white-collar jobs GM expects to the automaker's technical center just north of Detroit in Macomb County's Warren.

Some of the 3,300 global bluecollar job losses would come the Detroit-Hamtramck from plant and a transmission facility in Warren.

The jobs account for only .2 percent of local county employment "muting the immediate effect of the plant closures," Moody's Investors Service said in a report.

> "Everybody in here is a survivor and we're going to survive ... "

- Dnitra Landon, GM Employee, Hamtramck Plant

That means there is less reliance on those jobs and plants to supply tax dollars needed to help pay for city services and fill out Detroit's operating budget.

But, Moody's wrote, the impact could grow "as GM reduces salaried employees, if reduced production hurts ancillary suppliers or if there is a broader slowdown in the industry.'

Detroit will experience some loss of tax revenue from the plant and people working there, said law professor Anthony Sabino of the Tobin College of Business at St. Johns University in New York.

Owners of shops and restaurants that catered to those workers will be impacted, too.

"This will not derail the (city's)

cut company-wide would be at 21st century renaissance. They are working from a solid foundation. If this had happened prior to the city's reorganization, it could have been far more harmful," Sabino said.

Detroit was about \$12 billion in debt before filing for bankruptcy in 2013. Much of that was erased or restructured allowing the city to improve services, like police and fire, and invest in neighborhoods.

Detroit's general fund balance was about \$595 million at the end of the 2017 fiscal year, compared to a deficit of about \$73 million that the city faced at the end of the 2013 fiscal year following years of a plummeting population and tax base.

A \$36 million operating surplus was expected for the fiscal year 2018.

A 30-year jobs forecast by the Southeast Michigan Council of Governments forecasts manufacturing jobs in Detroit falling from 23,000 three years ago to 16,000 by 2045. Over that same time, professional and technical services, corporate headquarters, administrative, support, waste services and health care jobs are expected to rise.

Preliminary figures from the U.S. Bureau of Labor Statistics pegged unemployment in Detroit in September at 7.9 percent. While this is still well above the U.S. rate of 3.7 percent, Detroit's unemployment has been dropping since January 2014 when it was nearly 18 percent. Detroit's unemployment rate was 28.9 percent in June 2009.

Preparing Detroit's workforce for non-manufacturing jobs is one of the next hurdles.

Mayor Mike Duggan has said more residents are enrolling in Detroit At Work free training programs. The programs offer training and certifications for jobs Detroit-area auto industry workthat include information technology, truck driving, health careers, computer networking and culinary arts.

But many people in the city are not prepared for tech-related jobs that are in Detroit or on the way, said Ida Byrd-Hill, president of Detroit-based Uplift Inc., which provides computer programming language training.

"A lot of the training programs have not really reached out to women or people of color," said Byrd-Hill, who added that funding has been limited for local tech-training providers.

Companies are looking for more educated and tech savvy workers, especially those with critical thinking, communications, collaborating and team building skills - someone who is "able to think critically about when to use the appropriate piece of technology," said Tech-Town's Staebler.

With Ford also considering thousands of white-collar cuts,

ers may find it difficult to find new jobs or match their salaries if they go to other industries, said David Kudla, CEO of Mainstay Capital Management in Grand Blanc, Mich., which advises many auto industry employees. "You're going to be going out in a marketplace where everybody is cutting back," he said.

Those with skills in developing autonomous or electric vehicles will have an easier time finding work, Kudla said.

He suggests that workers cut expenses and build savings to be ready in case of layoff.

Still, there's a human element to a possible Detroit-Hamtramck closure, assembly line worker Dnitra Landon told the Detroit Free Press.

"I know you're a big business, but what about the people who make you a big business?" Landon, 55, said of GM. "Everybody in here is a survivor and we're going to survive no matter what happens.



2019 Chrysler 300

### **Ranger Goes Far on New Mileage Rating**

It's big news for a small pickup truck.

