

November 2002

CAR COMPANY NEWS

Alliances

Audi Sales Joint Venture in Japan

Audi Japan is setting up a joint venture with Yanase to promote sales of its cars in Japan.

Yanase Audi Sales, which will be owned 66.6% by Yanase and 33.4% by Audi, will start operations on 1 December 2002. 22 of Yanase's dealerships will be transferred to the new venture. In the 12 months from October 2001, Yanase sold around 4,400 Audi cars, double the figure for the previous year.

Audi News 2.10.02 JV; SALES

Brilliance China Expects Approval Soon for BMW Venture

Brilliance China Auto Holdings expects to receive final approval soon from the Chinese authorities for its planned joint venture with BMW.

The final go-ahead is expected to be given after China's 16th National Congress in November 2002. The venture, which has received initial approval, will be 50% owned by BMW and 40.5% by Brilliance China, with the Liaoning provincial government holding the rest. Total investment will be Euro 450m over the next five years. Brilliance China said earlier that the new company will employ its 51%-owned Shenyang Jinbei Passenger Vehicle, which contributes around 90% of Brilliance China's operating income, to produce the BMW saloons. Capacity is expected to be 30,000 units a year.

Brilliance China News 25.10.02 INVESTMENTS; JV; PRODUCTION

Daihatsu Considers Venture with FAW

Daihatsu is considering a joint venture in China with FAW to produce minivehicles.

A Daihatsu spokesman has said that the companies had looked at possible joint production, but details have not been finalised. The Nihon Keizai Shimbun had reported that Daihatsu planned to start production of minivehicles and SUVs with FAW from 2005. In August 2002, Toyota reached a strategic partnership with FAW to jointly produce minivehicles, luxury saloons and SUVs from 2003. As part of the agreement, the partnership will start production of 660cc minivehicles to be sold under the Daihatsu badge from 2003. Annual capacity will be

100,000 units. The newspaper report said that Daihatsu plans to invest around Y 20bn to build a plant in China after setting up a joint venture. Production is likely to involve the Mira and Move minicars and some SUVs.

Daihatsu News 3.10.02 CAPACITY; JV; PRODUCTION

Fiat and GM Discuss 'Possibilities'

Fiat and GM are discussing 'endless possibilities' for future business ties, according to Paolo Fresco, chairman of Fiat.

Mr Fresco sees the recent GM decision to write down most of the value of an initial 20% stake taken in Fiat Auto in 2000 as an initial move in talks on a possible sale of the rest of Fiat Auto to GM. A merger of Fiat Auto with Opel is 'not on the table at the moment'.

Fiat/GM News 11.10.02 M&A

Ford and GM Cooperate on Transmissions

Ford and GM are to cooperate on the development of a new 6-speed automatic transmission.

The high-volume, FWD transmission will offer an estimated 4-8% improvement in fuel economy over traditional 4-speed transmissions in FWD cars. The extra gears also provide smoother driving. The deal is expected to be finalised this winter. It includes working with suppliers to develop and buy components. The companies will assemble the transmissions at their respective plants. The two companies' transmissions will be distinct in feel and performance because they will be mated to different engines and fitted to different vehicles. The new transmission is expected to be available in 'mid-to-late decade'.

Ford/GM News 10.10.02 JV

GM in Expansion Talks with Yantai Bodyworks

GM is in talks with Yantai Bodyworks and others to expand its presence northward in China. According to state newspapers, a proposed GM-Yantai venture would produce the Buick Sail.

According to Daphne Zheng, a GM spokeswoman, nothing has been announced and the company is talking to a number of potential partners, including Yantai.

GM News 24.10.02 JV

GM Decision on Second Model with AvtoVAZ in 2003

GM is to decide early in 2003 whether it will start producing a second model at its joint venture plant with AvtoVAZ.

Production of a second model is the next priority for GM in the joint venture. The plant in Togliatti has an installed capacity of 75,000 units a year. Output in 2003 is expected to total 35,000 units of the Chevy-Niva. Production of a third model has not been ruled out and the partners are discussing the possibility of building an engine plant in Togliatti.

GM News 21.10.02 JV; PRODUCTION

GM Holden Takes Stake in GM Daewoo

GM, through its Holden unit in Australia, has invested \$251m to take a 42.1% stake in GM Daewoo Auto & Technology, while the Korea Development Bank invested \$197m for a 33% stake.

According to GM spokesman Rob Leggat, the move makes sense because of the location of Holden within the Asia Pacific region. Holden has set up a separately run distribution company, GM Daewoo Australia, which will be the exclusive distributor of Daewoo cars in Australia. Holden wants to restore Daewoo sales in Australia to over 20,000 units a year.

GM News 18.10.02 M&A

GM-Daewoo Venture to Be Launched on 17 October 2002

According to a Daewoo spokesman, the joint venture led by GM to revive Daewoo Motor's key assets will launch on 17 October 2002, with all operations being carried out under the GM Daewoo Auto & Technology name from that date.

GM/Daewoo News 16.10.02 JV; M&A

GM Could Abandon Fiat

GM has said that it could end a possible buy-out of Fiat Auto if there is any change in control at the Italian group. John Devine, GM's chief financial officer has said that the put option will be automatically eliminated if there is a change of control at the parent company. The Italian Economy Ministry has denied as 'groundless' reports that the Government could take a stake in the Fiat group. It did not say whether the Government could invest in Fiat Auto.

GM News 15.10.02 M&A

GM in PGM Deal with Norilsk

GM and MMC Norilsk Nickel have signed a long-term palladium, platinum and rhodium supply contract.

For Norilsk, the deal forms part of a strategy to boost the number of long-term deals with end-users to ensure stability of platinum group metals deliveries and prices.

GM/Norilsk News 9.10.02

New Joint Venture for GM and AvtoVAZ?

GM and AvtoVAZ are considering setting up another joint venture to produce Opel engines, according to John Milonas, head of GM-AvtoVAZ. No further details have been given.

Autoactu 9.10.02 JV

Shanghai GM to Take Stake in GM-Daewoo?

Shanghai GM, the joint venture between GM and Shanghai Automotive Group Finance Company, may take a 10% stake in GM Daewoo Auto and Technology, according to the Korea Times.

If the information is confirmed, GM Daewoo will be held 42.1% by GM and 33% by Daewoo's creditors. The rest will be held by Suzuki and Shanghai GM.

Les Echos 7.10.02 JV; M&A

At-Home Refuelling from Honda

American Honda Motor has a 20% stake in FuelMaker of Canada, which will be the first company to mass-market a system that connects to a home's natural gas supply to allow owners of natural gas vehicles to fill up at home.

American Honda hopes that this will help expand the retail market of its Civic GX natural gas car beyond government fleet sales. At present, there is a lack of a nationwide network of refuelling stations. FuelMaker's pump, called Phill, is about the size of a pay phone and can be installed in a garage or outdoors using the existing natural gas supply line. Drivers would leave the pump in the car overnight and a full tank would give a range of 220 miles.

Honda News 8.10.02 ENVIRONMENT

Talks Between Honda and Peugeot Fail

Honda and the Peugeot group have held talks on a joint 4x4 development project, but the talks have failed.

According to Hiroiyuki Yoshino, head of Honda, the company is talking to various producers on many subjects. The Peugeot group's strategy is one of ad hoc cooperation agreements.

Autoactu 30.9.02 JV

Go-Ahead for Hyundai to Produce Cars in China

Hyundai is to produce cars in China, following Chinese approval for its joint venture with Beijing Automotive Industrial Holding.

The venture will start producing the Hyundai EF Sonata and Elantra XD at a plant near Beijing, starting towards the end of 2002. In 2002, it will be able to produce 2,000 cars. Capacity will be increased to 30,000 units in 2003, 200,000 in 2005 and 500,000 by 2010. Initially, Hyundai will invest \$100m in the venture and raise its investment to \$430m by 2005 and to \$1.1bn by 2010.

Hyundai News 14.10.02 INVESTMENTS; JV; PRODUCTION

Parts Deal for Hyundai, DaimlerChrysler and Mitsubishi

Hyundai has agreed to jointly develop and buy parts worth £13bn with DaimlerChrysler and Mitsubishi.

According to a Hyundai spokesman, the joint purchase will start as early as June 2003. The move would mark the latest stage in DaimlerChrysler's strategy of cost saving through its global alliances. A spokesman for DaimlerChrysler refused to deny or confirm Hyundai's statement.

Hyundai News 11.10.02 JV

Isuzu May Streamline SUV Production in the US

Isuzu is considering streamlining production of SUVs at its US joint venture with Fuji HI, but no details have been decided.

Isuzu has issued a statement in response to a Nihon Keizai Shimbun report that it will dissolve the venture by the end of 2002 in order to focus on its truck operations. Fuji HI put out a similar statement, saying Subaru-Isuzu Automotive is looking for ways to make production more efficient. Referring to the newspaper report, it said nothing of the sort had been decided. The report said that the venture would become wholly owned Fuji HI subsidiary and Isuzu would outsource SUV production to it. In addition, Isuzu would continue selling vehicles under its brand name in the US by procuring 2.5L vehicles from GM.

Isuzu News 8.10.02 JV

MG Rover Probes Chinese Partner

MG Rover is investigating the stability of Shanghai Shenhua Holdings (formerly Shanghai Brilliance), its Chinese joint venture partner, following allegations of fraud and embezzlement against its chairman, Yang Rong.

However, the cooperation is said to be progressing normally and Mr Yang recently brought a team to the Longbridge plant. In June 2002, Mr Yang was ousted as chairman and CEO of China Brilliance Automotive. Mr Yang is still chairman of Shenhua and reports that he is on

the run in the US have been dismissed by Kevin Howe, CEO of MG Rover. The alliance is expected to help MG Rover replace its 45 and 25 models.

Financial Times p2 23.10.02 JV

MG Rover in Talks with Tata

MG Rover may market a small car, derived from the Tata Indica from summer 2003.

MG Rover and Tata (Telco) have been in talks for a year, which are expected to result in an agreement on production under licence. The small Rover could be called the Rover 15. Prices are expected to start at around £6,000.

MG Rover News 19.10.02 JV

MG Rover Offers Investment in Daewoo Plant in Poland

MG Rover has offered to invest \$350m in Daewoo's Daewoo-FSO operation in Poland, as part of its strategy of expanding into eastern Europe. Daewoo-FSO is not included in the Daewoo/GM deal.

Daewoo's Korean and Polish creditor banks and the Polish Government are meeting to decide whether to approve the proposal in principle. MG Rover would invest \$125m to become a shareholder and \$225m in the production line. The plant near Warsaw would be retooled to produce the Rover 45 and the MG ZS, when production in the UK ends in 2004.

Financial Times p4 18.10.02 M&A; PRODUCTION

MG Rover Close to Acquiring Daewoo-FSO Plant

MG Rover is close to acquiring the Daewoo-FSO car plant in Poland, where it is already considering plans to produce the Rover 45.

MG Rover has declared its intention to invest £80m in the plant at Zeran, where 3,000 workers are still engaged in the production of cars for Daewoo. A shareholder's meeting in Warsaw on 18 October 2002 is expected to agree to the eventual takeover of the plant by MG Rover. The Polish Government and the banks will set up a new smaller company with MG Rover and share the equity. A new medium car will go into production at the Longbridge plant in 2004, which will replace the 45, which will continue in production at Zeran. The deal will strengthen MG Rover's business and increase its volume sales, giving it access to Daewoo's distribution system in eastern Europe.

The Birmingham Post p17 8.10.02 INVESTMENTS; JV; PRODUCTION

Nissan China Joint Venture May Export Within Two Years

Nissan has said that its planned joint venture with Dongfeng could be exporting trucks within one to two years.

Export volumes would be small initially, as most trucks built by the venture would be absorbed by the rapidly expanding Chinese market. The venture also plans to build cars. Dongfeng already exports less than 1,000 trucks a year to developing countries and the new venture could also export to developing countries. The venture aims to produce 550,000 vehicles by 2006 and to become a globally competitive player with production capacity of 900,000 units within ten years.

Nissan News 2.10.02 JV; PRODUCTION

Peugeot Plans to Expand Joint Venture in China

The Peugeot group and Dongfeng Motor are to invest \$120m to increase production and bring the Peugeot brand back to the Chinese market.

The two companies will expand a joint venture that will start producing a Peugeot model in Wuhan in 2004, as part of Peugeot's plans to take a 15% share of the Chinese market, compared with 9% at present. The car will be based on the 307 platform, but will be tailored to the Chinese market. Dongfeng Peugeot Citroen Automobile aims to sell 150,000 cars a year by 2004, rising in the medium term to 300,000.

Peugeot News 25.10.02 JV; PRODUCTION

Renault to Increase Diesel Engine Purchases from Isuzu

Renault is to increase its purchases of diesel engines from Isuzu in order to meet growing demand in Europe.

Renault is to buy around 5,000 3L engines a year for the new Espace, in addition to the 10,000 3L V6 engines that Isuzu already supplies for the Vel Satis. The engines are produced at Isuzu's Kanagawa plant in Japan. They use a large number of aluminium parts, which makes them lighter.

Nihon Keizai Shimbun 29.9.02

Saic Joins GM in Daewoo Venture

Saic of China has joined GM in its joint venture with Daewoo, making it the first Chinese auto producer to invest in a foreign manufacturer.

Saic is to invest \$59.7m in a 10% stake in GM Daewoo Auto and Technology, which will own three Daewoo plants. The partnership will help Daewoo enter the Chinese market, where its strength in sub-compact cars will complement the Buicks salons and family cars that GM and Saic produce in Shanghai. Saic hopes the deal will help it export components to South Korea. Daewoo currently exports small cars to China. The cars are

popular because of their relatively low price, but local operations are needed to take advantage of lower production costs. Daewoo has invested \$900m in an engine plant and components factory in Shandong province. The initial aim was to export to Korea, but the plants were idled by Daewoo's problems.

Independently, Saic is in talks with the Shandong Government to help restructure its automotive investments. The province had formed Yantai Bodyworks to make cars using Daewoo technology.

Saic News 13.10.02 INVESTMENTS; JV

Subaru and Ericsson Cooperate on Telematics Systems

Subaru and Ericsson are to collaborate on the development of a control unit which, when installed in a car, will oversee the proper operations of the engine and will warn Subaru's data centre of any anomaly.

The system will enable the driver to receive information via the navigation screen on any problem and the nearest repair centre. The system will be installed in the Subaru Legacy from 2005.

Autoindustria 11.10.02 JV

Suzuki and Daewoo to Share Components

Suzuki and Daewoo are to share parts and Suzuki is to subcontract part of its production of certain components to companies which work with the new GM Daewoo Auto & Technology, in which Suzuki will have a 15% stake.

Autoindustria 1.10.02

Toyota Provides Technical Assistance to Tianjin

Toyota is to supply technical assistance to Tianjin Automotive Xiali for the production of the Vitz.

Tianjin will start producing 1,000 units of the Vitz a month from the start of 2003. The cars will be marketed under its own brand. Toyota already supplies its technology for the Platz, which uses the same platform as the Vitz. Tianjin produces around 1,000 units a month and sells them under the Xiali 2000 name. Toyota has also started to produce the Vios in China with Tianjin. The Vios also uses the Vitz platform.

Hihon Keizai Shimbun 17.10.02 JV; PRODUCTION

Steering Joint Venture for Toyota and Subsidiaries

Toyota and three of its subsidiaries are to set up a joint venture for the development of electric and electro-hydraulic power steering systems.

The aim is to compete at world level with the main players, such as TRW and NSK. The new company, Favess, will be owned 45% by Koyo Seiko, 35% by

Toyoda Machine Works, 10% by Denso and 10% by Toyota. It will be based in Aichi, near the Toyoda Machine Works technical centre. It will start operations in February 2003 with a workforce of around 300.

Nihon Keizai Shimbun 3.10.02 JV

VW and Siemens to Cooperate on Injection Systems

VW and SiemensVDO are to cooperate on the development and production of diesel injection systems.

An agreement on the setting up of a joint venture is expected to be signed in the next few weeks. The systems are expected to be produced at VW's engine plant in Chemnitz.

Die Welt 15.10.02 JV

Agreement on Joint Venture for Zastava

Serbia has agreed a joint venture with a US group, which will see at least \$150m in Zastava over three years.

Zastava, which was crippled during the 1990s Balkan conflict, would increase monthly output from 1,200 units at present to 10,000 over three years. The venture with NUCARCO, which is based in New Jersey, is backed by a group of investors headed by Kaupthing Securities, a unit of Kaupthing Bank of Iceland. Originally, the Serbian Government planned to sell Zastava to a strategic partner, but talks failed to produce results. The investment will enable Zastava to expand and modernise its production capacity and sell its vehicles worldwide. The venture will be called Zastava Motor Works ZMW. The deal is expected to be finalised on 1 March 2003. NUCARCO will own 80% and Zastava 20%. At least 75% of output will be marketed in the US, EU and in developing countries. There are plans for annual output to reach 220,000 units in five years.

