

Detroit Auto Show, Day 1: VW Returns Manufacturing To U.S.

Ken Thomas, Associated Press

Volkswagen to keep Passat name on new midsize

DETROIT (AP) — Volkswagen is keeping the Passat name for a new midsize vehicle that will be built at the company's new U.S. plant in Tennessee.

Volkswagen of America Inc. announced plans Sunday to maintain the Passat nameplate at an event before media previews of the North American International Auto Show. The German automaker plans to reveal the new car to journalists on Monday.

VW said the Passat will carry a starting price of around \$20,000, allowing it to compete with its rivals in the competitive midsize segment. Current Passat models, which are built in Germany, start at \$27,195.

The new Passat is a key part of the company's plan to triple sales in the U.S. by 2018. Jonathan Browning, VW's North American president and CEO, said that while the company thrived in Europe in past years, the company "became a marginal player here in one of the world's most important markets. That is no longer acceptable."

Volkswagen will produce the new Passat at its \$1 billion Chattanooga, Tennessee, plant. The car is expected to go on sale later this year.

The facility, which will employ 2,000 workers, is the company's first U.S. assembly plant since it closed its New Stanton, Pennsylvania, plant in 1988 following disappointing sales.

Volkswagen sold about 360,000 vehicles in the U.S. in 2010, a 3 percent increase over the previous year, and has outlined ambitious plans to sell 1 million vehicles in the U.S. by 2018.

VW said a diesel version of the car, the Passat TDI, will get 43 miles per gallon on the highway, with a range of about 800 miles.

Tennessee Gov. Phil Bredesen and Sen. Bob Corker, attended the event, which was headlined by the rock band Train.

Porsche race car uses hybrid tech for power boost

by Davis Runk, Associated Press

Detroit Auto Show, Day 1: VW Returns Manufacturing To U.S.

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

DETROIT (AP) — A new race car concept from Porsche is using hybrid technology to boost power as the automaker said Monday it was looking to 2011 for continued sales growth.

The German automaker unveiled the Porsche 918 RSR at the North American International Auto Show in Detroit. It has an eight-cylinder engine that puts out an already hefty 563 horsepower. With the push of a button, electric motors on the front wheels can boost it to 767 hp.

Instead of a passenger seat, an electric motor sits next to the driver that stores energy from braking. Porsche said the motor can provide the more than 200 hp boost for about 8 seconds.

"We are researching methods for further efficiency improvements under extreme conditions," Matthias Muller, Porsche's president and CEO, told reporters as the company returned to the Detroit show for the first time in four years.

Stuttgart-based Porsche AG said Monday it delivered more than 95,000 vehicles worldwide last year, up 25 percent. Last week, the company said 2010 sales in the U.S. — its biggest market — topped 25,000, up 29 percent from 2009.

Porsche is planning diesel and hybrid versions of its Panamera four-door sedan in the coming year and has "confidence" in 2011 for growth, Muller said. And he said the company is looking at the possibility of building a smaller sport utility vehicle than the Cayenne.

Chrysler hopes to rev up comeback with new 300

by Tom Krisher, AP Auto Writer

DETROIT (AP) — The Chrysler 300, once a hot-selling sedan distinguished by a tall grille and big wheels, will attempt a comeback at the Detroit auto show. It's an important car in a pivotal year for the company, which must start making money before a public stock sale can happen.

The new 300, which will be revealed Monday during the show's opening media day, keeps the basic look of the old: It's a muscular car with a long hood and short back. But the remade version is sleeker, and Chrysler toned down the gangster-mobile grille and replaced its round headlamps with subtle rectangular ones. Gas mileage went up 8 percent and the interior has softer-looking surfaces and cool-blue dashboard lighting.

Chrysler wants it to attract a broad range of buyers, from those who want a larger car to those who seek high-performance luxury.

Like the company that builds it, the 300 used to generate millions in profits but has been neglected for years. Introduced in 2004, sales peaked in 2005 at 144,000, but barely topped 37,000 last year. And just like the reborn company, the big car has the odds stacked against it. Although the new car's gas mileage went up 2 mpg on

Detroit Auto Show, Day 1: VW Returns Manufacturing To U.S.

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

the highway with a V-6, the big car comes out at a time when experts predict that gas prices could reach \$4 per gallon this year.

Chrysler lost \$453 million in the first three quarters of 2010 and is the auto company most vulnerable to a gas price spike. Its top-selling models are Jeeps, pickup trucks, sport utility vehicles and vans. And despite an intense effort to update or replace 16 outdated vehicles in the past year, Chrysler still lags competitors in fuel economy. Its lineup last year got an average of 19.2 mpg (8.16 kpl), below the expected industry average of 22.5 mpg (9.57 kpl), and far below industry leader Toyota Motor Corp. at 25.4 mpg (10.8 kpl).