The 2019 Ford Ranger is the most fuel-efficient gas-powered midsize pickup in America - providing a superior EPA-estimated city fuel economy rating and an unsurpassed EPA-estimated combined fuel economy rating versus the competition, said Ford spokeswoman Dawn McKenzie.

The new Ranger has earned EPA-estimated fuel economy ratings of 21 mpg city, 26 mpg highway and 23 mpg combined for 4x2 trucks.

When configured as a 4x4, Ranger returns EPA-estimated fuel economy ratings of 20 mpg city, 24 mpg highway and 22 mpg combined.

This is the best-in-class EPA-es- North America with new technoltimated city fuel economy rating ogy like its available class-exclu- 10 devices, Eckert said. of any gasoline-powered fourwheel-drive midsize pickup and tem with trailer coverage, all-new way at Michigan Assembly Plant.



sive Blind Spot Information Sys-

Wi-Fi hotspot supporting up to

Ranger production is under-

### FCA's 300 Named as 'Most Wanted' by Edmunds.com

It's good to be wanted, and that is paired with the standard that's good news for the Chrysler 300.

For the second year in a row, the Chrysler 300 is the "Most Wanted" Large Car, according to Edmunds.

The annual Edmunds' Most Wanted Awards honor the most in-demand vehicles in 17 segments, based on overall sales figures, average time on the dealer lot and shopper interest data on Edmunds, said FCA spokeswoman Claire Carroll.

"It's clear that the Chrysler 300's variety of options and trademark bold styling continue to serve it well in the category," said Ivan Drury, senior manager of industry analysis at Edmunds.

Edmunds analyzed data from the first nine months of 2018 for all qualifying new models on sale during that time to determine the winners in each of the 17 segments of the 2019 Edmunds' Most Wanted Awards, Drury said. For each segment, Edmunds identified the models with the highest levels of two types of shopper consideration based on Edmunds site activity, the highest sales and the lowest average davs-to-turn. Edmunds equally ranked each of the four data sets to determine the winner in each segment, and the 2019 Chrysler 300 lineup delivers on the brand's promise of iconic and elegant design executed with world-class performance, efficiency and quality - all at an attainable value, Drury said. Carroll said the sedan was designed to offer class-exclusive innovations and advanced technology at the driver's fingertips. The entire 300 lineup includes the Uconnect 4 system with Apple CarPlay and Android Auto,

8.4-inch touchscreen, the largest in its class, all while having improved features and an awardwinning interface, said Carroll.

The 300's TorqueFlite eightspeed automatic transmission delivers up to 30 miles per gallon (mpg) highway fuel economy and comes standard on every model, Carroll said.

Available on the Touring, Touring L, 300S and Limited is the segment's most advanced allwheel-drive (AWD) system. which seamlessly engages at any speed to enable optimal traction and control based on conditions, driving style and road surface, said Carroll, who added that the 5.7-liter Hemi V8 engine with 363 horsepower - standard on the 300C and available on the 300S is the most powerful V8 engine in

it is an unsurpassed EPA-estimated combined fuel economy rating, McKenzie said.

'Midsize truck customers have been asking for a pickup that's Built Ford Tough," said Todd Eckert, Ford truck group marketing manager. "And Ranger will deliver with durability, capability and fuel efficiency, while also providing in-city maneuverability and the freedom desired by many midsize pickup truck buyers to go off the grid."

Along with 270 horsepower, Ranger's standard 2.3-liter EcoBoost engine produces 310 lb.-ft. of torque, delivering the most torque of any gas engine in the midsize pickup segment, said McKenzie.

"Paired with a class-exclusive 10-speed transmission, Ranger boasts a unique combination of efficiency, power and capability that only comes from Ford," Eckert said.

Ranger is designed and engineered to serve the needs of

Terrain Management System with Trail Control and standard FordPass Connect with a 4G LTE McKenzie said.

The truck arrives at dealers nationwide starting in January,

#### VW Settlement Cash Paying for Buses

MADISON, Wis. (AP) – Several Wisconsin cities and one county are getting new diesel buses thanks to fines that Volkswagen paid for cheating on emissions tests, but environments say officials missed an opportunity to invest in more environmentally friendly electric vehicles.

