Chrysler To Invest $374M In The U.S.

Tom Krisher, AP Auto Writer

Chrysler said Thursday it will invest nearly $400 million and create 1,250 new jobs at transmission and metal casting factories in the Kokomo, Indiana, area.

CEO Sergio Marchionne confirmed that Chrysler will spend $162 million and add 850 new jobs at a former Getrag Transmission plant in nearby Tipton. The company will spend another $212 million for new equipment and tooling at three other factoring, creating 400 new jobs.

The company is investing millions in the Kokomo area to build fuel-efficient eight- and nine-speed automatic transmissions.

Chrysler plans to use a new nine-speed transmission in the Dodge Dart compact — which has lagged sales expectations — and the Jeep Cherokee midsize SUV. The Cherokee will replace the aging Jeep Liberty later this year.

Most manufacturers rely on five- and six-speed transmissions to move their cars and trucks. But Chrysler and others are planning for more gears. Generally, transmissions with more gears help cars perform better and get better mileage because engines don't have to work as hard at highway speeds

Chrysler now has three transmission plants and a metal casting plant in the Kokomo area that employ about 6,100 people.

In December, the Kokomo City Council voted to approve property tax breaks requested by Chrysler for $212 million in new equipment for its factories in the city. Tipton County officials also endorsed a similar request on Chrysler's $162 million plans to complete a sprawling factory along U.S. 31 that has never been occupied. German auto parts maker Getrag stopped construction in 2008.

Brian Harlow, Chrysler's vice president in charge of powertrain manufacturing, told county commissioners at the time that the company needs more transmission factory capacity to handle growing sales. Chrysler's sales have grown to 1.65 million last year from just over 931,000 in 2009, the year it emerged from bankruptcy protection.

Chrysler's request to Kokomo officials said the investment will help retain 3,400 jobs in the city.

The company has added nearly 8,000 hourly jobs since leaving bankruptcy protection and invested almost $5.2 billion in its US factories.

The company hopes the nine-speed transmissions help the Dart live up to expectations. It was unveiled with much fanfare at the 2012 Detroit auto show, but

only 25,000 were sold last year. Chrysler, owned by Italy's Fiat, had touted the sleek compact as the perfect blend of aggressive American styling and Italian technology. It was supposed to be Chrysler's first competitive compact since the 1990s.

Marchionne said the company mistakenly equipped the Dart with transmissions and engines better suited to European drivers than Americans. He said the nine-speed transmission would be more suitable to U.S. drivers because the added gears will help the car shift more smoothly and accelerate faster.

Dart sales did pick up in January, rising to more than 7,100. The car is built in Belvidere, Ill.

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