Geneva Auto Show Spotlight Casts Long Shadows For 2010

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MILAN (AP) — For most of the world's automakers, the Geneva Auto Show will be back-to-business with new model rollouts to put the gotta-have-it gleam back in consumers' eyes.

For Toyota, that won't be enough.

"Toyota is still in the middle of its global recalls, and new problems keep showing up. It's like Tiger Woods: new mistresses keep appearing," said Rebecca Lindland, auto analyst with consulting firm IHS-Global Insight.

Toyota has issued global recalls totaling 8.5 million vehicles since October for sticky gas pedals, faulty floor mats and glitches in braking software.

The world's largest automaker — and until now the standard-bearer of quality and manufacturing example that other automakers sought to emulate, has to play a two-track strategy at Geneva Auto Show and beyond, Lindland said.

Yes, show consumers that they are innovating. But executives still need to address the quality issue, Lindland said, reassuring drivers that its problems aren't systemic, and that it is correcting them and that they aren't holding anything back. Executives slated to appear include vice chairman Kazuo Okamoto and Toyota Europe CEO Tadashi Arashima.

From the product standpoint, Toyota will debut its hybrid Auris HSD compact, which is part of Toyota's strategy of shifting focus in the European market to hybrids, while its luxury brand Lexus will unveil its CT 200h, a compact hybrid hatchback.

The Geneva show, which opens to the news media Tuesday and Wednesday and then to the public on Thursday, is a key coming-out for automakers in a neutral country with no industry of its own to claim a homefield advantage. It boasts 32 world premiere production cars and a dozen concept cars. The show runs through March 14.

The industry remains in a tough place. Some of the world premieres — notably Alfa Romeo's Giulietta, a compact competing in the same size range as the formidable Volkswagen Golf — are cars that would have launched in 2009 if it weren't for the bottomed-out sales.

"The road to recovery remains stony," Daimler Chairman Dieter Zetsche, who is also head of the European industry group ACEA, said last week. "While the worst is hopefully behind us, the upswing is far from stable."

In Europe, sales are expected to dip by 2 million vehicles this year as cash-for-clunkers programs expire, and yet, despite all the talk about the need to reduce capacity, only two plant closures have been announced in Europe: Fiat's Termini Imerese at the end of 2011 and Opel's Antwerp plant.

Sales in the United States dipped to 10.4 million last year, well below the 16 million rate that held for the earlier part of the decade, as China replaced it as the world's largest single-country auto market with sales surging 45 percent to 13.6 million. Collectively, European sales were down 1.6 percent to 14.5 million, helped from an even steeper slide by government cash-for-clunker incentives that have already ended in countries like Italy and Germany and are being phased out in France.

Slack demand raises the pressure to come up with must-have models. A critical launch will be BMW's next-generation BMW 5 Series, coming soon to European showrooms, the mid-size model between the 3 and the 7 series and a major revenue producer.

"They are able to make a lot of money out of it, which is what they need to do. It is very, very important from a business point of view," said IHS Global Insight analyst Tim Urquhart.

Audi is launching the A1, a new series to rival BMW's successful Mini, which has had very little competition since its 2001 launch. Meanwhile, the Mini is moving up in the world with a new crossover model called "Countryman" that sports five doors and four-wheel drive.

Volkswagen's new 2011 Touareg SUV was developed jointly with Porsche's next-generation Cayenne, and both will debut in Geneva.

VW will offer a gasoline-electric hybrid model of the Touareg, which has also been slimmed down by some 200 kilograms (440 pounds).

Crossovers — built on a car platform but incorporating SUV characteristics — seem to be the format of the times, with Nissan launching its Juke model.

Alfa's Giulietta, a five-door hatchback, is in many ways the make-or-break-it car for Fiat's struggling Alfa Romeo unit. It replaces the 147, which launched a decade ago, and is considered a critical test of the Alfa brand's ability to recover from less than stellar sales. The car was ready for launch in 2009, but Fiat waited until market conditions showed improvement.

"They definitely need a new car in the segment," Urquhart said. "The problem is they are going into the most competitive class in the European industry."

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