Zastava News 11.10.02 INVESTMENTS; JV; PRODUCTION

Key Figures

September 2002 Rise in Big 3 Sales in Canada

In September 2002, GM of Canada sold 46,749 vehicles, a rise of 23.7% on a year earlier. Ford of Canada increased sales by 21.8% to 21,203, while DaimlerChrysler Canada saw a fall of 7.1% to 17,910.

In the first nine months of 2002, GM sales rose by 11.6% to 394,818, Ford sales rose by 6.1% (no figure given) and DaimlerChrysler sales rose by 2.6% to 188,367.

Big 3 News 1.10.02 SALES

BMW Raises Mini Sales Target

BMW has again raised its 2002 sales target for the Mini, to 140,000 units from the initial 132,000.

In the first nine months of 2002, 105,000 units of the Mini were sold, of which the UK accounted for 26,000, Germany for 17,250 and the US for 15,800. According to Michael Ganal, sales director, with the Mini, BMW has created the first small world car. It has been very well received in the US and over half of owners are first-time buyers. BMW intends to benefit from the strong growth in the luxury and Polo-class markets, which should rise by 48% over the next ten years.

Handelsblatt 21.10.02 SALES

September 2002 Rise in Sales for BMW

In September 2002, BMW sold 96,500 cars worldwide, including the Mini, a rise of 28% on a year earlier.

Sales of BMW brand cars totalled 79,700 units, a rise of 12%. In the first nine months of 2002, sales of the BMW brand rose by 5%. Sales of the Mini so far in 2002 total almost 105,000 units, above the original target for the full year. Sales in the UK, the major market for the Mini, rose by 48% in the first nine months to 97,200 units.

BMW News 10.10.02 SALES

First-Half 2002/03 Profit for Daewoo

In the first half of 2002 Daewoo made a profit of Won 18,500bn, compared with a net loss of Won 644.5bn in the same period in 2001.

Operating profit totalled Won 12.9bn, while sales fell by 18% to Won 1,900bn. The good performance is attributed to the decision of the South Korean court which set aside the payment of Won 17,600bn in Daewoo accumulated debt.

Il Sole 24 Ore 4.10.02 RESULTS

First-Half 2002/03 Fall in Profit for Daihatsu

In the first half of its 2002/03 business year (30 September 2002), Daihatsu Motor made a net profit of Y 1.29bn, a fall of 76% on the same period in the previous year.

Sales fell by 4.2% to Y 455.7bn, as a result of a sharp fall in sales of minivehicles produced for Toyota. Market share slipped to 25.4% from 27.9%. However, sales at Perodua were 'healthy'. Competition in Japan's crowded minivehicle market is increasing. Daihatsu has cut its forecast for sales for the full year to Y 950bn from Y 970bn and the company expects to take 25.4% of the market, which it estimates at 1.85m units.

Daihatsu News 25.10.02 RESULTS

Third-Quarter 2002 Increase in Profit for DaimlerChrysler

In the third quarter of 2002, the DaimlerChrysler group increased operating profit to \$1.7bn from \$0.7bn and net income, excluding one-time effects, to \$0.9bn from \$0.3bn. Revenues rose by 1% to \$35.9bn.

Units sales rose by 7% to 1.1m vehicles, despite weakness in some markets. In the first nine months of 2002, adjusted operating profit rose to \$4.6bn from \$0.8bn. Including one-time effects, the group made an operating profit of \$6.2bn, compared with an operating loss of \$1.3bn. The improvement came mainly from the success of the restructuring activities initiated in 2001.

The Mercedes-Benz Cars and Smart division increased unit sales in the third quarter by 3% to 310,900 units and revenues by 6% to \$12.1bn. Operating profit at \$782m, almost equalled the 2001 level. Mercedes-Benz sales rose by 1% to 280,600 units, with sales in the US up 2% to 50,800, in Japan up 6% to 11,600 and in western Europe up 2% at 185,700. Smart sales in the US rose by 18% to 30,300 units.

The Chrysler Group increased sales by 8% to 681,600 units, while revenues fell by 2% to \$14.1bn due to currency translation effects.

The CV division increased unit sales by 2% to 121,300 units, while revenues were unchanged at \$7.1bn. Operating profit was significantly higher at \$141m. Freightliner/Sterling/Thomas Built Buses sales rose by 27% to 31,800 units, while sales of Mercedes-Benz trucks and DaimlerChrysler buses and coaches were down, by 6% for trucks to 25,100 units and by 11% for buses to 6,000.

DaimlerChrysler News 23.10.02 RESULTS; SALES

DaimlerChrysler Optimistic About 2002 Results

Manfred Getz, finance director at DaimlerChrysler, has said that he is optimistic about the group's results in the full-year 2002, because of progress with the group's restructuring.

The group's pension deficit, around Euro 5bn, will not appear in the 2002 profit and loss account.

DaimlerChrysler's core business is performing better than expected, with Chrysler, Freightliner and Mitsubishi, all improving.

Financial Times Deutschland 18.10.02

Sharp Rise in DaimlerChrysler Sales in France

In the first nine months of 2002, DaimlerChrysler France sold 52,722 vehicles, a rise of 8.4% on the same period in 2001.

Of the total, Mercedes-Benz models accounted for 44,942 units (+9.7%), the Smart for 5,978 (+8%), Jeep models for 2,461 (+26.8%) and Chrysler models for 4,341 (-9.7%). In 2002 as a whole, sales are expected to show a rise of

9.5% to 58,000 units. The 2004 sales target for the Smart is around 18,000 units. 18 units of the Maybach 57 have already been ordered.

DaimlerChrysler News 15.10.02 SALES

Third-Quarter 2002 Improvement for Ford

In the third quarter of 2002, Ford made a net loss of \$326m, compared with a net loss of \$692m in the same period in 2001. Revenues rose to \$39,580m from \$36,324m.

Automotive sales and revenues rose to \$32,445m from \$28,451m, and automotive net loss improved to \$675m from \$1,054m. Vehicle sales worldwide totalled 1,657,000 units, compared with 1,522,000, with sales in North America rising to 1,060,000 units from 933,000 and those outside North America to 597,000 from 589,000. Sales in Europe fell to 454,000 units from 460,000, while sales in South America rose to 53,000 from 44,000.

In the first nine months of 2002, Ford made a net loss of \$850m, compared with a loss of \$385m, on revenues of \$121,736m, compared with \$120,630m. Automotive net loss fell to \$805m from \$1,559m on revenue of \$121,736m, compared with \$120,630m. Worldwide vehicle sales rose to 5,191,000 units from 5,183,000, with sales in North America rising to 3,338,000 units from 3,178,000 and those outside North America falling to 1,853,000 from 2,005,000. Sales in Europe fell to 1,449,000 units from 1,608,000, and sales in South America fell to 142,000 units from 152,000.

Ford is continuing to make progress with key aspects of its Revitalisation Plan and is also focusing on growth plans for the Premier Automotive Group brands Jaguar, Volvo, Land Rover and Aston Martin.

Ford News Release 16.10.02 RESULTS; SALES

Third-Quarter 2002 Loss for GM Europe

In the third quarter of 2002, GM Europe made a loss of Euro 180m, compared with a loss of Euro 287m in the same period in 2001.

Efforts to cut material and structural costs have offset the decline in vehicle sales and costs associated with the all-new Saab 9-3. Markets have been difficult, especially Germany. GM Europe is hoping that strong products from Opel/Vauxhall and Saab will boost sales.

Autoindustria 16.10.02 RESULTS

Third-Quarter 2002 Loss for GM

In the third quarter of 2002, GM made a net loss of \$804m, after a \$2.2bn write-down of its stake in Fiat, compared with a net loss of \$368m in the same period in 2001.

Excluding the charges, GM made a profit of \$615m, compared with a profit of \$385m. The core North American automotive operations made a profit of \$510m,

compared with \$445m. Earnings per car and truck sold to dealers in North America rose to \$351 from \$337. GM's assets in its US pension plan have fallen by around 10% and its pension expenses could rise by around \$1bn after tax in 2003, based on prevailing discount rates. GM is to take aggressive steps to control and cut costs in 2003.

GM News 15.10.02 RESULTS

First-Half 2002/03 Rise in Profit for Honda

In the first half of its 2002/03 business year (to 30 September 2002), Honda made a record group operating profit of Y 323.87bn, a rise of 2.7% on the same period in the previous year, helped by strong sales in the US and an earnings turnaround in Europe.

Net profit rose by 12.1% to a record Y 194.78bn. Sales totalled Y 3.85tn, a rise of 9.9%. Honda expects its full-year results to show record sales, pre-tax profit and net profit for the second consecutive year. Group operating profit is expected to total Y 620bn and net profit Y 410bn.

Honda News 28.10.02 RESULTS

September 2002 Honda Sales and Production

In September 2002, Honda sold 88,066 vehicles in Japan, a rise of 6.8% on a year earlier.

Exports totalled 39,617 units, a fall of 2.9%. Global output rose by 16.2% to 254,101, with domestic output up 10.7% at 122,864 units and overseas output up 21.9% at 131,237.

Honda News 24.10.02 PRODUCTION; SALES

Record Sales for Jaguar

In the first nine months of 2002, Jaguar sold 102,189 cars worldwide, compared with 100,791 cars in the whole of 2001.

78% of all Jaguar cars produced so far in 2002 (78,008 units), have been exported, with 48,006 going to the US, a rise of 61%. Sales in the UK totalled 24,181 units in the first nine months, a rise of 50%. In the main European markets, sales rose to 16,351 units from 13,700. Sales in Italy, now Jaguar's third largest market, rose by 60% to 4,612 units. Sales in Japan rose by 77% to 3,823 units and in Taiwan by 191% to 291. Sales in Australia rose by 125%.

When the new XJ range is introduced in spring 2003, Jaguar will have launched new models across the full range within a year.

The Birmingham Post p32 21.10.02 SALES

Jaguar and Land Rover Increase US Sales

In September 2002, Jaguar and Land Rover sales in the US continued to improve, despite the slowdown in the growth of the market.

Jaguar sold 4,200 cars, a rise of 40% on a year earlier. Sales of the X-Type rose to 2,046 units from 1,162, and sales of the S-Type to 1,234 from 785. In the first nine months of 2002, Jaguar sales rose to 48,006 units from 29,844.

Land Rover sold 3,569 vehicles in September 2002, compared with 2,043. Sales of the Range Rover rose to 616 units from 337, and those of the Freelander 1,360. In the first nine months of 2002, Land Rover sales rose to 30,060 units from 18,272. Sales of the Range Rover rose to 5,557 units from 3,597, while Freelander sales totalled 11,431.

The Birmingham Post p25 3.10.02 SALES

January-September 2002 Rise in Profit at Jiangling

In the first nine months of 2002, Jiangling Motors, in which Ford has a 29.96% stake, made a net profit of Yuan 77.8m, a rise of 88% on the same period in 2001 resulting from stronger sales.

Sales totalled 39,081 vehicles, a rise of 33.2%. In 2002 as a whole, Jiangling expects a 50% rise in net profit.

Jiangling Motors News 29.10.02 RESULTS

September 2002 Record UK Sales for Kia

In September 2002, Kia sold 2,817 cars in the UK, a rise of 23% on the previous record set in September 2001.

Kia's share of the market rose from 0.48% at the beginning of September 2002 to 0.65% at the end of the month. The Kia Sedona was the most popular large MPV in the UK private retail market and the second most popular large MPV in the overall market, ahead of the Renault Espace, Seat Alhambra and VW Sharan.

Kia Press Release 10.10.02 SALES

September 2002 Fall in Sales for Kia

In September 2002, Kia sold 85,581 vehicles, a fall of 5.6% on a year earlier. The decline is attributed mainly to Korean Thanksgiving holidays. Exports fell by 8% to 51,333 units.

Kia News 1.10.02 SALES

Mazda Forecast for 2002/03

Mazda expects revenues in its 2002/03 business year to rise by 11.7% to Y 2.34tn, with sales worldwide to total 1.015m units. Sales in North America are expected to total 344,000 units and European sales 195,000.

Mazda News 31.10.02 SALES

September 2002 Mazda Sales and Production

In September 2002, Mazda sold 29,111 vehicles in Japan, a rise of 10.5% on a year earlier.

Exports totalled 58,313 units, a rise of 26.8%. Global output totalled 91,523 units, a rise of 22%, with domestic output up 21.9% at 74,734 and overseas output up 22.4% at 16,789.

Mazda News 24.10.02 PRODUCTION; SALES

September 2002 Rise in Mercedes-Benz Sales

In September 2002, sales of Mercedes-Benz cars totalled 98,200 units, a rise of 10% on a year earlier. In the first nine months of 2002, sales were flat at 839,600 units.

Mercedes-Benz News 8.10.02 SALES

September 2002 Mitsubishi Sales and Production

In September 2002, Mitsubishi sold 49,710 vehicles in Japan, a rise of 4.5% on a year earlier.

Exports totalled 52,714 units, a rise of 23.3%. Global output totalled 170,149 units, a rise of 17.2%, with domestic output up 14.1% to 83,575 and overseas output up 20.4% to 86,574.

Mitsubishi News 24.10.02 PRODUCTION; SALES

First-Half 2002/03 Record Profit for Nissan

According to preliminary figures, in the first half of its 2002/03 business year (to 30 September 2002), Nissan Motor increased operating profit by 84% year-on-year to Y 348bn.

Net profit reached a record Y 286bn and operating margin stood at 10.6%. The rise in profit is seen as particularly strong as the previous year's results were boosted by the weaker yen. Sales in Japan, including minivehicles, rose by 18.8% to 383,000 units, with sales in the US up 8.3%, sales in Europe down 9.4% and sales in the rest of the world up by 16.2%. In the full year, Nissan expects operating profit to total Y 720bn and debt to fall to Y 80bn.

Financial Times p28/Nissan News 24.10.02 RESULTS

September 2002 Nissan Sales and Output

In September 2002, Nissan sold 74,912 vehicles in Japan, a rise of 10.8% on a year earlier.

Exports rose by 24.9% to 68,072 units. Global output rose by 14.9% to 244,878 units, with domestic output up 21.1% to 129,476 and overseas output up 8.6% to 115,402.

Nissan News 24.10.02 PRODUCTION; SALES

Nissan France To Increase Sales in 2002

Nissan France expects to sell around 40,000 units in 2002, a rise of 18.3% on 2001, and sees 2002 as the year it 'takes off'.

The 2002 increase comes despite a drop in sales to rental companies from 6,000 units to 3,500-4,000. Nissan France is aiming to increase sales to 54,500 units in 2003, 66,500 in 2005 and 73,000 in 2006 (3% of the market).

Nissan News 15.10.02 SALES

January-September 2002 Rise in Turnover for Peugeot

In the first nine months of 2002, the Peugeot group increased turnover to Euro 40.2bn from Euro 38.129bn in the same period in 2001, thanks to a large rise in sales outside Europe.

The automobile division increased turnover by 6% to Euro 32.395bn and the car equipment division by 0.5% to Euro 7.273bn. Turnover on transport and logistics fell by 1.2% to Euro 1.969bn. The group sold 2.419m vehicles, a rise of 3.8%. Sales outside western Europe rose by 25.2% to account for 21.6% of worldwide sales, compared with 17.9% a year earlier. Sales in western Europe fell by 0.9% as the Peugeot and Citroen networks reduced stocks. Sales in central Europe and Turkey rose by 24%, in Latin America by 7.6% and in China by 39%. Peugeot now claims a 7.7% share of the Chinese market.

Peugeot News 22.10.02 RESULTS; SALES

January-August 2002 Fall in Sales for Peugeot and Renault in Argentina

In the first eight months of 2002, Peugeot saw its sales in Argentina fall by 52% on the same period in 2001 to 11,214 units, while Renault saw a fall of 46.9% to 14,938. The market fell by 49.5%.

Peugeot/Renault News 8.10.02 SALES

2001/02 Rise in Profit for Porsche

In its 2001/02 business year (which ended on 31 July 2002), Porsche made net profit of Euro 462m, compared with Euro 270.5m in the previous year.

Earnings were boosted by successful hedging against exchange rate fluctuations and a lower tax bill. Revenue rose Euro 4.86bn from Euro 4.44bn, partly because of demand for the 911. Sales were virtually unchanged at around 54,000 units.

Porsche News 11.10.02 RESULTS; SALES

January-September 2002 Rise in Revenue for Renault

In the first nine months of 2002, Renault increased revenues by 2.57% on the same period in 2001 to Euro 27,000m.

The automobile division increased revenues by 2.2% to Euro 25,592m as a result of a favourable model and engine mix, and an increase in dealer business in Europe. Diesel sales continued to rise in western Europe and Renault Samsung showed strong growth. Sales worldwide were stable at 1,818,116 units, with cars accounting for 1,568,005 and light CVs for 250,111. Renault Samsung increased sales by 62.9% to 83,654 units, while the Renault marque saw a 2.6% fall in western Europe.

Renault Press Release 23.10.02 RESULTS; SALES

January-September 2002 Fall in Sales for Renault

In the first nine months of 2002, Renault group sales totalled 1,818,000 units, a fall of 0.6% on the same period in 2001. Renault marque sales fell by 2.6% to 1,693,000 units.