Wisconsin is set to receive \$67 million over the next decade to offset pollution. The Wisconsin State Journal reported. Of that, \$32 million will be used for new buses in Appleton, Eau Claire, Green Bay, Janesville, La Crosse, Madison, Racine, Sheboygan, Wausau, and Milwaukee County.

The funds are part of a \$2.9 billion settlement Volkswagen agreed to pay for violating the Clean Air Act by selling diesel engines with software designed to trick emissions tests.

Almost all of the new 58 buses will have diesel engines, which generate about twice the climatewarming emissions of electricpowered buses. Only Racine plans to buy electric buses.

Environmental advocates sav it's a missed opportunity to invest in electric vehicles.

"The VW settlement is a unique opportunity that should be used to cover the premium of zeroemission vehicles, not to subsidize a city's regular procurement budget for status-quo technologies," said John-Michael Cross of the nonprofit Environmental and Energy Study Institute. "Transit agencies should be working to leap ahead and electrify their fleets as quickly as possible."

its class.

Carroll said Chrysler designers haven't neglected style to go along with the vehicle's power and fuel economy. For 2019, new Black Noise finish on 20-inch wheels comes standard on 300S models and are included with the Sport Appearance Package on Touring models.

Edmunds is an Internet car information and shopping platform, that helps millions of visitors each month find their perfect car, Carroll said. The company also offers products like Edmunds Your Price, Your Lease and Used+, and shoppers can buy smarter. she said, with instant, upfront prices for cars and trucks currently for sale at more than 13,000 dealer franchises across the U.S. Edmunds' inhouse team of unbiased car shopping experts that provide industry-leading vehicle reviews and shopping tips. They welcome all car-shopping questions, said Carroll.

DETROIT AUTO SCENE



#### PAGE 8

**DECEMBER 17, 2018** 



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This Chevrolet Silverado was given to Operation Homefront at the recent Army-Navy football game.

### **Chevrolet Supporting Returning Veterans**

In an on-field presentation dur- itary communities who need it ing the annual Army-Navy game, Paul Edwards, Chevrolet U.S. vice president of Marketing, recognized the work that Operation Homefront does to support military families and veterans.

Edwards on Dec. 8 presented Operation Homefront President & CEO Brig. Gen. (ret.) John I. Pray Jr. with a Chevrolet Silverado – one of seven Silverados the brand is providing to help the organization better serve military families, veterans and communities in several cities where it has offices, said GM spokeswoman Afaf Farah.

The fleet will support six Operation Homefront regional offices and its San Antonio headquarters.

"Operation Homefront provides crucial services for military families and veterans across the country and we are proud to present the organization with a fleet of Silverados to help them deliver their programs to the milmost," said Edwards.

Supporting military members and their families is one of the key initiatives that underpins Chevrolet's community-focused Chevy Cares platform.

Chevy Cares also encompasses the brand's support of breast cancer research, youth sports and disaster relief assistance in areas where Chevrolet and its dealers work and live, Farah said.

The fleet of Silverados will be used by Operation Homefront in part to help distribute backpacks for military children, holiday meals, holiday toys and baby supplies, and for other support programs throughout the year.

GM was named in 2015 as a Gold-Level Veteran-Friendly Employer by the Michigan Veterans Affairs Agency.

The MVAA is a state-run agency serving as the central coordinating point for Michigan veterans, connecting those who have served in the military to services and benefits throughout the state, said GM Chief Diversity Officer Ken Barrett.

Operation Homefront is a national nonprofit whose mission is to build strong, stable and secure military families so that they can thrive – not simply struggle to get by – in the communities they have worked so hard to protect.

The organization provides critical financial assistance, transitional and permanent housing and family support services to prevent short-term needs from turning into chronic, long-term struggles, Farah said.