Even Detroit rivals who once relied on SUVs and trucks as Chrysler does, have shifted smaller. Ford has introduced the Fiesta and new Focus in the past year, both of which can get nearly 40 mpg (17.01 kpl) on the freeway. Chrysler's small offerings, except the Fiat 500 minicar, are in the low 30s (about 13 kpl).

"If we are looking at \$4 plus-gallon gasoline, it's got to nick their real money makers," said Joe Phillippi, president of New Jersey-based AutoTrends Consulting LLC. "They run the risk of losing sales to all other competitors that have a big stable of high fuel economy vehicles."

Still, the company is better off than it was in 2009, when it required a \$12.5 billion government bailout and a quick trip through bankruptcy court to avoid liquidation. The U.S. government installed Fiat CEO Sergio Marchionne to manage the company and he saved millions by sharing engineering, design and technology with Italy's Fiat. Chrysler also closed plants and slashed the work force from 80,000 in 2007 to the current 52,000.

The resulting cost reductions lowered Chrysler's break-even sales level to 2 million cars and trucks worldwide. But the company sold only 1.5 million vehicles last year, meaning it must boost sales by one-third this year just to stem the losses. It will need even higher sales to impress Wall Street with net profits.

Such a huge sales gain in one year is rare in the auto industry. Even South Korea's Hyundai, which had a banner 2010 in the U.S., could manage a mere 24 percent increase.

Some signs of progress are already evident. Engineers went through the cars and trucks, eliminating rattles, firming up suspensions and adding insulation to make them quieter. Cheap-looking plastic interiors were replaced with soft materials. Seats became more supportive. The upgrades made a huge difference for the new Jeep Grand Cherokee. Sales tripled in December from a year earlier, when Chrysler still sold the old model.

Chrysler should benefit if total auto sales in the United States rise to more than 13 million this year — as many analysts expect — from last year's 11.6 million, says Aaron Bragman, an analyst with IHS Automotive. "They have stuff that is so significantly better than what they had before," says Bragman. "It's no longer rental car specials, its significantly improved vehicles."

Detroit Auto Show, Day 1: VW Returns Manufacturing To U.S.

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

The redesigns are aimed at keeping the company going until newer, more efficient models with Italian technology arrive in the U.S. in the next couple of years, says Bragman.

The new 300 is to get 27 mpg (11.5 kpl) on the highway, not bad for a big car but not an attractive buy when gas is expensive.

When the current 300 came out, some called it a "baby Bentley" because of its likeness to the exclusive British cars. Its grille and big wheels were jarring to some. Others loved the sedan's 1920s gangster look and it became a status symbol in suburban neighborhoods and cities. Sales stayed strong for several years but started to slide by 2008, when gas prices jumped and the design began to look dated. Luxury car sales generally drop when gas prices go up.

The starting price is around \$28,000, and it's expected to compete with Detroit sedans like the Cadillac CTS, Buick LaCrosse and Ford Taurus. But Chrysler said well-equipped versions with the V-8 Hemi engine can compete with the more expensive BMW 5-Series and Lexus LS 460.

The 300 and other Chrysler vehicles also have been wounded by quality issues. For years the company has relied on bold designs and performance to attract customers rather than reliability scores from outside groups such as Consumer Reports magazine.

Last year the Chrysler brand ranked last of 27 brands in the magazine's reliability survey, while Jeep ranked 20th and Dodge was 24th. No Chrysler vehicles scored above average in reliability.

Marchionne, whose company was given 20 percent ownership of Chrysler, has said that he'd like to repay the government loan and return to the stock market with an initial public offering late this year.

The U.S. government owns 10 percent of the company and would sell at least part of its stake to recoup more of the bailout money. A union health care trust fund owns most of the rest at 68 percent, while the Canadian government controls 2 percent.

Phillippi says Chrysler can't go to Wall Street with an IPO in late 2011 unless it makes money earlier in the year.

"If you can't post a net profit in a market that's a million units better this year than it was last year, you're going to have a really hard time selling your story to the Street," he said.

Source URL (retrieved on 04/26/2015 - 5:25pm):

<http://www.impomag.com/news/2011/01/detroit-auto-show-day-1-vw-returns->

Detroit Auto Show, Day 1: VW Returns Manufacturing To U.S.

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

[manufacturing-us](#)