Renault marque sales in western Europe fell by 1.7% to 1,423,000 units, but this was expected because of the changeover to the new Espace and Megane models. Outside western Europe, sales rose by 3.5% to 394,446 units, despite the sharp decline of the markets in Turkey and Argentina. Samsung increased sales by 62.9% to 83,654 units and Dacia increased sales by 2.9% to 41,122.

Autoactu 16.10.02 SALES

Record September 2002 for Seat in the UK

In September 2002, Seat sold 6,226 vehicles in the UK, a rise of 9.3% on a year earlier and the first time monthly sales have exceeded 6,000 units.

Of the total, sales of cars totalled 6,115 units, while sales of Inca vans totalled 111. In the first nine months of 2002, Seat sales totalled 24,720 and market share stood at 1.17%. The Ibiza was the most popular model, with 2,669 units sold in September and 9,658 in the first nine months.

Seat Press Information 4.10.02 SALES

Skoda Sees Fall in Sales in 2002

Skoda expects its sales to fall by 5-6% in 2002, partly as a result of the strength of the Czech currency, which is hitting exports.

Net profit should remain stable, compared with the 2001 level of Euro 66.5m. Skoda expects to pass the 0.5m mark for annual sales within two to five years, by increasing its exports and stressing emerging markets. It will assemble 6,000 vehicles in India in 2002 and 3,000 in the Ukraine. The competitiveness of Skoda is falling. Wages costs have

risen to Euro 900 a month on average from Euro 550 five years ago.

Tribune 30.9.02 PRODUCTION

January-September 2002 Fall in Profit for Sofasa

In the first nine months of 2002, Sofasa, the Colombian vehicle assembler, made a net profit of P 15.47bn, compared with P 35.89bn in the same period in 2001.

Operating income fell to P 601.115bn, compared with P 644.620bn. Net worth rose to P 99.44bn from P 74.66bn. Sofasa's shareholders include Renault, Toyota and Mitsui.

Sofasa News 30.10.02 RESULTS

First-Half 2002/03 Rise in Turnover for Suzuki

In the first half of its 2002/03 business year (to 30 September 2002), Suzuki increased turnover by almost 20% on the same period in the previous year, taking the future to over Y 1,000bn for the first time,

The company had forecast turnover of Y 990bn, but deliveries of minivehicles to Nissan and the weakness of the yen boosted revenues. For the year as a whole, Suzuki has revised its turnover estimate to over Y 2,000bn from Y 1,980bn.

Nikkei Business Daily 3.10.02 RESULTS

Second-Quarter 2002/03 Profit for Telco

In the second quarter of its 2002/03 business year (to 30 September 2002), Telco (Tata), made a net profit of Rp 588m, compared with a loss of Rp 618.3m.

Gross sales, including excise duty, rose to Rp 25.76bn from Rp 20.54bn. The company saw a high level of growth on CVs, which is not expected to be sustained because of uncertainty about future prices of diesel, which have risen more than 20% since April 2002. Revenues have rebounded in the past six months, driven by sales of larger, multi-axle vehicles and the growing popularity of the new version of the Indica. Telco is planning to launch 12 new models across its truck, compact car and utility vehicle ranges before 2003 and expects sales of 100,000 cars in the full financial year.

Telco News 30.10.02 RESULTS; SALES

First-Half 2002/03 Rise in Operating Profit for Toyota

In the first half of its 2002/03 business year (to 30 September 2002), Toyota made a group operating profit for Y 730.83bn, a rise of 44.3% on the same period in the previous year.

The improvement is attributed partly to a reduction in costs of around Y 150bn and also to brisk sales of new vehicles in the US. Net profit rose by 90.2% to Y

553.80bn. Sales rose by 15.4% to Y 7.89tn as a result of the success of the remodelled Camry and Highlander in the US. Toyota expects sales worldwide in the current year to total 6.2m vehicles, with sales of 1.97m in North America and 810,000 in Europe.

Toyota News 30.10.02 RESULTS; SALES

September 2002 Sales and Output for Toyota

In September 2002, Toyota, Japan's largest vehicle producer, increased domestic sales by 10.8% on a year earlier to 155,836 units.

Exports rose by 8.6% to 154,242 units. Global output rose by 16.8% to 494,915 units. Output in Japan rose by 9.5% to 303,329 units, and overseas output by 30.5% to 191,586.

Toyota News 24.10.02 PRODUCTION; SALES

September 2002 Rise in Volvo Car Sales, Fall in Saab Sales

In September 2002, Volvo sold 25,905 cars, compared with 5,762 for Saab. In the first nine months of 2002, Volvo sold 176,537 units, a rise of 2.5%, while Saab sales fell by 1.8% to 54,961.

Handelsblatt 15.10.02 SALES

Toyota Sees Increase in US Sales in 2003

Toyota expects to increase its Toyota brand sales and market share in the US in 2003, despite a forecast fall in industry-wide sales.

The Toyota division expects to increase sales by 50,000-60,000 units, mostly SUVs, to over 1.6m. Further growth could take Toyota's share of the market from around 9.1% so far in 2002 to over 10%. Much of the growth in 2003 will come from the new 4Runner and the Highlander. In the first nine months of 2002, sales rose by 3.5%, while Lexus brand sales were up 9%. The lockout of West Coast port workers could hit sales in October 2002 by 10-15%, with sales down by 10,000-15,000 units.

Toyota News 10.10.02 SALES

January-September 2002 Fall in Profit for VW

In the first nine months of 2002, VW made a pre-tax profit of Euro 2.97bn, a fall of 20% on the same period in 2001.

Turnover fell by 1.5% to Euro 65.3bn and net profit by 22% to Euro 1.84bn. In the third quarter, pre-tax profit fell by 48% to Euro 711m, while turnover rose by 2.2%. VW expects to make a pre-tax profit of around Euro 4bn in the full year and expects deliveries to total just under 5m vehicles.

Financial Times Deutschland 30.10.02 RESULTS; SALES

Strategy

Audi Committed to Operations in Hungary

Audi, which has invested almost \$1.4bn in Hungary in 1993, has said that it is committed to staying in the country and hopes to grow further when Hungary joins the EU.

In the first nine months of 2002, Audi produced 970,000 engines in Hungary and output will rise by 5% in 2002 as a whole to 1.3m units.

Audi News 30.10.02 PRODUCTION

Agreement at Audi on Working Hours

Audi has reached agreement with the works council on a new working hours scheme which will ensure jobs in Germany in the long term.

One outcome of the agreement is that the 5-door A3 will be produced at the Ingolstadt plant and not in Mexico, as planned.

Financial Times Deutschland 28.10.02 LABOUR; PRODUCTION

Audi A4 to Be Built in China

The VW group is aiming to protect its 50% share of the Chinese market against increasing competition, and is now planning to produce the Audi A4 locally.

A decision on the project is expected to be taken shortly. According to the Chinese press, the move is aimed at meeting competition from BMW, which has recently gained Government approval for a joint venture with Brilliance to produce the 3-Series from the end of 2003. Up to now, Audi has produced only a special version of the A6 in Changchun, which heads the premium segment of the market. BMW is now to challenge this position with planned production of the 5-Series as part of its new joint venture. In 2001, Audi expects to sell at least 31,000 units of the A6, plus up to 2,000 imported cars (including the A4), increasing overall sales by 12% on 2001.

Handelsblatt 23.10.02 JV; PRODUCTION; SALES

AvtoVAZ Halts Output for Two Weeks

AvtoVAZ is to halt production from 26 October to 9 November 2002 in order to reduce stocks.

Stocks are currently running at 75,000-77,000 units, the equivalent of 28 days' production. There is a risk that 25,000-30,000 units could remain unsold. In 2001, AvtoVAZ produced 767,300 vehicles, compared with 705,600 in 2000. The shutdown does not affect the GM-AvtoVAZ joint venture.

Autoactu 15.10.02 PRODUCTION

Bentley Plans to Double Sales

Bentley is aiming to double its sales in the medium term by offering models priced at below Euro 240,000, the current starting price for the range. Bentley will also expand its sales network worldwide.

Bentley enjoys a high level of autonomy within the VW group's classic marques division. The Continental GT is in a higher segment than the VW Phaeton or Audi A8.

Die Welt 30.9.02 PRICING

BMW Plans

According to internal documents, BMW expects turnover to rise by almost 30% between 2002 and 2008 to Euro 51.5bn, as a result of a product offensive.

Sales worldwide should rise from just over 1m units in 2002 to 1.4m, with growth of 58% in the US and Asia.

Investments will rise by 8.9% to Euro 3.8bn. 20 or so new models are planned, including the X3, to be produced by Magna Steyr at a rate of 100,000 units a year, mainly for the US market. A compact MPV will be derived from the X3 in 2005. The 6-Series coupe, due in autumn 2003, will be built at the Ratisbon plant at a rate of over 20,000 units a year. It will share 40% of its parts with the 3-Series and there will be a convertible version in 2004. A diesel-engined Mini will be launched in 2003, a convertible in spring 2004 and a 5-door in 2008. The 1-Series will be launched in autumn 2004, and a new Rolls-Royce in 2003.

Michael Ganal, sales and marketing director, sees the Middle East as an interesting market with a certain potential, while he considers China 'a unique challenge'. In Japan, BMW expects to be able to sell over 30,000 units a year. BMW considers itself well armed to ensure its future in the Asia-Pacific region. In the first half of 2003, it will start assembling the 3-Series in China, to be followed eventually by the 5-Series.

BMW News 7.10.02 NEW MODELS; PRODUCTION

BMW Plans to Increase Production

BMW is planning to increase vehicle production by 30% to 1.3m units in 2007, according to Helmut Panke, president.

BMW is to increase its product range from six lines (3-Series, 5-Series, 7-Series, X5 Mini and Z) at present to ten.

Autoindustria 1.10.02 PRODUCTION

Ex-Head of Brilliance China Seeks to Remove Top Executives

Yang Rong, the ousted head of Brilliance China Automotive, wants to remove top executives of his Hong Kong-listed parts producer.

Mr Yang, who is reported to have been ousted because he refused to immediately cede control of Brilliance to the Chinese Government, is calling for a shareholders' meeting to sack six directors of Compass Pacific

Holdings. The board includes Wu Xiaonan, who replaced Mr Yang as chairman of Brilliance China.

Brilliance China News 3.10.02 PEOPLE

Chrysler Raises Incentives

Chrysler is extending its 0% interest loan deals and offering more generous cash rebates.

Chrysler is to offer five-year 0% interest loans on its minivans and 2.9% 60-month loans on all 2003 cars that were previously sold with a 4.9% interest rate. 0% loans for periods of less than five years will now be offered on 23 different 2003 cars and minivans. Chrysler has also reduced by 2 percentage points its standard 36- and 48-month loans and has increased cashback deals on popular models, including the Jeep Grand Cherokee, from \$1,000 to \$2,500.

Chrysler News 3.10.02

Transfer of Daewoo Assets to GM Completed

The transfer of certain assets of Daewoo Motor to a new company, GM Daewoo Auto & Technology, has been completed. Nick Reilly of GM serves as president and CEO of the new company.

The new company will own and operate three plants and nine overseas subsidiaries, including the Daewoo units in Austria, Benelux, France, Germany, Italy, Puerto Rico, Spain and Switzerland, and Daewoo's European parts operations in the Netherlands. The plants are located in Changwon and Kunsan, South Korea, and the automotive operations in Hanoi, Vietnam. The new company includes the design, engineering, research and development, sales, marketing and administration assets in Bupyung, South Korea. The Bupyung plant will become a new company, Daewoo Incheon Motor, and will continue to supply GM Daewoo with vehicles, engines, transmissions and components for at least six years. GM Daewoo has the option to acquire the company any time within the next six years.

GM Daewoo News 17.10.02 M&A

Daewoo-FSO Shareholders to Create New Company

The shareholders of Daewoo-FSO Motor Polska have decided to create a new company, a move which could pave the way for MG Rover to help save the unit from bankruptcy.

The proposal has still to be approved by a court in Korea which is overseeing the bankruptcy of Daewoo. Talks are under way, which could see MG Rover take a 25% stake in the new company. Daewoo-FSO has debt of Zl 4.8bn and made a loss of Zl 1.1bn in 2001.

Daewoo News 23.10.02 M&A

Daewoo Debt Write-Off Plan Approved

South Korea has approved a \$12bn debt rescheduling plan for Daewoo Motor, clearing the way for the launch of the Daewoo-GM joint venture, which expected around mid-October 2002.

Daewoo said in mid-September 2002 that creditors would convert 77% of debt worth Won 14.56tn into Daewoo Motor stock. The remaining Won 4.44tn debt would be transferred to five spin-off companies that would own Daewoo's assets and repay the money over nine years. The creditors would own the spin-offs, one of which would be a joint venture with GM.

Daewoo News 30.9.02

DaimlerChrysler to Participate in Mitsubishi Capital Increase?

DaimlerChrysler is expected to inject several million Euros in the capital increase Mitsubishi is planning for 2003.

The capital increase will depend on favourable conditions in the Japanese equity market. Mitsubishi is considering raising Euro 700m in 2003.

Financial Times p31 17.10.02

DaimlerChrysler Plans for Sales in Asia

Ruediger Grube, a member of the DaimlerChrysler board, has said that he wants Asia to account for 20-25% of group sales in the next ten years.

One of the main target is China and DaimlerChrysler is in talks with the Government on building its own plants there. DaimlerChrysler also wants to extend its cooperation with Mitsubishi in China.

DaimlerChrysler News 13.10.02 JV

Italian Government Seeks Fiat Job Guarantees in Sicily

The Italian Government has asked Fiat to specify whether it intends to reopen its Termini Imerese plant in Sicily after a planned year-long stoppage.

Fiat News 30.10.02

Fiat to Combine Fiat Auto with Italenergia

Fiat has decided to group its 80% stake in Fiat Auto and its 24.6% stake in Italenergia Bis under the same umbrella.

Fiat Auto Partecipazioni, whose main holding is 80% in Fiat Auto Holding, is to meet on 7 November 2002 to approve the operation. The group has called the move a cleaning up operation at organisational level. The aim was to regroup various holdings which are not 100%.

Fiat News 24.10.02

Fiat Auto Loss at Least One Third of Capital

The Fiat group has confirmed that Fiat Auto has made a loss of at least one third of its capital. Figures will not be released until 31 October 2002.

Under Italian law, with this level of loss, Fiat Auto will have to carry out a recapitalisation, which Fiat Auto already had to do in April 2001, when capital was increased to Euro 1.8bn. By the end of the first half of 2002, Fiat Auto had made an operating loss of Euro 823m.

Fiat News 22.10.02

Fiat Has No Plans for Early Exercise of GM Option

Gabriele Galateri di Genola, chief executive of Fiat, has said that the group has no plan for an early exercise of an option to sell Fiat Auto to GM.

On the planned cuts, Mr Galateri said that Fiat had to cut production and adapt to market demand, and do it in the least competitive plant. Plans for the closure of the Termini Imerese plant in Sicily are not welcomed by the Government, because the poor island is one of its strongest power bases. There are no plans at present for further asset sales, such as the sales of stakes in Ferrari and Teksid Alumino. There are reports that Fiat's main creditor banks are planning to meet GM to push for tighter ties between Opel and Fiat Auto and to make clear their opposition to any state role in Fiat Auto.

Fiat News 19.10.02

EU Allows Italian State Stake in Fiat

Mario Monti, the EU Competition Commissioner, has said that the Italian Government may take a stake in Fiat, but only on the same terms as private investors.

Such a move would amount to state intervention, but not state aid. Fiat's main creditor banks have reviewed the restructuring plan for the group, and have evaluated it in a positive light.

Fiat News 16.10.02 M&A

More on Crisis at Fiat

Mario Monti, the EU Competition Commissioner, has told the Italian Prime Minister, Silvio Berlusconi, that Fiat Auto could not receive state aid without EU approval.

The Commission would give fast-track considering, within EU guidelines, to any Fiat rescue initiative presented by Italy. Meanwhile Romano Prodi, President of the Commission, has said that Fiat should not be allowed to disappear.

Under a project proposed by creditors, Fiat would reduce its stake in Fiat Auto from 80% to 35%, while GM would increase its holding from 20% to 35%, and the banks would take 30%. This arrangement would enable Fiat to deconsolidate Fiat Auto debt.

Among the solutions for keeping the Termini Imerese plant in Sicily open is a complete conversion or partial state purchase.

Fiat News 14.10.02/Financial Times p25 15.10.02 M&A

Fiat 2003 Cost-Saving Target

Fiat Auto expects to save Euro 800m-1bn in 2003 operating costs as a result of the recently announced plant shutdowns and lay-offs.

Fiat executive have met the Italian Prime Minister, Silvio Berlusconi, to discuss state aid, that could save 1,800 jobs at the Fiat plant at Termini Imerese in Sicily. The state is also considering offering to buy a minority stake in Fiat Auto. The Government is exploring various hypotheses for a strategic strengthening of the automotive sector. The aim is to value and develop the industry's assets in terms of technology, workforce and experience. The technical base for examining and defining the hypotheses will be finalised by the end of October 2002.