"Chevrolet, through their Chevy Cares program, has been an amazing partner and has played a key role in helping us bring our important mission to support our military families to life," said Pray.

"Clearly, the entire Chevy team shares our unwavering commitment to meeting the needs of this very special and deserving group of our fellow citizens and their generous donation of these Silverado trucks for logistical support in our regional offices will allow us to help them."

With more than 6,000 veterans employed at GM and more than 50,000 GM retirees who are veterans, GM and Chevrolet are proud to help those who have given so much for their country, Farah said.

Recognized for superior performance by leading independent charity oversight groups, 92 percent of Operation Homefront expenditures go directly to programs that support tens of thousands of military families each vear.

**Operation Homefront provides** critical financial assistance, transitional and permanent housing and family support services to prevent short-term needs from turning into chronic, long-term struggles.

For more information, visit www.OperationHomefront.org.

#### Feds Looking At **Complaints** About Nissan Defects

DETROIT (AP) - U.S. safety regulators are investigating complaints that a suspension part on Nissan Altimas can come loose from the frame due to corrosion.

The probe by the National Highway Traffic Safety Administration covers about 374,000 cars from 2013. The agency says it has four complaints that rear lower control arm assemblies failed. One owner in Seneca Falls, N.Y., wrote that the problem caused a crash, but didn't give details. Three complaints allege the part failed while cars were moving.

Control arms let the wheels and tires travel up and down over bumps.

The complaints came from states that use salt to clear roads of ice and snow.

Investigators will determine how often the problem happens and whether any recall is needed.



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Nissan says it's examining data and cooperating with investigators.

Any owner who suspects a problem should have their car checked by a dealer, the company said.



**Ford Train Station Project Starts Winterization** 

#### MCC's START Students Finish Course

Macomb Community College has graduated its first class from the Tesla START program, an intensive 12-week technical training program designed to provide students with the skills necessary for job placement with Tesla as service technicians.

Seven students who successfully completed the advanced service technician program have been assigned to Tesla Service Centers across the United States, said MCC spokesman Sean Patrick.

"We're serious about developing new ways to connect people with good jobs and futures, and business and industry with the talented workforce they need to prosper," said James O. Sawyer IV, president, Macomb Community College.

"That's why we're excited about the Tesla START program. It provides our students with a unique opportunity to strategically position themselves for the future of the auto industry."

The graduates of Macomb's first Tesla START program and their assignments:

Brian Davis, 34, of Cincinnati, Ohio, to the Tesla Service Center in Cincinnati: Christopher Merle. 21, of Fort Wayne, Ind., to Cincinnati; Patrick Henig, 21, of Shelby Township, mobile technician in Farmington Hills; Zachary Noland, 23, of Fairfield, Ohio, to Tucson, Ariz.; Nikoll Sinishtaj, 25, of Shelby Township, to Buena Park, Calif.; Vishal Tiwari, 22, of Shelby Township, to Sunnyvale, Calif.; and Ryan VanSluytman, 25, of Estero, Fla., to Nashville, Tenn.

"I was never one to shy away from efficiency and see the future as unlimited," said graduate Christopher Merle. It has begun. Ford has started its renovation

of 105-year-old Michigan Central Station in the historic Corktown neighborhood. In revitalizing this Detroit land-

mark into the centerpiece of a new campus, Ford seeks to shape the future of transportation, said Ford spokeswoman Christina Twelftree.

The three-phase project began in the first week of December with the winterization of the massive building to dry it out from extensive water damage it sustained over the years and stabilizing the structure.

Phase two involves replacing mechanical and electrical systems and restoring exterior masonry. The final phase entails finishing and restoring the interior. Ford plans to return the grand hall of the station to its original grandeur and attract local shops and restaurants in support of a vibrant, inclusive public space for all, Twelftree said.

"We're excited to start construction on this transformational project," said Mary Culler, Ford's Detroit development director. "The building has been open to the elements for years so the work being done first is mainly internal, weatherizing and making the building stable. Come spring, things will become more visible to the community. And it's not just physical construction happening - behind the scenes we are designing and planning an urban ecosystem built around the future of mobility.'

