

Car Makers Show Off In Frankfurt But Outlook Dims

By Colleen Barry, Jamey Keaten, AP Business Writers

FRANKFURT (AP) — The world's carmakers showed off the next generation of cleaner, smaller, and higher-mileage vehicles at the Frankfurt auto show Tuesday, but all the thumping sounds systems, slick videos and glossy concept cars could not obscure the anxiety about Europe's financial crisis.

The industry's fortunes have largely turned around since a recession emerged from the 2007-2009 financial crisis. But many insiders are keeping close watch on fallout from Europe's debt crisis and worries about the U.S. economy — and hoping political leaders quickly grasp solutions.

There are concerns that the recent stock market turmoil could dent consumer confidence or that a debt default by Greece could shake the banks business relies on.

Some executives urged a firmer response from Europe. Fiat and Chrysler CEO Sergio Marchionne called on German Chancellor Angela Merkel, who opens the show to the public Thursday, to step up.

"I think she needs to be part of a permanent solution to this problem," Marchionne told The Associated Press on the sidelines of a Fiat presentation, referring to the leader of the European Union's largest economy. "She needs to force a fundamental change in the system."

Fears of possible government debt defaults are threatening to engulf Fiat's key market of Italy and are sapping buyers' confidence. Auto sales there are forecast at around 1.8 million this year, the lowest level since 1983.

"My request to the politicians: Even if the medicine is painful — and there's a lot of painful medicine out there — we need to apply it quickly and robustly so we can have a sustainable base not just for the car business," said Ford Europe CEO Stephen Odell.

Renault and Nissan CEO Carlos Ghosn told the AP he thinks there is "enough common sense and political will to avoid Armageddon ... like in 2008," during the financial crisis. "But it still could happen," he said.

This year's 64th International Motor Show in Frankfurt is nevertheless more cheerful than its 2009 predecessor, which took place during the recession. Organizers say 1,007 exhibitors have signed up — up from 781 last time. German car makers like

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

BMW, Daimler, Volkswagen and Porsche have put up strong profits, thanks in part to sales in fast-growing emerging markets that for now have made up for weaker growth at home in Europe.

Journalists and industry executives were getting a sneak peak at the show at the Frankfurt Messe exhibition center on Tuesday and Wednesday. It runs from its open to the public Thursday through Sept. 25.

The confidence of the home carmakers showed clearly in a lavish display of Daimler's Mercedes-Benz and Smart lines against the background of a giant video screen several stories high and a deafening sound system. CEO Dieter Zetsche said that no matter the "turbulence on the Frankfurt stock exchange" in recent days, "all lights are green" at the company.

VW luxury brand Audi splashed out for its own test track, and Mercedes-Benz and Volkswagen faced off across the exhibit ground's central square with gigantic, multi-story pavilions that left no doubt who the home teams were.

"People are talking too much about crisis," said Rupert Stadler, Audi's chief executive who predicts, for example, double-digit growth for its U.S. sales this year. "It's always possible to complain."

Eckehart Rotter, a spokesman of the German Association of Automobile Manufacturers, the show host, said: "The automobile industry has been doing great since the beginning of the year."

"We're expecting a record year in terms of exports and production."

Lighter material, electric-powered engines and tiny, fuel efficient cars styled for city driving are among the innovations on display: luxury brand Rolls-Royce presented its electric experimental car, the 102EX, while sports car standout Aston-Martin rolled out its pint-sized Cygnet "commuter" car.

Fiat has a new, slightly longer version of its Panda small car, a mainstay that has sold 6 million since 1980, while Toyota has a new take on its familiar Prius, offering a plug-in hybrid version and a Prius+ seven-seater. Daimler AG's Smart brand has an electric version of its tiny two-seater.

Ford Motor Co. is unveiling the Evos, a concept car that won't make it into production but which shows design elements that will appear on Ford's regular models soon. Those could include the car's slender, LED headlights.

VW has its new subcompact Up, which is only 3.54 meters long and has a new fuel-efficient three-cylinder engine. BMW's i3 makes up for the weight of the heavy batteries with light, high-tech carbon reinforced plastic, or CRP.

But as usual, the show isn't all about small and frugal. At the Porsche stand, visitors pawed the new version of the classic 911 Carrera sports car.

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A new 911 is priced in Germany at euro88,037 — including tax — for the Carrera, euro102,436 for the Carrera S with a bigger engine. U.S. prices start at \$82,100 and \$96,400.

Chrysler's Jeep brand launched its most powerful Jeep vehicle ever, the Grand Cherokee SRT8. SRT stands for street and racing technology and the limited edition Cherokee will achieve 0-100 kilometers per hour (0-60 mph) in 4.8 seconds — and hit a top speed of 255 kilometers per hour (158 mph).

Jeep CEO Michael Manley said all of the 4,000 planned for production in 2012 have been sold to dealers.

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