Financial Times p27/14.10.02/Fiat New 12/13.10.02

Fiat to Make Small Profit in Brazil

As the crisis at Fiat deepens, Fiat in Brazil expects to make a small profit in 2002.

In 2001, Fiat was the only assembler in Brazil not to make a loss, making a profit of R1 172m. The Brazilian market is expected to show a fall of 6% below the 1.6m units of 2001 and Fiat is expected to sell around 400,000 units. In the first nine months of 2002, Fiat has maintained its leadership of the car and light truck market. Fiat has been losing ground on exports, mainly as a result of the decline in orders from Europe, its main market. Fiat Brazil is in talks with the parent company which could result in a 50% rise in exports to Europe. In 2002, exports to Europe should total just 20,000 units, while overall, exports should total 40,000. The forecast for 2003 is a rise to 60,000 units, partly as a result of the start of exports to Mexico. Fiat Brazil is not included in Fiat's restructuring programme.

O Estado de Sao Paulo 10.10.02 SALES

Italian Budget to Include Fiat Provisions

The Italian Government is expected to include financial provisions in its 2003 budget to pay for the immediate effects of the crisis at Fiat.

The provisions, including money for unemployment benefit and a probable extension of a car-buying incentive scheme, are interim measures that will do nothing to resolve Fiat's long-term problems, according to Antonio Marzano, Industry Minister. Fiat's request for crisis status is aimed at gaining access to special welfare funds and bypassing rigid hiring and firing rules. Mr Marzano has said that Fiat Auto could be sold to GM as it is important that an efficient car industry stays based in Italy, with ownership a secondary consideration.

Thousands of Fiat workers staged a march on 10 October 2002 in protest at the company's plans to shed 8,100 jobs.

Fiat News 10.10.02 M&A

Fiat Recovery Plan

Fiat has announced plans to resolve the crisis at Fiat Auto, which include a request for the declaration of corporate crisis at Fiat Auto and some Comau and Magneti Marelli plants, involving 8,100 lay-offs.

Around 5,000 Fiat Auto workers and 600 component workers will be laid off for one year from December 2002. Around 2,000 other workers will be laid off from July 2003, when production of the Panda will cease. A further 500 workers at other group companies will be redeployed. The lay-offs will affect the Turin, Arese Cassino and Termini Imerese sites.

Fiat Auto plans to invest Euro 150m in the 2002-05 period in its distribution networks. Fiat is unlikely to seek to bring forward an option under which it may sell its remaining stake in Fiat Auto to GM, according to a member of the Agnelli company.

Il Sole 24 Ore/Fiat News 9.10.02 PRODUCTION

Fiat to Scale Back Global Presence

Fiat is planning to drastically scale back its international operations, according to Il Mondo.

Fiat plans to sell or close operations in Morocco, South Africa, Egypt, Thailand and Pakistan, according to the report. Fiat will also keep production at minimal levels in Argentina and investments in Russian will be frozen for the time being. Instead, the group will concentrate on consolidating in China, India and Turkey, as well as in Brazil, its second largest market. The international arm, which accounts for 24% of group revenues, is said to be seeking to make an operating profit of Euro 100m by 2005, compared with an expected loss of Euro 50m in 2002. Fiat has obtained the cash from a Euro 1.15bn bank loan, in a deal backed by Italenergia.

Il Mondo/Fiat News 4.10.02 CAPACITY

Italian Government to Review Lay-Off Policy at Fiat

An Italian ministerial committee is to review the temporary lay-off policies at Fiat.

Fiat has made use of temporary lay-offs in 2002 as it restructures, but Italian labour laws have hampered the group's ability to take wider action and any further plans to shed jobs are likely to lead to a major conflict. The agreement signed in recent months with the Cisl and Uil unions on temporary lay-offs explicitly provides for a review of the situation before the end of October 2002. Giancarlo Boschetti, chief executive of Fiat Auto, recently decline to rule out further job cuts, saying that the company was struggling with excess capacity of 20-30%, while working to maintain its product investment spending.

Fiat News 30.9.02 LABOUR

Ford Seeks to Change Mondeo Image

Ford of Britain is to reduce sales of the Mondeo to car rental firms by 4,000 units in order to change the image of the model, which is seen as a sales representative's car.

Ford is investing in bringing the Mondeo to the attention of people who would not have considered it before. The model is being rebranded as a family car. In some months in 2002, the BMW 3-Series has outsold the Mondeo in the Mondeo's segment as company car buyers are given more choice and as smaller cars, such as the VW Golf, get bigger and squeeze the big car market. Ford expects to sell 72,000 units of the Mondeo in 2002, compared with 86,000 in 2001.

Financial Times p4 26.10.02 SALES

Last Chance for Ford's South American Operations

Ford has indicated that a business plan to restore the fortunes of its operations in South America is the last chance for their survival.

Bill Ford, chairman and chief executive, has said that Ford is into its fifth 'final plan' for the region and if it does not work there will be no more. Losses widened in the third quarter of 2002 to \$138m from \$56m in the same period in 2001, mainly as a result of the devaluation of the Brazilian and Argentine currencies, which offset improvements in cost performance. Ford has four plants in Brazil, three in Argentina and one in Venezuela, producing cars, vans and components, mainly for the local market. Ford has not made an annual profit in the region since its joint venture with VW was dissolved in 1994.

Financial Times p30 25.10.02

Ford to End Financing War in US

Bill Ford, chairman and chief executive of Ford, has signalled the end of aggressive vehicle retain financing schemes. Instead, deals will be expanded selectively and on an 'opportunistic' basis.

DaimlerChrysler has warned that the incentive-driven price war is out of control and that Chrysler could not continue aggressive use of incentives indefinitely. Analysts are concerned about the continued use of incentive schemes as the sales volume appears to be weakening and the cost of financing the schemes is rising. Sales in the last two weeks were 30% down on the same period in 2001. Mr Ford has said that there is limited room for manoeuvre in raising prices and Ford prefers to go forward by cutting costs. Ford's restructuring plan is proceeding as planned.

Financial Times p30 25.10.02

Government Plans Jeopardise Ford-Werke Profit

According to Bernhard Mattes, chairman of the board of Ford-Werke, the German Government's plans jeopardise the turnaround at Ford-Werke.

Ford is in a five-year turnaround phase in Germany and Europe. In 2001, Ford-Werke just missed breakeven and made a loss of Euro 80m. The German Government is planning to raise tax on privately used company cars by 50%, a blow to the industry as demand for company cars props up the otherwise weak market. While company cars are replaced every two years, private buyers buy on average every three to four years, and, because product quality has been improved, the purchase of a new car can easily be postponed. The industry also faces pressure from rising wage related costs.

Financial Times Deutschland 25.10.02

Ford Seeks Additional Cost Cuts

Bill Ford Jr, chairman and chief executive of Ford, is seeking a further \$1bn in overhead cost cuts in 2003 in order to offset any possible downturn in the US economy.

Ford is planning to increase pre-tax profits to \$7bn a year by the middle of the decade. The plan includes cost cuts of at least \$6bn.

Ford News 21.10.02

Ford Brazil Camacari Plant to Account for 34% of Exports

Ford do Brasil expects that vehicles produced at its new Camacari plant will account for 34% of its total exports in 2003, or \$170m out of a total of \$500m.

In 2002, exports from the plant will total \$100m. The company does not see any improvement in the Brazilian market in 2003. It has confirmed that it will again raise its prices on 1 November 2002, following a 2% increase in September 2002.

O Estado de Sao Paulo 21.10.02

Ford May Need to Make Deeper Cost Cuts

Ford may soon be forced to make further drastic cost cuts in addition to anything contemplated in the restructuring plan announced in January 2002.

Financing costs are rising and vehicle sale could see a steep decline. Concerns include Ford's use of 0% financing and the ability of its finance arm to support sales.

Ford News 9.10.02

Ford Starts Sales of Russian-Made Focus

Ford has started Focus cars assembled at its Vsevolozhsk plant in Russia. Prices start at \$10,900 and Ford is offering a credit system with a 50% down payment and 10% annual interest over 30 months.

Ford News 3.10.02 PRICING

EU Approves Ford Sale of Kwik-Fit

The European Commission has approved the sale by Ford of the Kwik-Fit repair chain to CVC Capital Partners.

CVC will buy the business for £330m in cash and a note to be paid when it obtains outside funding. Ford will retain 19% of Kwik-Fit. The sale will recoup less than a third of the price Ford paid for Kwik-Fit three years ago.

Ford News 2.10.02

GM and Ford Offer New Incentives

GM and Ford have announced their latest 0% financing offers in the US. GM is to offer 0% financing for five years on most new 2002 and 2003 GM cars and minivans.

GM is also offering cash back on 2002 and 2003 trucks. Ford is to offer 0% financing on most 2003 Ford brand trucks and SUVs from 1 October 2002 to 2 January 2003.

GM/Ford News 1.10.02

Interview with Bob Lutz of GM

The Financial Times interviews Bob Lutz, vice-chairman of GM, who, after just a year in office, has turned round a 20-year decline in market share.

Mr Lutz describes sees his contribution as 'symbolic' and says that the company already has very good momentum and some very good products in the pipeline. GM has gone from being the most distressed of the Big 3 to the leader of the American recovery, as a result of cost cuts, better vehicles and its Keep America Rolling 0% finance campaign. Vehicles in which Mr Lutz has been involved will not be introduced for 12-18 months, although he did make some small changes to the Pontiac Grand Prix launched in winter 2002. He is confident that the new model range will be successful, allowing GM to cut incentives. His goal is to retake 30% of the US market. In 2001, GM's share stabilised at 27.6% and a further 0.8 points were recovered in the first eight months of 2002, before a decline in September. Mr Lutz believes that he has already turned round the underlying problem of poor quality.

Financial Times p31 3.10.02 PEOPLE

GM India to Launch Opel Vectra

GM India is to launch the Opel Vectra in India in the next two months in order to boost its share of the market which it expects will grow by 8-9% a year this decade.

The Vectra will be imported fully built and will probably be powered by a 2.2L engine in both petrol and diesel versions. GM India expects to sell 9,000 cars in 2002, compared with a target of 9,500, and a total of 8,012 in 2001. The Vectra will be GM's fourth model in India.

GM News 25.10.02 SALES

GM to Extend Incentives in US

GM is planning to extend its current incentive offers, which were due to expire on 31 October 2002, until 2 January 2003.

The current 'Zero Zero Zero' programme offers no monthly payments for 90 days, no down payment and 0% financing on terms up to five years on new 2002 and most 2003 Buick, Cadillac, Chevrolet, GMC, Oldsmobile, Pontiac and Saturn models. In the first nine months of 2002, GM's share of the US market rose by 0.3 percentage points to 28.1%.

GM News 29.10.02

GM Daewoo to Enter Other Asian Markets?

GM Daewoo Auto & Technology is holding talks with Saic to bring Daewoo products to the Chinese market. It is also considering entering the Japanese market.

Saic is to take a stake in GM Daewoo. Nick Reilly, president and chief executive of GM Daewoo, has said that the company plans to use the GM family, especially in China. He also said that there are no immediate plans to being GM architecture to Daewoo products.

GM Daewoo News 28.10.02 JV

GM Launches GM Daewoo

GM has formally launched GM Daewoo Auto & Technology at a ceremony at Daewoo's main plant in Bupyeong.

The launch gives GM a foothold in the South Korean market, which is growing but virtually closed, and also access to China and to Japan. Nick Reilly, president, expects some losses early on from the Korean operations, but expects domestic sales to pick up in the first half of 2003 and exports in the second half. In 2001, Daewoo accounted for 12.1% of the South Korean market of 1.41m cars, down from 25.6% in 1998. GM Daewoo's new models to be sold in South Korea are mainly modified and upgraded Daewoo saloons. A new Daewoo-developed mid-size car is to be launched in November 2002.

GM Daewoo News 28.10.02

Plans for GM Joint Ventures in China

GM expects to export more vehicles from its joint ventures in China, but China will not serve as a major base for the sale of cars and trucks to the rest of the world.

According to Phil Murtaugh, chief executive officer of GM China, the unit has no plans to export vehicles to Europe or North America. At present, GM exports around 100 units a month of the Shanghai-produced Buick GL8 to the Philippines. It is considering exporting its LHD GL8 to Japan to sell in low volumes and is also in talks with Taiwan on opening the market to Chinese-made vehicles. GM China expects its sales to nearly double in 2003 to 115,000 units from 58,000 in 2001 as a result of strong sales of the Buick Sail and Buick S-RV. Sales will

increase further in 2003 with the addition of a 34% stake in Saic-Wuling.

GM News 18.10.02 SALES

GM Expands 0% Incentive Programme

GM is expanding its 0% interest incentive programme in the US, requiring no down payment and waiving monthly payments for the first 90 days on most of its new 2002 and 2003 models.

The latest offer is being made to qualified buyers of all new 2002 and 2003 Buick, Cadillac, Chevrolet, GMC, Oldsmobile, Pontiac and Saturn cars and trucks.

GM News 10.10.02

GM Pressure on Suppliers

GM is hoping to obtain a 4-6% reduction in prices from its parts suppliers for 2003, a similar cut to that obtained in 2002. An agreement is expected by mid-October 2002.

GM has a target of reducing costs by 3.5% in 2002. 56% of the group's investment budget goes on parts.

Autoactu 8.10.02

Honda to Import New Thai-Produced Car

Honda is to import its new compact passenger car produced in Thailand and is to start selling it in Japan in December 2002, marking the first time Honda has imported cars produced in Asia.

The model to be imported is the City, that Honda introduced exclusively in the Asian market in 1996. Honda plans to fully remodel the City, based on the Fit with the 1.5L low-emission engine used in the Mobilio minivan. Honda produces around 37,000 City cars a year in six Asian countries, including Thailand.

Honda News 30.10.02 PRODUCTION

Aid Package for Isuzu

Isuzu has won final agreement from its banks and GM for an aid package including around \$800m in debt-equity swaps.

Isuzu has also said that it expects to be deep in the red for the fourth consecutive year as a result of restructuring losses. It is to pull out of its Subaru-Isuzu Automotive US SUV joint venture in order to focus on core activities.

GM is to provide Y 60bn, most of which will go towards buying a 60% stake in Isuzu's diesel engine unit in Poland. GM's 49% stake in Isuzu will be cancelled, but it will regain a 12% stake after buying Y 10bn of new shares. In return for the aid, Isuzu is to slash its debt and return to profit over the next two years as part of a three-year revival plan. Isuzu will accept one nominee for executive vice-president from GM and one from Mizuo Financial Group. The workforce at the partner company will be reduced from 9,200 at present to 8,700 by March 2004.

The forecast for group sales in 2002/03 has been cut by 7.3% to Y 1.27tn. Isuzu is counting on the fast-expanding Chinese market for the success of its three-year plan.

Isuzu News 25.10.02 JV

Karmann Plans

Mr Lieberoth-Leden, the new president of Karmann, is planning to open up new areas of activity for the company, and in electronics and drive systems in particular, for example 4WD systems.

The company must be alert and react quickly as there is a risk of the major vehicle producers themselves exploiting interesting niches. The outgoing president, Mr Thieme expected turnover in 2002 to total around Euro 2bn, compared with Euro 1.24bn in 2001. He expected a rise to over Euro 2bn in 2003 from new production (Audi A4 Convertible, Mercedes-Benz CLK convertible, the SLK and Chrysler Crossfire body-in-white, and the Renault convertible). In addition a subsidiary in Mexico is building the roof for the VW New Beetle convertible. Under Mr Thieme, Karmann reduced its dependence on VW and become a producer of complete vehicles, while still specialising in sheet metal roofs.

Frankfurter Allgemeine Zeitung 23.10.02

Mazda to End CV Production

Mazda is to stop making commercial trucks in order to free capacity for new models.

Production of Mazda's four commercial trucks will be transferred to Press Kogyo, part of Isuzu, from spring 2003. In the first eight months of 2002, Mazda produced 16,416 units of the Titan, Titan Dash, Bongo Truck and Bongo Brawny Truck commercial trucks. In the 2004 business year, Mazda will close its truck and van plant in Hiroshima and reopen the No. 2 Ujina plant nearby on the Mazda estate, which was closed recently because of overcapacity. The plant is to be reopened mainly because of the decision to produce the latest version of the Familia in Japan for export to Europe, instead of producing it locally. Reopening the plant will increase annual domestic production capability for all types of vehicle by 14% to 898,000 units.

Mazda News 21.10.02 CAPACITY; PRODUCTION

Mazda to Use Modules for 6 Assembly

Mazda is to use modules for the assembly of the 6 (Atenza) in the US. This will enable the company to make savings of 20-30% on production costs.

Modular assembly will be introduced at Mazda's joint plant with Ford in mid-October 2002. Mazda uses the system in many of its plants in Japan and is aiming to increase competitiveness by extending it to its foreign plants.