In June, Ford acquired the train station and plans to transform it and surrounding properties into a 1.2-million-square-foot innovation campus where Ford and its partners will work on autonomous and electric vehicle businesses, and design urban mobility services and solutions. Ford stepped in when it did," said Ronald D. Staley, executive

The project will bring approximately 2,500 Ford employees to Corktown, most from the company's mobility team, and an additional 2,500 jobs with Ford's partners and suppliers.

As part of its effort to create a thriving work-live-play community in Corktown, Ford has engaged Urban Land Institute, the nation's premier nonprofit urban planning and real estate education and research institution, to provide strategic advice on the project's development.

Abandoned in 1988, Michigan Central Station has sustained decades of damage from rain and freeze-thaw effect, a process in which temperature changes from freezing to thawing and expands cracks and holes in the masonry, Twelftree said.

The structure soaked up tons of water over the years and steps must be taken to dry out the building, assess the damage, and plan for repairs and restoration. Leaving the building exposed through another winter would accelerate damage to walls, floors, ceilings and the structure's historic fabric.

A combination of plywood and tarpaulin will be used to cover open windows and exterior holes on the roof of the massive 600,000-square-foot structure to prevent more rain and inclement weather damage. A series of pumps will be installed in the basement to prevent further flooding and fans will be placed to circulate air through the building.

Using natural ventilation and evaporation is the best way to dry out the building rather than rapid heating systems, which could cause irreparable harm to historic features.

"The building is very lucky Fe

Ford stepped in when it did," said Ronald D. Staley, executive director of the Christman-Brinker joint venture selected as the project's construction manager.

"It would have been a lot more difficult, maybe impossible, five to 10 years down the road to salvage. The first year is going to be primarily about doing core and shell work, getting the building stabilized, concrete and steel fixed, and the building enclosed."

Once the building is dried out – a process that will take around six months for the majority of the structure – the construction team will move on to the second phase, which includes replacing mechanical and electrical systems and restoring the exterior masonry. The train station is comprised of eight acres of masonry and certain aspects of repair and restoration can only be done in good weather.

The final phase will focus on finishing the interior, returning the waiting room to its original grandeur, and restoring plaster and other decorative pieces.

Ford plans to use 3D printing to create the various molds and mockups that will be required in replicating the many historic elements that have deteriorated over the years or are missing. It also includes creating new office space, new areas for public interaction and new retail space.



*Ky* Ford has started the construction phase of its Corktown project.

#### Tax Code, EVs, and the Automakers

CONTINUED FROM PAGE 2

200,000 qualifying electric vehicles. GM has estimated it will hit that threshold by the end of December, just as the Bolt will be facing new and potentially stiff competition.

Sam Abuelsamid, a senior analyst at Navigant Research, said Hyundai and Kia each will be selling compact SUVs in the U.S. beginning early next year that can travel 240 miles on a single battery charge, about the same as the Bolt. Ford will be launching a number of new plug-in hybrid models in 2019, including the Lincoln Aviator, Explorer and Escape.

"With the intensifying market shift away from cars to utility vehicles, all of these are expected to be more popular than the Bolt," Abuelsamid said. To remain competitive against the new entries, "GM will likely have "Eliminating the per-manufacturer cap will level the playing field for all EV manufacturers and spur innovation among domestic manufacturers, ensuring America's leadership in the hyper-competitive, global auto market," the coalition letter said.

Tesla hit its 200,000 mark in July and Nissan has sold nearly 128,000 electric vehicles, according to data compiled by the car shopping site Edmunds.com. Other automakers are a long way from the ceiling: Hyundai, for example, has sold 15,550 plug-in vehicles, the numbers show, while Toyota is around 94,000 in electric vehicle sales.

