

Chrysler Says Improved Engines Will Boost MPG

Tom Krisher, AP Auto Writer

TRAVERSE CITY, Mich. (AP) — Carmakers will squeeze more miles out gasoline and diesel engines to meet the tougher fuel economy standards announced by the government last week, the CEO of Chrysler said Wednesday.

Sergio Marchionne, also head of Italy's Fiat SpA, said changes to the internal combustion engine, and not electric or hydrogen fuel cell technology, will be the answer to meeting the new standards. The U.S. new car fleet must reach an average of 54.5 miles per gallon by 2025, double the current standard.

"You will see incredible results even out of what I consider to be absolutely plain-vanilla technology," Marchionne told reporters at an auto industry conference in Traverse City, Mich. "Between the combination of transmissions and engines, you will find huge benefits going forward."

He also said electric vehicles have been over-hyped as the fuel economy solution by some manufacturers.

Marchionne's companies are behind General Motors, Nissan Motor Co. and others in rolling out rechargeable electric vehicles, although Fiat is planning an all-electric subcompact next year.

Most auto companies agreed to the higher government standards, and executives appeared on stage alongside President Barack Obama to announce them last week. Marchionne said the three Detroit automakers ended a "bad habit of crying wolf" and opposing higher standards. That's largely because the companies' current chief executives came from outside the industry.

The Canadian-born Marchionne came up through Fiat in Italy, while Ford Motor Co. CEO Alan Mulally was hired from aircraft maker Boeing Co. General Motors Co. CEO Dan Akerson came from telecommunications and finance.

"We looked at this and said this can be done, as business people who did not grow up and did not become conditioned by traditions of Detroit," Marchionne said.

As an example of mileage improvements from existing technology, Marchionne pointed to changes in the engine and transmission of a large Chrysler luxury sedan. The Chrysler 300 will get 31 mpg on the highway when equipped with a V-6 engine and a new eight-speed automatic transmission. The 300 it replaced got 27.5 mpg when equipped with a V-8.

Marchionne, 59, said he plans to retire sometime around 2015 or 2016. His successor likely would come from his new 22-member management committee.

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He said a Chrysler initial public stock offering was not likely in 2012, with 2013 likely. Fiat and a United Auto Workers union trust fund for retiree health care are the company's only remaining stockholders. The trust wants to sell shares to get cash to pay for health benefits.

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