Nikkei Business Daily 28.9.02

MG Rover Cuts Exports to Germany

MG Rover is to reduce its exports to Germany because of the strength of sterling.

The original target for exports to Germany in 2002 was over 16,000 units, now MG Rover expects to sell only 5,000, rising to 6,000 in 2003. MG Rover's sales to Europe fell by 40% in October 2002 to 2,653 units.

Financial Times p2 28.10.02 SALES

Mitsubishi European Plan Ahead of Schedule

Mitsubishi's European recovery plan is six months ahead of schedule and beating financial targets, despite a sharp decline in car sales, partly because of the withdrawal of several models.

In 2001, Mitsubishi's European operations made a loss of Euro 330m, but have a 'good chance' of breaking even in 2003. Under the plan, losses were expected up to 2004. Sales are down 9% so far in 2002 and the plan remains a 'survival' strategy. The immediate aim is to stabilise sales at 200,000 units a year in eastern and western Europe, compared with 250,000 two years ago. The three-year target is sales of 300,000 units and a 2% share of the market, while the ten-year aim is 600,000. There are plans to launch 12 vehicles in the next five years, including the compact car produced with DaimlerChrysler at NedCar. According to Stefan Jacoby, chief executive of the European operations, Mitsubishi needs to improve its image.

Financial Times p30 23.10.02 SALES

Mitsubishi is to Increase Sales in Latin America

Mitsubishi wants to increase its sales in Latin America to 100,000 units a year over the next two to three years from 65,000 at present.

Sales in Brazil, Mitsubishi's main market in the region, will account for 25,000 units, of which 20,000 will be produced by the Mitsubishi plant in Catalao and 5,000 will be imported from Japan and Thailand. In order to reach the target, Mitsubishi is to invest around \$30m in the production of a third model at Catalao which will go on sale in July 2003. At present, the plant produces L200 pick-ups at a rate of 900 units a month and the Pajero TR4 at a rate of 300 a month. Because of the slowdown in the Brazilian market, Mitsubishi has revised downwards its sales forecast for Brazil in 2002 to 14,500 units from 16,000. Mitsubishi has ruled out the possibility of producing a vehicle for DaimlerChrysler at its Juiz de Fora plant.

O Estado de Sao Paulo 10.10.02 INVESTMENTS; SALES

Mitsubishi Combine Sales Channels in Japan

Mitsubishi is to combine its two sales channels in Japan into a single network in January 2003 as part of its plans to regain its position in the market.

Mitsubishi faces intensified competition in Japan and is still improving its image following massive recalls two year ago. Mitsubishi expects to sell 406,000 cars in Japan in fiscal 2002/03 and 500,000 in fiscal 2006.

Mitsubishi News 4.10.02

Jobs to Go at NedCar?

In order to improve profitability at NedCar, Mitsubishi is planning to shed 700 jobs between now and 2006, mainly through voluntary redundancies and natural wastage, according to the Nihon Keizai Shimbun.

A Mitsubishi spokesman has said that the group wants to improve profitability at NedCar, but no concrete decision has yet been taken.

Autoactu 11.10.02

Nissan to Transfer Frontier Output to Spain

Nissan is reported to be planning to transfer production of its Frontier pick-up to Spain as early as 2005 in order to raise global operational efficiency.

Output would be 90,000 units a year in Spain and output at the Smyrna plant in the US would also be increased. Nissan is considering reducing or halting production of the Frontier in Japan because 80% of the annual output of 75,000 output is for export to Europe and the Middle East. Worldwide, in Japan, the US and Thailand, production of the Frontier totals over 230,000 units. Nissan may stop production of the truck at group plants in Shonan and Saitama, but will boost output of other models. Nissan has said that it has not yet made decisions on changes in production locations.

Nissan News 23.10.02 PRODUCTION

Nissan Warning on UK Plant if UK Does Not Join Euro

Carlos Ghosn, chief executive of Nissan, has said that further investment in the Sunderland plant in the UK could be at risk if the UK does not join the Euro.

Mr Ghosn has repeated the call for more currency stability, expressing concern about having the company's cost base in pounds and its revenue base in Euros. The Peugeot group has also said that it would take into account the chances of the UK joining when it decides whether to invest £100m in a new paint plant at its Ryton plant.

Financial Times p2 8.10.02

Nummi to Procure Parts by Plane

Nummi, the Toyota-GM joint venture, is to make emergency procurement of parts by plane because of the shutdown of US West Coast ports caused by a labour dispute.

Toyota is to send large parts, such as transmissions, by chartered plane. The dispute has prevented Nummi from getting parts shipments from Japan and it was forced to stop production of the Corolla and Voltz on 3 October 2002.

Nummi News 4.10.02 LABOUR

Prospects for Opel

Carl-Peter Forster, head of Opel, has said that the company will not return to profit before the end of 2003.

It will not be until 2004 that Opel will be able to make a profit throughout the year. The continuation of the savings programme will contribute to this, with a further shift at the Bochum plant to go after the changeover to the new Astra model. Mr Forster admits that Opel's model policy has contributed to the company's problems. Opel has missed out on the trend towards diesel vehicles. Opel has a 13% share of the petrol vehicle market, but only 6% of the diesel market. Opel may produce a new luxury saloon.

Handelsblatt 7.10.02 NEW MODELS

Peugeot Plans to Gain Market Share

The Peugeot group is aiming to take 10% of the imported vehicle market in Japan by 2005-2006, compared with its present 6% share.

The imported vehicle market is around 250,000 units a year. Overall, the group's share of the Japanese market is 0.5%. At present, Peugeot/Citroen is the fifth largest importer behind VW, Mercedes-Benz, BMW and Volvo. However, the three priority markets of the group are China, Latin America and central Europe. In central Europe, Peugeot/Citroen is aiming to take a 15.5% share of the market in 2006 (similar to the share it currently has in western Europe), compared with 12.5% at present.

The Peugeot group is also planning to launch its first hybrid vehicles between 2003 and 2007. Three types of hybrid engine are being developed: a mini hybrid which would cut CO2 emissions by 5-7%; a mild hybrid, which would cut emissions by 8-15%; and a full hybrid, which would cut emissions by 20-35%. With the full hybrid, the driver would be able to decide himself whether to select electric mode with zero emissions.

Autoactu 14.10;02 ENVIRONMENT

Porsche Drops Plans for New York Listing

Porsche has shelved plans to apply for a listing on the New York Stock Exchange because it does not agree with new US rules that force chief executives to swear to the accuracy of accounts.

Porsche News 16.10.02

Proton Prepares to Face Competition

Proton is to virtually double its spending on research and development in the current financial year (to March 2003) to Rgt 800m in order to develop its own engines using Lotus expertise.

By no longer depending on Mitsubishi for its engines, Proton will be able to reduce costs by 20%. This is needed in the light of the lowering of tariffs on imported cars due in 2005. In order to offset the expected influx of imported cars, Proton is hoping to increase exports, for instance to Iran, where assembly of its cars started in summer 2002. 3,000 units are expected to be assembled in the first year. Proton will also complete construction of its new plant in 2003, which will increase capacity to 380,000 units a year from 230,000.

Nikkei Weekly 30.9.02 PRODUCTION

Aftersales to Remain Central to Renault Strategy

Renault has said that, despite the introduction of new EU rules, aftersales will remain at the heart of its strategy and its network.

While the company will respect the text of the new rules, it will adopt a resolutely offensive strategy on the aftermarket. Spare parts are so important for the turnover and profitability of the producer and its network, that Renault will 'defend tooth and claw' its position, according to Jacques Chauvet, head of the parts and accessories division.

Autoactu 30.9.02

Saab Ramps Up Output of the 9-3

Saab is finding it difficult to meet demand for the 9-3 Sportsedan, which is currently being produced at a rate of 270 units a day.

Maximum capacity of 330 units will be reached by the end of 2002. There would have been an even greater backlog if the decision had not been taken to transfer production of the old 9-3 to Valmet in Finland. These models will be sold only in Scandinavia.

Svenska Dagbladet 16.10.02 PRODUCTION

Skoda Reduces Output

Skoda Auto has been forced to reduce production of the Fabia and Superb because of the market situation, according to Vladimir Sulc, a Skoda spokesman.

Production of the Fabia has been cut from 1,040 units a day to 940 because of the fall in demand in regions hit by recent flooding, in particular eastern Germany and Austria. Production of the Superb has been cut from 150 units a day to around 100 and several days of lay-off are planned.

Les Echos 7.10.02 PRODUCTION

Toyota Starts Car Production in China

Toyota started its first car production in China on 8 October 2002.

Tianjin Toyota Motor, a joint venture with Tianjin FAW Xiali, has started production of the Vios saloon. At full production, output will be 30,000 units a year. Prices will range from Yuan 115,000 to Yuan 195,000. Toyota is planning to produce 400,000 cars a year by 2010, taking 10% of the Chinese market. Toyota and FAW also plan to produce 10,000-20,000 SUVs a year in 2003 and 50,000 units of the Toyota Crown in 2005.

Toyota News 8.10.02 JV; PRODUCTION

Volvo Cars Sells Chassis Unit to Benteler

Volvo Cars is to sell its CCG chassis unit to Benteler Automobiltechnik of Germany, with the deal taking effect on 1 January 2003.

For Volvo Cars, CCG does not form part of its core operations, and the sale will free up capital and reduce future investments.

L'Echo de la Bourse 22.10.02 M&A

VW to Produce T-4 in Russia?

According to Ulyanovsky Avtozavod (UAZ), VW could select the Severstal plant to produce its T-4 SUV model from mid-2004.

A final decision is expected at the end of November 2002. However, VW is considering other Russian producers and other countries such as China.

Autoindustria 15.10.02 JV; PRODUCTION

VW to Sell Cheap Car in China

VW is to introduce one of its existing small car models in China in 2003 and hopes to sell 50,000 units of it.

Further details of the car, which will sell for under Yuan 100,000, will be announced later in 2002. It is thought most likely to be the Gol, which costs around \$6,000 in South America. Overall, VW expects to sell over 500,000 cars in China in 2002.

VW News 7.10.02

EU Moves Closer to Action On VW Law

The European Commission has moved a step closer to taking action against the German Government over a law which protects VW from hostile takeover bids.

Commission officials believe that the law should be changed because it limits the free flow of capital in the European single market. The recommendation has not yet been taken up by the commissioners because of strong resistance from German representatives in Brussels and

Berlin. The decision could reinforce German opposition to proposals for a single takeover code.

SMMT Week in Brussels 4.10.02

Plant and Investments

EU Investigation into Aid to BMW

The European Commission has opened an in-depth investigation into Euro 40.25m in aid which the Austrian authorities are considering granting to BMW's Steyr plant.

The Commission doubts whether the amount of the aid is proportional to the regional handicap cited as justifying the measure. In addition, the Euro 6.86m aid for training is considered excessive. Plans for aid for research and development for the production of new diesel engines, and also aid for innovation and the protection of the environment, are thought not to comply with EU directives.

Der Standard 2.10.02 INVESTMENTS

Chrysler Idles Four North American Plants

Chrysler is idling four plants in the US and Canada in the week commencing 28 October 2002 because of weak demand.

The plants usually produce 3,500 cars a day. Two of the plants were idled in the week commencing 21 October 2002. The company hopes that all plants will be working again from 4 November 2002.

Chrysler News 25.10.02 PRODUCTION

Siemens to Buy Chrysler Parts Plant?

According to sources close to the situation, Siemens is considering buying a Chrysler parts plant in the US.

Chrysler is shedding components plants in order to raise cash and focus on its automotive business. One of the plants for sale is an electronics plant in Huntsville, Alabama.

SiemensVDO Automotive is looking at buying quality assets and selling off less profitable areas in order to offset a decline in global demand for cars.

Chrysler News 25.10.02 M&A

Third Shift at Chrysler Truck Plant

In response to increased demand, Chrysler is to introduce a third shift at its Warren truck assembly plant in Michigan, which will create 1,000 jobs.

The plant produces the new Dodge Ram 1500 series Quad Cab and the Dodge Dakota Regular, Club and Quad Cab pick-ups. Around \$35m is to be invested in the project, which will increase capacity by 21% or 60,000 units a year to around 338,000 units a year. The plant will have the capability to produce SWB ST Quad Cab Ram pick-ups and light-duty Rams for the Mexican market. Sales of Ram trucks totalled 33,924 units in September 2002, a rise

of 82% on a year earlier, while sales of the Dodge Dakota rose by 16% to 11,133.

Chrysler News 4.10.02 INVESTMENTS; PRODUCTION

Production of New Citroen Berlingo and Peugeot Partner Starts

Production of the new Citroen Berlingo and Peugeot Partner has started at the Peugeot group's Vigo plant in Spain.

Euro 90m has been invested in upgrading the plant. Production has started at a rate of 100 units a day. 40% of components in the new models have been modified. The new models will gradually replace their predecessors until production reaches around 950 units a day. The Vigo plant started production of the Berlingo and Partner in 1996 and, so far, 1,200,000 units have been produced, with 94% being exported.

Autoindustria 7.10.02 INVESTMENTS; NEW MODELS; PRODUCTION

Daewoo to Halt Production at Changwon Plant

Daewoo is to close its Changwon plant for nine days in October 2002 in order to adapt production to the weakness of demand and to the delays in launching the joint company with GM.

Korea Times 30.9.02 PRODUCTION

EU to Investigate DaimlerChrysler Plant Investment

The European Commission is to investigate 'secret' plans by DaimlerChrysler to invest around Euro 200m in its Berlin plant. There are concerns that the project may receive illegal state subsidies.

The Commission is understood to have concluded that around Euro 50m in planned aid to the Marienfelde engine plant, could breach competition rules. The plant is the group's oldest, recently celebrating its centenary. The plans are aimed at upgrading it for the production of a new high-performance diesel engine for luxury cars. The investigation could prompt the German Government to reduce the planned aid or force the group to scale back its plans.

Financial Times 7.10.02 INVESTMENTS

DaimlerChrysler to Invest in Spanish Plant

DaimlerChrysler is to invest Euro 28.8m in its Barcelona plant, mainly for changes in components operations related to the production of the successor to the Vito. The plant will produce the frame for the van.

Autoindustria 4.10.02 INVESTMENTS; NEW MODELS; CV

Canada to Consider Aid to DaimlerChrysler Plant

The Canadian Government is to wait and see the details of what DaimlerChrysler wants before deciding on an aid package for the planned border assembly plant near Detroit.

Dieter Zetsche, chief executive of Chrysler, recently said that the Chrysler would need Government help to open the new plant. Canada already provides substantial support for DaimlerChrysler and other employers, according to Guy Leclair, spokesman for Industry Canada.

DaimlerChrysler News 22.10.02 CAPACITY

Lay-Offs at Ford Transmission Plant

99 hourly production workers have been laid off at Ford's Sharonville, Ohio, transmission plant as a result of a shift in production work at the suburban Cincinnati plant.

In the switch to produce a new 5-speed Torq-Shift automatic truck transmission, the plant phased out a third shift that produced a 4-speed transmission the new unit replaces. The new transmission will be introduced in 2003 on the F-series Super Duty and Excursion models powered by a new 6L diesel engine. The plant also produces RWD transmissions for large saloons, including the Crown Victoria and 5-speed transmissions for the Lincoln LS and Jaguar S-Type, and also torque converters and other transmission components. Ford plans to eventually offer the Torq-Shift on petrol-fuelled trucks.

Ford News 22.10.02 PRODUCTION

Closed-Loop Aluminium Recycling Programme for Ford and Alcan

Ford and Alcan have launched the first closed-loop recycling programme for aluminium sheet scrap in North America.

Under the programme, Ford recovers aluminium process scrap from its Chicago stamping plant and returns it to Alcan for recycling directly back into vehicle body sheet. Previously, the recovered aluminium was sold on the general scrap market in combination with other metals, making it unsuitable for re-use in bodies. The scrap is generated during the stamping of aluminium bonnets for the Explorer, F-150 and Ranger pick-ups and the Lincoln Town Car. The plant stamps almost 1.3m bonnets a year, generating around 13m lb of process scrap.

Ford News 17.10.02 ENVIRONMENT

Ford Increases Production of Focus

For the fourth time in 2002, Ford is increasing output of the Focus. Production is being raised from 1,980 units a day to 2,050. Since the start of 2002, output at the Sarrelouis plant has rise by 15%.

Die Welt 8.10.02 PRODUCTION

Ford Spain Produces New Engine

Ford's Almussafes plant in Spain has started production of a new engine, the Duratec-HE.

Euro 270m was invested in the new facilities. When full production is reached, output will be 450,000 units a year. The new engine replaces the HCS and Zetec, which were produced at the plant. Initially, the Duratec-HE will be used on the Mondeo, Focus, Transit and Galaxy models and will be exported to four Ford plants, in Belgium, Germany, Turkey and Taiwan.

Autoindustria 2.10.02 INVESTMENTS; PRODUCTION

Ford to Increase Output at Spanish Plant

Ford is to increase output at its Almussafes plant in Spain to 2,500 units a day. A night shift is to be introduced on 6 October 2002.