Jeannine Ginivan, a GM spokeswoman, said the tax credit should be modified but declined to say whether the automaker backs a specific piece of legislation that would remove the cap. "We believe an important part of reaching a zero emissions future and establishing the U.S. as the leader in electrification is to continue to provide a federal tax credit to help make electric vehicles more affordable for all customers," Ginivan said in an email. In addition to GM's in-house lobbyists, four lobbyists from Hance Scarborough, the Austin, Texas-based firm that Hance founded in 1994, are working on GM's behalf, including Hance, according disclosure to records. GM also contracted with two other lobbying firms earlier this year to focus on electric and automated vehicle issues: the Polaris-Hutton Group and the DS2 Group. A fourth firm, the S-3 Group, was hired by GM in 2014 and earlier this year added the tax credit to its portfolio of lobbying issues.

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to cut the (retail price) of the Bolt as well as any additional EVs they launch next year by the corresponding reduction in the tax credits," he said.

Karl Brauer, executive publisher of Autotrader and *Kelley Blue Book*, said the credit is "hugely important" to electric vehicle manufacturers.

Lowering the up-front cost of the vehicle typically plays a significant role in sales, he said, citing surveys that show more consumers would buy electric vehicles if the cars were affordably priced.

GM joined forces with Tesla and Nissan as well as several consumer and environmental groups to broaden its lobbying push even further.

The EV Drive Coalition, which was launched in November, urged lawmakers in an open letter last week to put a provision in the must-pass government spending bill that does away with the 200,000-car limit.



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#### **DECEMBER 17, 2018**

## **Ghosn Charged for Underreporting Income**

by MARI YAMAGUCHI and YURI the charges against it in a state-KAGEYAMA Associated Press

PAGE 10

have charged Nissan Motor Co.'s former chairman Carlos Ghosn, another executive and the automaker itself for allegedly violating financial laws by underreporting income.

The charges imposed Dec. 10 involve allegations Ghosn's pay was underreported by about 5 billion yen (\$44 million) in 2011-2015. The prosecutors said earlier that the allegations were the reason for Ghosn's arrest on Nov. 19.

The arrest of an industry icon admired both in Japan and around the world has stunned many and raised concerns over the Japanese automaker and the future of its alliance with Renault SA of France.

The prosecutors issued statements last week outlining new allegations against Ghosn and Greg Kelly, the other executive. Those are of underreporting another 4 billion yen (\$36 million) in 2016-2018. Nissan as a company was not mentioned in the latest allegations, which did not give details about the income thought to have been underreported.

In Japan, a company can be charged with wrongdoing. A court date is still undecided as the prosecutors continue to question Ghosn and Kelly.

The maximum penalty for violating Japan's financial laws, as the prosecutors allege, is 10 years in prison, a 10 million yen (\$89,000) fine, or both.

Some kind of action by the prosecutors had been expected because the detention period allowed for the allegations disclosed earlier was to end last week.

Nissan Motor Co. confirmed

ment and vowed to strengthen its governance and compliance.

'Nissan takes this situation ex-TOKYO (AP) - Prosecutors tremely seriously," it said. "Making false disclosures in annual securities reports greatly harms the integrity of Nissan's public disclosures in the securities markets, and the company expresses its deepest regret.'

Kelly, 62, an American, is suspected of having collaborated with Ghosn.

Kelly's attorney in the U.S., Aubrey Harwell, told The Associated Press earlier this month that his client is asserting his innocence. He said insiders at Nissan and outside experts had said the handling of the income reporting was legal.

Ghosn has not commented.

Ghosn was ousted as Nissan chairman and Kelly lost his representative director title following their arrests. They both remain on Nissan's board pending a shareholder's meeting.

Ghosn, 64, was sent to Nissan by its partner Renault SA of France in 1999. He led a dramatic turnaround of the near-bankrupt Japanese automaker. But his star-level compensation drew attention since executives in Japan tend to be paid far less than their international counterparts.

Japanese Prime Minister Shinzo Abe told a news conference last week that relations between Japan and France are unshakable despite concerns over the future of Nissan's alliance with Renault after Ghosn's indictment.

"It is important to maintain stability in the Nissan-Renault-Mitsubishi alliance, which is a symbol of industrial cooperation between Japan and France," he told a televised news conference last week, adding that Japan will promote improved corporate governance in line with global standards.

It is typical in the Japanese legal system for there to be little access to comment by suspects. Prosecutors have also said little.

Only Ghosn's attorneys and embassy officials from Lebanon, France and Brazil, where he has citizenship, have been allowed to visit him.

Shin Kukimoto, deputy chief prosecutor at the Tokyo District Prosecutor's Office, declined last week to say if the suspects were rejecting the allegations. He said Ghosn and Kelly were being detained because they are considered flight risks.

Japan's criminal justice system long has been criticized for detaining people for extended periods to pressure them to confess. The conviction rate for those charged is more than 99 percent.

Kukimoto denied that prosecutors were working to force confessions.

"We do not have such a scenario. There is no such thing and we do not force suspects to make confessions to fit the story," he said in response to a reporter's question.

Meanwhile, the Securities and Exchange Commission said it had filed criminal complaints against Ghosn, Nissan and Kelly, paving the way for the prosecutors to charge them. A commission official said Dec. 10 that Nissan, Ghosn and Kelly were suspected of falsifying reports on millions of dollars' worth of Ghosn's income.

#### **2019 NAIAS Lets Businesses** Make New Connections

The North American International Auto Show (NAIAS), in partnership with the Michigan Economic Development Corporation (MEDC)/PlanetM, is bringing back business-to-business "Match Meetings" on Wednesday, Jan. 16, from noon to 4 p.m.

Over 500 matchmaking business development meetings took place at the 2018 NAIAS, promoting new connections and collaborations among technology startups, auto-makers, suppliers and venture capitalists, said NAIAS Nisspokeswoman Amanda wonger.

"In its inaugural year, the Auto-Mobili-D Match Meetings at NA-IAS have generated over \$10 million in investment and contracts between corporations, investors and startups," said Seun Phillips, PlanetM director.

"Over 75 startups applied for meetings, each having the ability to participate in up to 20 meetings - translating into unmatched business development opportunities and exposure to key audience groups."

MEDC, PlanetM and NAIAS, along with Techstars Mobility, will again arrange a series of vetted, prescheduled meetings for participating AutoMobili-D and NAIAS exhibitors, Niswonger said. The meetings will be held during the first day of Industry Preview, an event that attracts 40,000 automotive and mobility experts from around the world.

The North American International Auto Show is a global stage for game-changing companies to demonstrate and debut technologies on future mobility and transportation platforms," said 2019 NAIAS Chairman Bill Golling.

"What better way to promote continued collaboration and tap into the talent and energy of mobility innovators than through focused matchmaking spearheaded by the State of Michigan?"

Building upon the success of the past two years, AutoMobili-D, a 150,000-square-foot exposition, returns to the 2019 NAIAS featuring a wide range of automakers, suppliers, investors and tech startups showcasing and discussing future mobility platforms, Niswonger said. Attendees include mobility experts and executives scheduled to participate in AutoMobili-D symposiums and panel discussions.

MEDC and PlanetM, the state's partnership branding initiative, aims to foster, retain and grow the mobility sector and position Michigan as the global epicenter for future transportation, will again have a significant role in supporting AutoMobili-D in 2019, Niswonger said.

Mobility startups, corporations and investors can sign up for Match Meetings at naias.com.

Chinese customers to drive rev-

enue growth. They are spending

billions of dollars to develop

models to appeal to local tastes.

from young but ambitious Chi-

nese rivals, including electric brand BYD Auto, Geely Auto and

SUV maker Great Wall Motor.

their profits.

They face rising competition

Automakers are rolling out dozens of electrics but depend

Chinese domestic brands that

on gasoline-powered models for

had been expanding their market

share with lower-cost SUVs and

sedans suffered an even bigger

fell 23.3 percent to 909,000 vehi-

cles, worsening from October's

Total sales by Chinese brands

decline in November sales.