Output will total 2,050 cars a day in November 2002 and 500 jobs will be created. The Almussafes plant will not be affected by Ford of Europe's plans to but purchasing costs.

Autoindustria 1.10.02 PRODUCTION

GM Retooling Orion Lake Plant

GM is currently retooling its Orion Lake, Michigan, plant in preparation for the assembly of the next-generation Pontiac Grand Am.

IIR Industry Alert 7.10.02

GM to Resume Production at Michigan Plant

GM expected to resume production late on 3 October 2002 at its metro Detroit large car assembly plant following the discovery of a quality problem with the new V8 engines used in Cadillac models.

GM News 3.10.02

GM Halts Production at Hamtramck Plant/Investment Plan

GM has halted production at its Hamtramck, Michigan, plant, which assembles the Buick LeSabre and Cadillac DeVille and Seville models, because of an engine problem.

A problem with the V8 engine in the DeVille and Seville was detected on 27 September 2002 and production was halted while GM worked with the supplier to find a solution. Production was expected to resume on 3 October. Production of hundreds of Cadillac and Buicks has been lost.

GM is to invest \$300m in its Orion assembly plant to add a second shift. Production of the next-generation Pontiac Grand Am will be moved to the plant in 2004 from the Lansing unit. The general assembly area, body and paint shops will be renovated and retooled. Production of the Grand Am at Orion will start in the second half of 2004.

The Lansing plant will operate a single shift, building the current generation of the Malibu for a short time.

Meanwhile, GM is to build a new assembly plant at Delta Township, near Lansing, to produce crossover SUVs.

GM News 2.10.02 CAPACITY; PRODUCTION

Honda US Plant Reopens

Production at Honda of America Manufacturing's plant in Ohio was due to resume on 15 October 2002, after being closed for a day because of the labour dispute at West Coast ports.

Honda was forced to halt production of the Accord and Acura at the plant in Marysville because of a shortage of parts. The East Liberty plant, which was shut down on 10 and 11 October, resumed production on 14 October. Production has continued at the engine plant in Anna and the transmission plant in Russells Point. 95% of the parts in the vehicles Honda makes in North America are sourced locally. The remainder, mostly small parts such as fasteners, bolts and nuts, and small parts of engines, are imported.

Honda News 14.10.02 LABOUR; PRODUCTION

Honda to Suspend Production at North American Plants

Honda is to halt production at three North American plants because of a shortage of parts resulting from the US ports dispute and is unsure when they will reopen.

Honda is to halt production of Odyssey minivans at its Lincoln, Alabama, plant on 11 October 2002, despite the fact that the West Coast ports resuming operations following government intervention. Honda will also stop production at its plants in East Liberty, Ohio, and near Toronto, which produce the Civic.

Honda News 10.10.02 LABOUR; PRODUCTION

Plant to Build Hyundai Cars in Brazil?

The CAO group is in talks with Hyundai on setting up a plant to produce Hyundai cars in Brazil.

The project could become reality in around four years. Investment would be \$1.2bn-2bn. The location and production volumes have not been decided. CAO is the main distributor of Ford cars in Latin America and it also imports Subaru and Hyundai vehicles in Brazil. Mr Andrade, president of CAO believes the Hyundai model best suited to the Brazilian market is the Atos, which is currently on sale priced at R1 20,000-30,000.

O Estado de Sao Paulo 27.10.02 CAPACITY; INVESTMENTS

Jobs to Go at Matra

A plan to shed around 500 new jobs at Matra's Romorantin-Lanthenay plants has been approved.

The plants have ceased production of the Renault Espace and are now producing only the Renault Avantage. The

current workforce is around 1,300. Just 820 jobs will be left at the end of 2002.

Matra News 24.10.02 PRODUCTION

Mazda to Reopen Hiroshima Plant

Mazda is planning to reopen its Hiroshima plant to back up other plants which are now operating at high capacity as a range of new models is introduced.

The latest Familia will be produced at the No 2 Ujina plant for Japanese and export markets, replacing Mazda's original plan for production in Europe. The plant is also expected to produce the Bongo and remodelled Demio. It will produce 200,000 vehicles a year when it reopens in 2003. Mazda has said that it has made no decision on its No 2 Ujina plant.

Mazda News 2.10.02 CAPACITY; PRODUCTION

Mercedes-Benz Cuts Output in Spain

Mercedes-Benz expects to produce 71,830 vehicles at its Vitoria plant in Spain in 2002, a fall of 18% on 2001.

The fall in demand for light CVs in Europe has forced Mercedes-Benz to reduce its production programme at the plant, which produces the Vito van and V-Class MPV. In the first nine months of 2002, output at the plant totalled 47,739 units of the Vito and 6,378 of the V-Class.

Autoindustria 15.10.02 PRODUCTION

Fall in Output at Nissan Barcelona

In 2002, the Nissan Motor Iberica plant in Barcelona is expected to produce 66,951 vehicles, compared with 110,283 in 2001.

The decline results from the ending of production of the Patrol, Serena and Vanette Cargo. The plant expects to produce a total of 5,000 vans in 2002, 24,848 of the Terrano and 37,102 of the Almera Tino. Nissan hopes to maintain the 2002 production levels for the Terrano and Almera Tino in 2003, and to produce 120,000 units overall, compared with capacity of 180,000.

Autoindustria 23.10.02 PRODUCTION

Opel Austria Powertrain Starts Restructuring

Opel Austria Powertrain's plant at Wien-Aspern is preparing to start the restructuring it needs to fulfil the massive order for 6-speed gearboxes placed by Fiat and GM.

Production will start in April 2004 and will total 40,000 units in the first year, rising to 600,000 in 2005 and 800,000 in 2006. In total, Euro 2bn will be invested. The plant will also continue to produce engines and cylinder heads.

Der Standard 24.10.02 INVESTMENTS; PRODUCTION

EU Approves Aid for Opel Plant in Portugal

The European Commission has approved aid of Euro 38m by Portugal to the Opel plant at Azambuja.

The aid is for a product to enable Opel to produce a new model based on the Corsa at the plant. The aid was approved because Opel showed that it had an alternative location for the project at Gliwice, Poland, and because the grant is less than the total cost of the investment, which is Euro 124m between 1998 and 2003.

Opel News 16.10.02 INVESTMENTS

Opel Plant in Spain to Increase Output

Opel is planning to increase output at its Figueruelas plant in Spain in the remainder of 2002, bringing out for the year to 80,000 units, a rise of 6% on 2001.

Opel Espana expects to sell 160,000 vehicles in Spain in 2002, a fall of 5% on 2001, while the market will fall by 7-8%. Of the total cars will account for 148,000 units and CVs for 12,000.

Autoindustria 8.10.02 PRODUCTION

Peugeot Cuts Output of 406

Peugeot is to halt production at its Sochaux plant on 30 and 31 October and 20 December 2002 because of the decline in the markets in France and Europe. Only the 406 production line is affected.

Le Parisien 17.10.02 PRODUCTION

Peugeot to Build Plant in Central Europe

The Peugeot group is to invest Euro 700m on a plant in central Europe with capacity for 300,000 cars a year from 2006.

The new plant will be one of the group's largest. A decision on the location is expected early in 2003. Peugeot has seen strong sales growth in central Europe, where its share of the market has risen from 5% to 12% over the last five years. The group, which has nine assembly plants in Europe, has a target of selling 4m vehicles in 2006, compared with a goal of 3.25m for 2002 and a total of 2.1m in 1997.

Peugeot News 28.10.02 CAPACITY; INVESTMENTS

Renault Plant in Spain Increases Output

Renault's Villamuriel de Cerrato (Palencia) plant in Spain is to work additionally on 3 and 9 November in order to increase output of the new Megane II.

Renault expects that, in the last working week of 2002, output will be around 1,200 units a day, compared with just over 1,000 units at present.

Autoindustria 29.10.02 PRODUCTION

Renault Espace to be Built at Sandouville Plant

Renault hopes that the new Espace will fill part of the unused capacity at its Sandouville plant.

The new Espace could be produced at the plant at a rate of 350 units a day, or 400 if an auxiliary site is used, sharing one of the Laguna production lines. The other line produces the Laguna and Vel Satis.

Automotive News Europe 21.10.02 PRODUCTION

Renault Douai to Take on Staff

Renault's Douai plant in France is to take on an additional 260 workers between now and the end of 2003.

Recruitment policy will be dependent on the commercial success of the new Megane. TNT has recently recruited 75 workers at the Renault site.

Les Echos 24.10.02

Seat to Produce Audi Models?

According to Jesus Gasanz, director of Audi Espana, it is possible that an Audi model could be produced at the Seat plant in Martorell.

The group is carrying out studies into the feasibility of various projects with the aim of producing different models in the most suitable plants. Martorell is one of the plants in Europe most qualified to produce any vehicle of any marque.

Autoindustria 21.10.02 PRODUCTION

Jobs to Go at Skoda

Skoda is to shed around 2,000 jobs by the end of 2002. The cuts will be made among Polish and Slovak workers on temporary contracts.

The measure is linked to 'certain cuts in production' of the Fabia and Superb models. Daily output of the Fabia was recently cut to 940 units from 1,040. Skoda is to suspend production of saloon versions of the Fabia at its auxiliary plant in Vrchlabi. The plant will produce just niche versions of the Octavia, such as the 4WD, RS, and Laurin and Klement. Of the 680 units a day of the Octavia produced at present, 160 come from Vrchlabi. From 1 November 2002, all versions of the Fabia will be produced at Mlada Boleslav. Output of the Superb was recently reduced from 150 units a day to 100 at the Kvasiny plant. While there have been delays in launching the Superb on several European markets, sales in the UK, Spain, France, and the Czech and Slovak Republics exceed expectations.

Autoactu 14.10.02 PRODUCTION

Toyota Opens Second Plant in Poland

Toyota is to build a diesel engine plant in south-eastern Poland to supply the future Peugeot/Toyota plant. Euro 200m is to be invested in the plant in the Jelcz-Laskowice

special economic zone, where it already has a transmission plant.

Autoactu 15.10.02 CAPACITY

Second Shift for Toyota Brazil

Toyota is to introduce a second shift at its Indaiatuba plant in Brazil at the beginning of 2003 in order to meet strong demand for the Corolla.

The plant is currently producing 2,400 units of the Corolla a month and this is to be increased to 4,800 by the end of 2003. Exports are being limited by the crises in Argentina and Uruguay. However, 6,000 CKDs are to be exported to Venezuela. Sales should rise to 37,200 units in 2003 from 25,000 in 2001 and an expected 32,000 in 2002. Toyota is aiming to take 10% of the Brazilian market in 2010, compared with 1.6% in 2001 and 2.4% in 2002.

O Estado de Sao Paulo 8.10.02 PRODUCTION; SALES

VW Committed to Slovak Investments

VW has reaffirmed its investment commitments in Slovakia, following successful EU accession talks.

VW plans to start production of 20,000 units a year of the Seat Ibiza at its Bratislava plant, but says that this will not affect jobs in Spain. VW is Slovakia's largest employer and its main exporter. Investment in the Bratislava plant will be over Euro 136m in 2002, on top of the Euro 664m invested in the previous three years. The plan is part of a total ten-year Euro 1.3bn investment project that should make Slovakia the world's seventh-largest car producer.

VW News 25.10.02 INVESTMENTS; PRODUCTION

VW to Cut Production in Spain

VW is to halt production at its Landaben plant in Spain on 25 and 31 October and 4, 5 and 23 December 2002 because of a fall in sales of the new Polo.

Output will be cut by 6,000 units. The move is seen as a solution for 2002 only. In 2003, output will fall to 244,000 units and in 2004 to 230,000.

Autoindustria 16.10.02 PRODUCTION

VW to Extend Christmas Shutdown

VW is to halt production at its Wolfsburg site for an additional week in January 2002.

The plant will stop production for a week after the traditional Christmas break to re-tool for the new Golf, which goes on sale in autumn 2003.

VW News 9.10.02 PRODUCTION

VW to Shed Jobs in Spain

VW is to cut the workforce at its Landaben plant in Spain by around 500 in order to adjust levels to the output forecast for 2003, 244,000 units of the Polo.

The plant will close for five days during 2002, compared with the two days announced initially.

Autoindustria 1.10.02 PRODUCTION

New Products and Technology

Chrysler Concepts Focus on Convenience and Safety

At Convergence 2002, DaimlerChrysler is showing two new concept vehicles fitted with advanced electronic technology to improve customer comfort, convenience and safety.

The Jeep Grand Cherokee Concierge is fitted with ten different technologies, designed to increase comfort, convenience and security. Features include: a lane departure system; radar-based front and rear parking systems; a radar-based blind spot warning system; voice-activated, multiple-function remote control key fob; power liftgate; integrated heart defibrillator; intelligent door hinges; and capless fuel refilling.

The Chrysler 300M IT-Edition uses advanced sensing and computing technology to monitor the driver and activity in the vehicle to determine levels of stress and potential distractions. Onboard computers use the information to adjust the flow of information to the driver to minimise distraction in critical driving situations. MIT-developed state-of-the-art sensing computing technology is used to monitor the driver's activity, evaluate stress levels and impute the driver's state of mind. The system can also 'coach' drivers into better driving habits. Features include on-board systems to monitor speed, throttle position, brake pressure, steering angle etc; multiple optical cameras to track the driver's eye and head movements; multiple driver activity sensors; sensors in cupholders and seats; audio spotlight; carbon monoxide sensor; ultrasonic proximity sensors on bumpers; GPS and microphone to determine driver distraction from passenger conversation.

DaimlerChrysler News 21.10.02

New Common Rail Turbodiesel from Fiat

In 2003, Fiat Auto is to introduce a new 1.3L 16v common rail turbodiesel engine fitted with Multijet technology.

Multijet was presented at The Paris Motor Show on a 1.9L 16v 140hp engine that will be first used in the Alfa Romeo 147 and 156. Applied to the new 1.3L engine, Multijet reduces fuel consumption by 10%. Noise levels are cut and emissions levels fall by 30-40%. The 1.3 JTD 16v develops 70hp and 170Nm. It will be produced by Fiat-GM Powertrain Polska at the Bielsko-Biala plant and will be used in Fiat, Lancia and Opel/Vauxhall models. It may also eventually be used on Suzuki models for the European market.

Automotive News Europe p28 7.10.02

The 2004 Ford Windstar

The Ford Windstar is being redesigned for the 2004 model year. It will be the only minivan on the market to have side curtain airbags for all three full rows of seats.

The new Windstar will also have a fold-into-the-floor third-row seat, as well as over 40 standard safety features, plus Ford's Personal Safety System. The seat drops into a recess in the floor, leaving a completely flat load floor. The interior is being completely redesigned. The instrument panel features a distinctive instrument cluster and a logical, ergonomic array of climate control and audio controls.

Ford News 7.10.08 NEW MODELS

All-New Mercury Monterey Minivan from Ford

Ford is to introduce an all-new 2004 Mercury Monterey minivan in autumn 2003. Ford is planning to introduce at least one new Mercury car of SUV every year for the next few years.

The new Monterey will offer levels of interior luxury, expressive design and functionality generally reserved for a luxury saloon. Industry-first features will include side curtain airbags for all three seating row, Personal Safety System front and rear object-sensing systems, an advanced tyre-pressure monitoring system, heated and cooled front seats and dual-zone climate control. The Monterey will also be the only minivan on the market to offer a 4.2L V6 engine as standard.

Ford News 7.10.02 NEW MODELS

Ford Presents First Series Fuel Cell Car

On 2 October 2002, Ford presented what it claims is the world's first series production ready fuel cell car.

Ford expects to start marketing large-series fuel cell vehicles from 2010. The Focus-based vehicle was developed and produced in the US using a light structure. Road trials will be conducted by customers over the next few years, with the results being used in the development of the next generation. The Ford Focus FCEV Hybrid is powered by a combination of fuel cell and battery. Energy comes mainly from hydrogen. Additional power, from the battery is used, for example, when overtaking. The car has a range of 300km and top speed is limited to 128km/h.

Handelsblatt 2.10.02 ENVIRONMENT; NEW MODELS

V12 Engine for Future GM Cadillac

GM is build a V12 engine with output of over 500hp for use in future Cadillac models as part of its strategy for restoring the image of the division.

Cadillac last used a V12 engine in 1937. GM has not said when it will offer the 7.5L V12 engine, nor in which model it will appear. Earlier in 2002, Cadillac showed a

V12 750hp engine in the Cien 2-seater, mid-engine sports concept vehicle.

GM News 4.10.02

GM to Offer Remote Vehicle Starting

GM is to offer a new remote vehicle-starting feature on one of its 2003 models.

Owners will be able to start the engine via a remote key fob, in what GM calls the first factory-fitted remote start system that is integrated with the vehicle safety and security systems, and fully warranted by the vehicle producer. The feature allows the engine to run for ten minutes before cutting it off if the vehicle is not driven.

The Car Connection 10.10.02

Five Star NHTSA Rating for Honda Pilot and Acura

The all-new 2003 Honda Pilot and 2003 Acura MDX are the first mid-size SUVs to gain a five star safety rating for the driver, front passenger and rear passengers in both front- and side-impact crash tests, according to the NHTSA.

The Pilot and Acura MDX join the 2003 Honda CR-V as the only SUVs to achieve five stars in all NHTSA front- and side-impact tests. Both the Pilot and MDX bodies are designed to deform progressively in front and side collisions, reducing the likelihood of occupant injury.

Honda News 15.10.02

New Curtain Airbag from Honda

Honda has developed a new curtain airbag that can protect the head and vertebrae of occupants in side impact.

The system uses a compressed helium device which enables the airbag to deploy very rapidly over the whole glazed surface.

Le Monde 14.10.02

New Versions of Honda Accord

Honda has presented remodelled versions of the Accord saloon and estate. The company is aiming to sell 60,000 units a year in Japan of the 7th-generation Accord.

Honda is relying on the launch of the new Accords in the US and Japan to help it meet its forecast of another year of record earnings despite a stagnant Japanese economy and weakness abroad. Sales of the Accord in the US have been strong so far and are progressing toward the target of around 400,000 units a year.

Honda News 10.10.02 NEW MODELS; SALES

MDI to Produce Compressed Air Cars

Motor Development International (MDI), based in Nice, France, is shortly to start production in New York state of a Smart-sized city car operating on compressed air.

Production capacity will be 5,000 units a year. The car will be aimed at the taxi market. Guy Negre, who developed the technology, has said that refuelling takes only three minutes and costs just Euro 1.50.

MDI News 1.10.02 ENVIRONMENT; NEW MODELS; PRODUCTION

Pre-Safe System on Mercedes-Benz S-Class

The 2003 Mercedes-Benz S-Class is the world's first production car to be fitted with the Pre-Safe system that can sense a possible collision a few seconds in advance and take pre-crash protective measures.

Mercedes-Benz engineers concluded that cars can be equipped to sense an imminent crash up to five full seconds before impact. Pre-Safe was designed to first tension the seatbelts if the system senses an impending collision. The system uses new resettable electric tensioners in addition to the existing pyrotechnic belt tensioners that still deploy on impact. If any of the power seats, front or rear, are reclined, Pre-Safe returns them to a more vertical position. If the vehicle skids, the system automatically closes the sunroof. If a crash is averted, the electric belt tensioners automatically relax and are ready to deploy again. Pre-Safe reacts to oversteer and understeer by using existing sensors for ESP stability control that measure steering angle, yaw and lateral acceleration. Emergency braking can also trigger Pre-Safe, which monitors sensors for the Brake Assist System as well.

Future enhancements could include additional subsystems, such as extending bumpers, smart crumple zones or moveable interior door panels designed to help keep occupants further away from deformation zones. Radar, infrared or ultrasound technology could be used to monitor the vehicle's surroundings and measure the speed, angle and mass of an approaching object.

Mercedes-Benz News 10.10.02

The MG XPower SV

MG has presented its new high-performance sports car, the MG XPower SV, at the British International Motor Show.

The new car is lighter than the original X80 concept and has increased levels of power with up to 965bhp. All body panels are made of lightweight carbon fibre. The flat underfloor and in-built front and rear diffusers manage the aerodynamic airflow for high-speed stability. The suspension geometry was designed in collaboration with Steve Randle, who is responsible for the dynamic set-up of the McLaren F1 road car. The range starts with a car powered by a 4.6L V8 326bhp quad-cam engine, which accelerates from 0 to 100km/h in 5 seconds and has a top speed of around 273km/h. The XPower SV Club Sport option will allow customers to either buy a complete XPower model ready for road and track, or to enhance the specification with competition derived parts. The Club Sport has a 5L V8 410bhp engine, giving acceleration

from 0-100km/h in around 4.4 seconds and a top speed limited to 314km/h. Prices will start at £65,000.

MG News Release 22.10.02 NEW MODELS; PRICING

The New Nissan Micra

The new Nissan Micra is to be presented at the British International Motor Show, along with the Micra C+C (coupe + Convertible) concept car, which was seen at the Paris Motor Show.

The new Micra will be the most comprehensively equipped small car ever sold in the UK. It will be produced at the Sunderland plant in the UK. The new model is seen as a 'revolutionary evolution' of the current Micra, with a more assertive character, whilst retaining the friendly aspect of the current model. The 72mm wheelbase offers more passenger and, luggage room, which can be maximised or minimised by a sliding rear seat. Features include automatic wipers, automatic air conditioning and, for the first time in a small car, a unique Intelligent Key, which allows the doors and tailgate to be locked and unlocked and the engine started without having to insert a key or a card. The smart system allows the vehicle to detect when the Intelligent Key approaches within 80cm of the car. The doors are then locked and unlocked by simply pressing a button on the door handle mechanism.

Nissan Press Release 8.10.02 NEW MODELS

Nissan 350 Z for Europe

Nissan is to introduce the Fairlady Z (350 Z) on the European market in October 2003.

Nissan believes that vehicle will contribute to improving its image in the region. Nissan is aiming to increase its sales in Europe by 100,000 units over the next three years. The Fairlady Z was introduced in Japan and the US in summer 2002 and is proving successful. The Kanagawa plant is unable to meet demand. Sales are expected to exceed the target of 42,000 units set for the first year.

Nihon Keizai Shimbun 29.9.02 SALES

Peugeot Group to Launch Three Hybrids

The Peugeot group is planning to launch three types of hybrid vehicle between 2003 and 2007, according to the president Jean-Martin Folz, speaking at a forum on automotive industrial technologies in Japan.

Les Echos 11.10.02 ENVIRONMENT; NEW MODELS

Saab Active Head Restraint Cuts Neck Injuries

According to a study from the US Insurance Institute for Highway Safety (IIHS), Saab's Active Head Restraint (SAHR) reduces neck injuries amount car occupants by 43%.

The study compared claims rate when the SAHR system was used and when Saab's previous head restraints were

used. Claims were 43% lower and the reduction in neck injuries was greater for women than for men: 55% as opposed to 31%.

IIHS News 24.10.02

Santana Launches Anibal

Santana Motor has launched the Anibal 4x4 mode, developed at its plant at Linares, Spain. Derived from the Santana 2,500, Euro 19m has been invested in the model.

In 2002, sales of the Anibal are expected to total 1,800 units in Spain and 2,800 abroad. The Linares plant has capacity for over 50 units a day, but the initial production rate is five to ten units. Over the next few months, a single-cab pick-up version is to be introduced. The Linares plant is to start production of a metal-roof version of the Jimny. A diesel version will be launched at the end of 2004, powered by a Renault common rail diesel engine.

Autoindustria 16.10.02 NEW MODELS; PRODUCTION

Seat Tango to Be Produced in Germany?

According to Top Auto, the VW group has given the go-ahead for production of the Seat Tango from 2005 at the Audi Neckarsulm plant in Germany.

The new Tango, a prototype of which was seen at the 2001 Frankfurt Motor Show, is based on a spider concept which will be produced in roadster and coupe versions and will resemble the future Audi TT. The Tango will have different engines and Haldex's electronically controlled 4WD system, which is used on the Volvo S60.

In an interview with Top Auto, Bernd Pischetsrieder, president of VW, casts doubt on the future of the Seat Arosa, which shares a platform with the VW Lupo and Audi A2, production of which is to be halted. Doubts were also expressed about the future of the Alhambra. Seat expects to produce at Martorell a compact MPV that will share a platform with the VW Touran. In future, Seat will not develop models larger than the present Toledo.

Autoindustria 31.10.02 NEW MODELS

Seat Production Plans

VW has assigned production of the new models which will replace the present Toledo and Leon to Seat.

On the new VW Golf platform, Seat will develop three models to be introduced in 2004: the new Toledo and new Leon and an MPV, codenamed SE-359, to compete with the Renault Scenic, Almera Tino, Xsara Picasso and Opel Zafira.

Autoindustria 25.10.02 NEW MODELS

Smart Teams with Orange for Special Edition

Smart is teaming up with Orange to launch a limited edition of 450 'smart orange' city-coupe cars fitted with a hands-free Bluetooth kit and an Ericsson T68i mobile phone.

The phone can be operated by a remote control in the vehicle's headliner, even if the phone is at the bottom of a bag or pocket. The cars, based on the smart & passion, will also have a radio with CD player linked to an audio package.

Autoactu 3.10.02

Ssangyong to Increase Output of Musso

Ssangyong is to increase output of the Musso Sports pick-up, which it introduced in Korea less than a month ago.

Ssangyong has received almost 19,000 orders for the Musso Sports, compared with initial targets of selling 7,500 units a year.

Korea Herald 28.9.02 NEW MODELS; PRODUCTION

Suzuki to Produce Concept S and Ignis in Hungary

Suzuki is to produce the Concept S in Hungary from 2004. 3- and 5-door versions will be produced.

The cars will be powered by a new 1.6L engine. Suzuki plans to double output at its plant in Hungary to 200,000 units between now and the end of 2003. The plant, which already produces the Swift and Wagon R+, will also produce the Ignis.

Suzuki News 17.10.02 NEW MODELS; PRODUCTION

Toyota Selects Nuance for Japanese Telematics Service

Toyota has selected Nuance software to speech-enable its G-Book Japanese telematics services.

G-Book provides hands-free access to data, music and other information from in-car terminals, PCs and mobile devices via simple voice commands. The initial pilot service will be available in Japan in November 2002.

Toyota News 22.10.02

Volvo Telematics System in the US

Volvo Cars of North America and Cross Country Automotive Services have teamed up to offer Volvo On Call Plus (VOCP), Volvo's first comprehensive telematics system in the US.

VOCP, available on selected 2003 models, features automatic crash notification, mayday services, alarm notification, stolen vehicle tracking, location-enabled roadside assistance, remote door unlock and remote vehicle diagnostics. The system uses advanced multiplex

information management, back-up battery and antenna sources to help ensure systems operation in the event of an accident. In addition to recognising the deployment of airbags and seatbelt pretensioners, the system can also detect severe rear-end collisions and can connect automatically to the response centre if any of the systems have been activated. The back-up battery and antenna are located in the dashboard, as far from the crash location as possible.

Volvo Cars News 7.10.02

Volvo's WHIPS Reduces Head and Neck Injuries by 49%

According to the US Insurance Institute for Highway Safety, Volvo's WHIPS (Whiplash Protection System) reduces head and neck injury by 49%.

The study discovered that the key to reducing injury in rear-end crashes is to keep the head and torso moving together. The WHIPS system limits forward acceleration of the torso in relation to the head in a rear-end collision. It provides improved spinal support by virtue of its modified backrest characteristics and close proximity of the head restraint's position to the occupant's head. Comparing Volvo S70 saloons with and without WHIPS, the study found that WHIPS reduced neck injury claim rates by 49%.

Volvo News 24.10.02

VW Plant in Brazil to Produce Polo Sedan

VW's plant at Sao Bernardo do Campo, Brazil, will be the first group plant to produce the Polo Sedan.

The new version will be sold on the European and Latin American markets, especially Mexico. In future it will also be produced in China in order to meet local and South African demand for RHD versions. R1 2bn has been invested in production of the new Polo. It will go on sale in the second half of November 2002. The Polo Sedan was presented at the Paris Motor Show.

Autoindustria 3.10.02 INVESTMENTS; NEW MODELS

VW Plans Lupo Successor

VW is currently developing an all-new vehicle in the small car segment to replace the Lupo.

The new model is expected to go on sale in 2005, when the Lupo reaches the end of its life cycle. The concept for the model is such that it can be regarded as the VW group's first World Car. Modifications are being considered for individual markets, such as trim and engine variants. It is not yet clear which market the vehicle will be introduced on first, but it seems certain that it will come under the VW brand group.

Handelsblatt 30.9.02 NEW MODELS

Contracts

Major Contract for GM Europe

GM Europe is to enter into a pan-European agreement with Rentokil Initial worth up to £100m over four years. The deal replaces a primarily Ford single badge arrangement in the UK.

Rentokil Initial will take GM Europe vehicles in 16 European countries, with the largest tranche being supplied in the UK. Vauxhall will supply mainly Astras and Vectras for Rentokil Initial's fleet of 3,600 cars, as well as CDVs and light CVs up to 3.5 tonnes for its 1,900 CV fleet. The deal also includes the majority of Rentokil Initial's 1,200 cars and LCVs in the Netherlands, 700 in Germany, 650 in Belgium and part of its fleet of 1,350 vehicles in France and 1,300 in a further 11 countries.

GM News Release 25.10.02 CONTRACTS

Honda to Supply Fuel Cell Cars to Los Angeles

Honda is to supply five of its FCX fuel cell vehicles to the Los Angeles city government on a leasing contract.

The agreement with the city makes Honda the world's first supplier of a vehicle powered by a fuel cell. The vehicles will be used as official cars.

Honda News 8.10.02 ENVIRONMENT

VW Loses Dutch Police Car Contract

VW's Euro 270m contract to supply the 13,000-unit fleet of cars to the Dutch police will not be renewed on 1 January 2003.

VW has supplied the Beetle and then the Golf for many years. It now loses its dominant position as the regions will be able to choose between several brands (Ford, Mercedes-Benz, Mitsubishi, Opel, Toyota and Volvo) for the 10,000 patrol cars. The other 3,000 (special vehicles) will be chosen from BMW, Citroen, DAF, Chrysler, Iveco, Audi, Peugeot, Seat, Skoda and VW models.

De Telegraaf 9.10.02 CONTRACTS

People

Appointment at GM

GM has appointed John Smith as group vice-president of North American vehicle sales, service and Marketing. He succeeds Bill Lovejoy, who is to retire on 1 January 2003.

Mr Smith was previously vice-president field sales, service and parts. Mr Lovejoy believes that the most challenging competition for GM is from Hyundai and Kia. The weakness of the won enables the companies to offer

low prices and extended warranties which are very expensive to match.

GM News 21.10.02 PEOPLE

Appointment at Peugeot

With effect from 1 October 2002, Gilles Michel has been appointed to the executive committee of the Peugeot group and has been given responsibility for platforms, technology and purchasing.

He succeeds Jean-Louis Silvant, who has retired. Mr Michel was previously president of the ceramics and plastics division of Saint-Gobain.

Auotactu 2.10.02 PEOPLE

Labour News

CAW Members Approve DaimlerChrysler Deal

Members of the CAW union have voted in favour of a new three-year agreement which matches the GM agreement, providing annual increases of 3%, 3% and 2%.

The union was also successful in obtaining a commitment from DaimlerChrysler for a new world-class greenfield site in Windsor, Ontario, which is expected to start production in the fourth quarter of 2005. The Windsor Pillette Road maxivan plant is to be closed and some workers will be transferred to the Windsor minivan plant.

DaimlerChrysler News 20.10.02 CAPACITY; LABOUR

Protest at DaimlerChrysler Plant in Brazil

Around 400 workers at DaimlerChrysler do Brasil disrupted production at the Sao Bernardo do Campo plant for three hours on 1 October 2002 in protest at plans for 206 job cuts.

The company had put in place a voluntary redundancy scheme, aimed at reducing the workforce by 570, but there were not enough takers. The unions plan further action over the next few days.

O Estado de Sao Paulo 1.10.02 LABOUR

Agreement at Ford Genk

Management and unions at Ford's Genk plant in Belgium have reached an agreement covering workers at the plant and at the Lommel test centre.

Jobs are to be guaranteed for the next four years for the 8,500 Ford workers and also for 5,000 employees of sub-contractors. The unions also obtained guarantees on the realisation of the Euro 900m investment aimed at making the plant more flexible for the production of four models. In 2004, 1,400 jobs will be shed.

L'Echo de la Bourse 19.10.02 LABOUR

Ford Canada Workers Approve New Labour Contract

Workers at Ford Motor Co of Canada have voted overwhelmingly in favour of a new three-year labour contract.

The deal includes keeping open a plant which had been scheduled to close. Workers will receive a 3% pay increase in the first two years, followed by 2% in the third, a C\$1,000 signing bonus, 28 hours in additional paid time off and improved healthcare benefits.

Ford News 6.10.02 LABOUR

Union Takes Peugeot to Court

The CGT union is taking the Peugeot group to court over the agreement on the 35-hour working week signed with the FO, CFDT, CFE-CGC, CFTC and GSEA unions in 1999. CGT considers the agreement illegal on at least four points. The action is aimed at defending the interests of workers.

Autoactu 10.10.02 LABOUR

Recalls

Chrysler Recall

Chrysler is recalling 143,500 minivans because of a fuel tank weld problem.

The recall involves 2002 Dodge Grand Caravan and Chrysler Town & Country minivans built at the Windsor, Ontario, plant between September 2001 and 11 March 2002. Of the total, 117,415 were sold in the US, and most of the rest were sold in Canada and Mexico. The problem could lead to a fuel leak. There have been no reports of fires or injuries.

Chrysler News 15.10.02

Daewoo Recalls Nubira in the US

Daewoo is recalling around 40,000 units of the 2000 model year Nubira because of possible cracks and leaks from brake hoses, which could result in brake failure.