18 percent contraction.

#### **Auto Sales Slumping in Chinese Market**

by JOE McDONALD **AP** Business Writer

BEIJING (AP) - A painful contraction in China's auto market deepened in November as sales fell for a fifth month amid an economic slowdown and consumer anxiety over a tariff fight with Washington.

Sales of SUVs, sedans and minivans in the global industry's biggest market plunged 16 percent from a year ago to just under 2.2 million, an industry group, the China Association of Automobile Manufacturers, reported last week

21.5 million.

That puts annual sales on track to shrink for the first time in three decades.

The slump is a setback for global automakers that look to China to drive revenue and are spending heavily to meet government targets to develop electric vehicles.

It adds to challenges for communist leaders as they try to shore up cooling economic growth and fight a tariff war with U.S. President Donald Trump over Beijing's campaign for stateled creation of global champions in robotics and other technology industries. China's economy is forecast to grow by about 6.5 percent this year, down slightly from 2017's 6.7 percent. But that is propped up by higher government spending on public works construction that helps to mask weakness in real estate sales and other areas that weigh on consumer confidence.

take other steps to shore up demand.

Sales of SUVs, normally a bright spot for the industry, fell 16 percent from a year earlier in November to 910,000 vehicles. Year-to-date sales were up just under 1 percent at 9 million.

Sedan sales were off 12 percent at just under 1.1 million units.

Sales of gasoline-electric hybrid and pure-electric cars and SUVs, which Beijing is promoting aggressively with subsidies and sales quotas, rose 37.6 percent to 169,000. Year-to-date sales were up 68 percent at just over 1 million.

China is a top market for General Motors Co., Volkswagen AG and other industry majors that look to increasingly prosperous

## **Cooper Standard Sets Deal**

censed its proprietary Fortrex material platform to PolyOne Corp., a provider of specialized polymer materials, services and solutions.

With its extensive commercial resources, customer base and materials science capabilities, PolyOne can now sell Fortrex-

Cooper Standard of Novi has li- both companies. This agreement will accelerate the advancement of Fortrex chemistry into industries outside of automotive, an important step toward our company's strategic goal of diverse market growth for our materials science innovations."

> "This technology will allow our customers to tap a leading-edge solution for demanding applications and we're excited to begin adding these new formulations to our expanding specialty elas-tomer portfolio," said Christo-pher Pederson, PolyOne's president of Specialty Engineered Materials. Cooper Standard's Fortrex is a lightweight elastomeric material platform developed through the company's i3 innovation process that offers significant performance advantages over other EPDM synthetic rubber, TPV and many other materials in terms of weight reduction, compression set, weathering and durability, Wenzl said.

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The downturn in automotive sales demand has accelerated steadily.

November's sales decline was worse than October's 13 percent contraction, which was sharper than September's 12 percent decline.

Demand was expected to weaken after Beijing tightened lending controls last year to cool a debt boom.

But the slump is sharper than forecast, fueling expectations regulators will cut sales taxes or

based formulations into select markets within key consumer and industrial segments, including applications in electrical/ electronics, healthcare and complex industrial products, said Cooper Standard spokeswoman Sharon S. Wenzl.

Even after the deal is finally completed, Cooper Standard exclusively retains all rights to Fortrex in its own product lines, Wenzl said.

Cooper Standard will generate revenue and profit from royalty income based on PolyOne's sale of Fortex-based polymer formulations to its customers, Wenzl said.

"We are excited to have established a relationship with Poly-One," said Jeffrey DeBest, Cooper Standard's president of Advanced Technology Group.

"The versatility of the Fortrex material platform combined with PolyOne's broad market access and extensive sales force represents a unique opportunity for

Fortrex by Cooper Standard won the 2018 Automotive News PACE Award, Wenzl said.

The material is able to take on many different forms, including dense extrusions, foams, films and membranes that can be tuned for an endless list of applications and performance solutions.