Daewoo News 1.10.02

Ford Recall in the US

Ford is recalling over 424,164 units of the Taurus and Mercury Sable built between May 1999 and September 2001 because some brake and accelerator pedals were too close together, which could lead to the wrong pedal being pressed.

The Taurus is Ford's most popular model. The cars affected are fitted with the adjustable pedal option. Ford is understood to have calculated that the total number of driver affected by its recalls is falling.

Financial Times p30 10.10.02

Toyota Recall

Toyota is recalling 420,000 vehicles in Japan because of potential brake pipe and gearbox defects. Around 360,000 vehicles sold overseas may be affected by the recall.

Toyota News 1.10.02

CV COMPANY NEWS

Alliances

Hino and Isuzu Set Up Joint Bus Company

Hino and Isuzu have set up a 50:50 company to prepare for the integration of their bus production operations in 2003.

The two companies plan to integrate the preparatory company, J-Bus Ltd, with their Isuzu Bus Manufacturing and Hino Auto Body subsidiaries in October 2003 to begin joint bus production operations. J-Bus is capitalised at Y 20m.

Hino/Isuzu News 2.10.02 JV; M&A

Hyundai Sees CV Venture with DaimlerChrysler in 2003

Hyundai expects to launch a CV joint venture with DaimlerChrysler in the first half of 2003, according to Choi Johng-sik, executive vice-president of CV sales. Details are expected to be settled by the end of 2002.

Hyundai News 16.10.02 JV

Joint Venture for LDV and Stadco

LDV has set up a joint venture with Stadco Holdings, Stadco Birmingham Pressings, which will use the pressing operations at LDV's plant at Washwood Heath in the UK West Midlands.

The venture forms part of LDV plans to find new business and maximise its asset base following the collapse of plans to produce vans with Daewoo. Stadco supplies stampings and assemblies to Jaguar, Land Rover, MG Rover, Peugeot, BMW and VW. It has plants in Shrewsbury, Tipton, Powys and Halewood. The new company will start before the end of 2002 and LDV will put its own vehicle pressings into the new business. LDV's pressing operation serves LDV internally and also Land Rover. It produces 7m parts a year, of which 1.7m go to Land Rover.

The Birmingham Post p17 8.10.02 JV

Nissan Diesel to Supply 4WD Vehicles to Hino

Nissan Diesel is to supply its large 4WD vehicles, designed mainly for snow clearing, to Hino for sale under the Hino brand.

Nissan Diesel will supply around 50 units a year, starting in May 2003. As a result, Hino will discontinue production of its 4WD vehicles. In return, Hino will supply its medium-sized diesel engines to Nissan Diesel to be used under the Nissan brand, starting in early 2004.

Nissan Diesel News 8.10.02

Renault Trucks to Supply Engines to Dongfeng

Renault Trucks has signed an agreement with Dongfeng on the production of diesel engines in China.

Renault Trucks will transfer technology and the agreement will lead to local production of Renault's dCi engines in China from 2005. The engines will be used on Dongfeng vehicles. Initially, output will be a 'few thousand' units, rising as necessary. Meanwhile, Renault Trucks will deliver complete Built-Up or CKD engines.

Les Echos 28.10.02 JV; PRODUCTION

Key Figures

First-Half 2002 Results for Henlys

In the first half of 2002, Henlys saw underlying profit fall to £8.6m from £17.5m in the same period in 2001.

Pre-tax loss after exceptionals and goodwill totalled £2.79m, compared with a loss of £19.4m. Turnover fell to £324.9m from £383.8m. Henlys is continuing the restructuring of its North American business, including the closure of its Iowa bus manufacturing plant. The Blue Bird school bus business accounts for around 80% of group business, but was hit by a deferral in spending by US schools authorities. The Prevost luxury coach joint venture was hit by the fall in US tourism following 11 September. The Nova joint venture has been improved by the closure of RTS, while the Canadian part of Nova is expected to make a profit in the next half year.

Financial Times p27 1.10.02 RESULTS

First-Half 2002/03 Rise in Profit for Hino

In the first half of its 2002/03 business year (to 30 September 2002), Hino made a consolidated net profit of Y 3.74bn, compared with Y 125m in the same period in the previous year.

Turnover rose by 6% to Y 390.1bn, on sales up 7.4% at 28,063 units. In the full year, Hino expects turnover to rise

by 10.7% to Y 840bn, while net profit should fall by 16% to Y 7bn.

Nihon Keizai Shimbun 28.10.02 RESULTS

Second-Quarter 2002/03 Profit for Mahindra & Mahindra

In the second quarter of its 2002/03 business year (to 30 September 2002), Mahindra & Mahindra made a net profit of Rp 582.73m, compared with a loss of Rp 26.72m in the same period in the previous year.

Mahindra made a one-off profit of Rp 647.87m from the sale of its 51% stake in Mahindra Sintered Products to its partner GKN. Net sales totalled Rp 8.21bn, a rise of 7.8%. Sales of utility vehicles rose by 16.1% to 15,253 units, boosted by the success of the new Scorpio model. Light truck sales rose by 34%. Mahindra's share of the utility vehicle market stood at 47.2%.

Mahindra & Mahindra News 30.10.02 RESULTS; SALES

2001/02 Rise in Profit for Oshkosh Truck

In its 2001/02 business year (which ended on 30 September 2002), Oshkosh Truck made a net profit of \$59.6m, a rise of 17.2% on the previous year.

Sales rose to \$1.74bn from \$1.45bn. The improvement in earnings despite the sluggish economy, is seen as reflecting the success of Oshkosh's balanced diversification strategy. The commercial segment increased sales by 21.2% to \$678.3m, excluding the impact of the Geesink Norba Group acquisition. The segment's operating income rose by 57.8% to \$47.2m.

Oshkosh News 29.10.02 RESULTS

Third-Quarter 2002 Rise in Profit for Paccar

In the third quarter of 2002, Paccar tripled net profit compared with the same period in 2001 to \$128.9m. Turnover rose by 26% to \$1.89bn.

Production rates in North America rose by over 60% in the period, but orders are expected to fall in the fourth quarter of 2002 and the first quarter of 2003. Truck sales in Europe fell by 10-15%.

Paccar News 23.10.02 RESULTS

January-September Profit for Volvo

In the first nine months of 2002, the Volvo group made a net profit of SKr 755m, compared with a loss of SKr 980m in the same period in 2001. Net sales totalled SKr 131,203m, compared with SKr 131,982m.

The trucks operations increased sales to SKr 87,619m from SKr 83,988m. Sales in Europe rose to SKr 48,512m from SKr 47,411m, in North America SKr 26,511m, compared with SKr 25,107m, in South America SKr 2,526m, compared with SKr 3,021m, and in Asia SKr

4,082m, compared with SKr 2,883m. Operating profit rose to SKr 682m from SKr 449m. Deliveries totalled 114,618 units, compared with 113,226.

The bus operations saw sales fall to SKr 10,183m from SKr 12,631m and made an operating loss of SKr 293m, compared with SKr 358m. Sales in Europe totalled SKr 5,034m, compared with SKr 4,639m, in North America SKr 2,915m, compared with SKr 5,863m, in South America SKr 252m, compared with SKr 584m, and in Asia SKr 1,397m, compared with SKr 1,184m. Deliveries fell to 6,307 units from 7,162. Volvo Buses is to withdraw from the US city bus market. The operations in Schenectady have been closed and the last buses in the Nova operations in Roswell have been completed.

Volvo News Release 24.10.02 RESULTS; SALES

Strategy

Brilliance China Pulls Out of Manganese Bronze Deal

Brilliance China has asked Manganese Bronze to release it from its licence and technical agreement with London Taxi International.

Brilliance was to produce and sell taxis based on the design of the TXII in China. Manganese earlier said that the deal could be at risk because of changes at Brilliance and the company's failure to make a £600,000 payment to the UK company on 6 August 2002. Manganese Bronze is continuing talks with Brilliance about settling the outstanding amount.

The Birmingham Post p19 81.10.02 JV

Hino to Reduce Number of Platforms

Hino is reduce the number of its platforms from 200 to 70 between now and 2005 in order to cut costs.

The aim is to reduce the number of components used from 20,000 at present to around 6,000 and make savings of almost 30% on development costs. The project should enable Hino to improve its operating margin to 4.3% by the end of its 2004/05 business year.

Les Echos 7.10.04

Hino to Spin Off Hino Auto Body

Hino Motors is to split its wholly owned Hino Auto Body subsidiary into a bus manufacturer and a truck assembly company.

The spin-off of Hino Auto Body is expected to promote a plan by Hino and Isuzu to integrate bus operations. Trantechs, a wholly owned subsidiary to be set up by Hino, will inherit the truck business, while Hino Auto Body will continue to operate the bus business. A preparatory company will be set up in October 2002 for

the planned integration. This firm will merge the bus operations of Hino and Isuzu in October 2003.

Hino News 30.9.02

MAN Sues DaimlerChrysler over Acquisition of ERF

MAN is suing DaimlerChrysler in London in relation to its purchase of ERF. MAN is seeking around £300m in compensation. The companies failed to reach an out-of-court settlement.

MAN acquired ERF in 2000 for an estimated Euro 170m plus debt from the Western Star unit of DaimlerChrysler's Freightliner operation. MAN alleges that ERF manipulated the balance sheets and overstated profits, making it look like a profitable operation with a promising future. Instead, ERF proved to be an insolvent business with a massive liquidity requirement. MAN has been forced to end production at ERF.

Financial Times p32 8.10.02 M&A

Mitsubishi to Triple CV Operating Margin

In the next two to three years, Mitsubishi expects to triple the operating margin of its truck and bus business from 1.4% at present.

According to Takashi Usami, president of Mitsubishi's Fuso truck unit, without an operating margin of 4% or 5%, the business cannot be called viable. Mitsubishi's market share is expected to rise with the introduction of tighter NOx emissions regulations.

Mitsubishi News 29.10.02

Navistar Completes Focused Facility Programme

Navistar has completed the transformation to a focused-facility producer that will improve profit opportunities throughout the business cycle. A fourth-quarter 2002 charge of up to \$456m after tax will be taken.

Since the five-point truck strategy was initiated, the company has been transformed with industry-leading products, modern new facilities have been opened and new markets entered. The transformation should begin to be visible in fiscal 2003, with the company returning to modes profitability at industry retail sales volume for Class 6-8 trucks and school buses at around 8,500 units greater than in 2003. Cost improvements will lead to a \$100m net improvement in ebit compared with 2002.

Navistar News 29.10.02

End for NAW

NAW Nutzfahrzeug, the Swiss truck producer, is faced with a loss of SFr 10m on turnover of SFr 100m and DaimlerChrysler is no longer prepared to help.

NAW production is to be transferred to other group plants. At the end of January 2003, the remaining 250 employees will lose their jobs, unless a solution is found, which is thought unlikely.

In February 2000, Sachsenring took a 51% stake in NAW (Nutzfahrzeuggesellschaft Arbon & Wetzikon), with DaimlerChrysler holding the remainder. Production was mainly DaimlerChrysler airport bus chassis. Demand for these collapsed following September 11, and demand for the Econic waste removal trucks has also declined. Sachsenring was declared insolvent in May 2002, and attempts to find a buyer for NAW failed.

Handelsblatt 16.10.02

Plant and Investments

DaimlerChrysler to Decide in 2003 on Plant in US

Rolf Bartke, head of the LCV division of DaimlerChrysler, has sent a letter to the Governor of Georgia informing him that the group would probably make a final decision in July 2003 on whether it will set up a plant there.

DaimlerChrysler is considering producing the Sprinter under the Dodge badge in the US if market conditions are favourable.

DaimlerChrysler News 23.10.02 CAPACITY

Assembly Unit in Belgium for Gruau

Gruau of France is to open a small plant in Brussels to assemble large-volume trucks, passenger transport vehicles and insulated vehicles.

Gruau hopes to take a share of the north European market from Belgium. The move forms part of Gruau's plans for expansion in Europe between now and 2005. The first stage was the setting up of Gruau Polska in 2000.

L'Usine Nouvelle 23.10.02 CAPACITY

EU Approves Aid to Iveco Plant

The European Commission has approved Euro 121m in aid to the Iveco plant in Foggia, Italy, for the production of new diesel engines.

Iveco is installing a new production line at Foggia for the new F1 family of diesel engines for light CVs. The overall investment between now and 2003 will be Euro 323m. The Commission compared the costs and benefits of investing in the Foggia plant with a similar project for the Bielsko Biala plant.

L'Usine Nouvelle 4.10.02 CAPACITY; INVESTMENTS

Navistar Plant to Close

The Navistar assembly plant in Chatham, Ontario, is to close in early summer 2003 because of competitive market conditions.

In July 2002, agreement was reached with the CAW union that the plant would not close before 1 June 2003. Production of International 9000i Series Class 8 trucks will be transferred from Chatham to the Escobedo assembly plant in Mexico.

Navistar News 17.10.02 CAPACITY

Neoplan Sells Stake in German Plant

Neoplan Bus, part of the MAN group, is to sell a 51% stake in its Ehrenhain plant to the bus body producer Goepfel.

Goepfel will take over the stake on 1 January 2003. The plant produces midibuses with up to 30 seats and special vehicles. Neoplan's stake will fall to 37%. In future, the buses will be built in cooperation with Goepfel. Seat production at Ehrenhain is to be expanded.

Handelsblatt 22.10.02 M&A

Renault Trucks Invests in French Plants

Renault Trucks is to invest almost Euro 30m at its Blainville-sur-Orne plant in France to build a new cataphoresis unit, which will handle one cab every three minutes from March 2004.

In 2001, the plant produced almost 56,000 cabs and assembled over 11,000 units of the Midlum. Investment of Euro 42m will be needed at the Venissieux site to install a new assembly line for 9L and 11L engines and to set up a centre of excellence for purchasing, researching and developing future 3L-11L engines. In addition, Euro 18m is to be invested in a new unit at Limoges which will carry out standard engine and component exchanges, a market, aimed at large transport fleets, which Renault Trucks expects to grow by 20% in the medium term.

L'Argus 10.10.02 INVESTMENTS; PRODUCTION

Renault and Nissan Start Production of X83 in Spain

At the end of September 2002, Renault and Nissan started production of the X83 compact van at the Nissan plant in Barcelona.

Jointly developed by Renault and GM Europe, the van is marketed under the Renault Trafic, Opel/Vauxhall Vivaro and Nissan Primastar names. Joint investment totalled Euro 240m.

Renault Press Release 22.10.02 NEW PRODUCTS

New Engine Block Drying Method from Volvo

Employees at Volvo Powertrain have developed a new method of drying painted engine blocks, which reduces energy consumption by 90%. The new process uses dry air rather than heat.

Volvo Trucks News 8.10.02 ENVIRONMENT

New Products and Technology

EPA Approval for Volvo Trucks Engine

Volvo Trucks North America has received permission from the US EPA to produce and sell trucks with Volvo's EPA02-compliant VED12 diesel engine after 1 October 2002.

Testing has shown that, when paired with the new Volvo VN highway tractor, the VED12 engine not only meets the new emissions requirements, but also delivers industry-leading fuel economy and performance. The Volvo VN series of Class 8 trucks are the only CVs to be fully integrated with EPA02-compliant engines.

Volvo Trucks Press Release 30.9.02 ENVIRONMENT

Labour News

Labour Agreement at Navistar

Navistar International has reached a definitive labour contract with union workers at three key US plants.

The proposed five-year agreement covers 7,100 UAW members. The company has now said that it expects to make a fourth-quarter 2002 loss from continuing operations of \$1.05 to \$1.10 a share, compared with recent forecast of \$0.72-0.77, its fourth consecutive quarterly loss. The widening of the expected loss is attributed to the fall in output during the labour negotiations, the weakness of the Brazilian real and costs associated with a school bus recall. During the talks, Navistar transferred some production of medium-duty trucks to its plant in Escobedo, Mexico, from Springfield, Ohio. The Mexican plant will begin making heavy trucks for the US market when Navistar closes its plant in Chatham, Ontario, in 2003.

Navistar News 25.10.02 LABOUR; PRODUCTION

Navistar Extends Labour Pacts

Navistar (International Truck and Engine) and the UAW union have agreed to extend by up to five days their current labour agreements that were scheduled to expire at midnight on 30 September 2002.

Navistar hopes to achieve an agreement that provides it with an affordable cost structure that includes production flexibility and manageable health care costs.

Navistar News 1.10.02 LABOUR

Recalls

Navistar to Recall Brake Units

Navistar is to recall up to 90,000 ABS controls in its medium trucks and school buses.

The component has been linked to five accidents in the past year, but no injuries have been reported. The brakes' ECUs may send a false signal, either locking the brakes or causing the brakes not to catch. Navistar will take a pre-tax charge of \$51m spread over the next three years and now expects to make a loss of 72-77 cents per share from continuing operations in the fourth quarter of 2002, compared with an earlier forecast of 20-25 cents.

Navistar News 1.10.02

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