

'Good News, Bad News' When Baby Boomers Retire

by Gerald Scott
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The fabled Baby Boom generation is poised to begin retiring from the auto industry in large numbers, according to one expert, and this brings both peril and opportunity.

Wayne State University and Macomb Community College (MCC) together hosted a forum entitled, "Electrifying the Economy - Educating the Workforce," at MCC's Warren campus last week.

Dave Cole, chairman emeritus of the Center for Automotive Research (CAR) in Ann Arbor, was the guest speaker and he sounded the alarm about how the Boomer generation's current and future retirements will continue to impact the auto business.

"I don't know how many of you are aware of it, but in five years, in our (U.S.) economy, we will be short - because of the Boomer exit - 10 million skilled workers: doctors, nurses, technicians, engineers, however you want to look at it,"

Cole said.

"And in 15 years, that grows to 30 million."

Cole's specific point about the automotive industry is that jobs will be opening up as this historic outbound "retirement migration" of the workforce occurs, and it will be both a global and U.S. phenomenon.

"The situation in other parts of the world are more significant than they are here," Cole said.

"Japan, for example, has a birth rate of about 1.3, ours is a little over 2.0, with limited immigration (in Japan) and guess what? Over the next 30 years, they're going to lose about 60 million in population.

"You start looking at traumatic factors that are going to change the way we do things around the world - this is one of them, and we know it."

Cole says that the saving grace for the U.S. economy may be that thousands of new jobs will become available through Boomer attrition - but they will be replaced only by a more educated workforce than Southeast Michigan is used to

seeing or producing.

Remember that for much of the 20th century, a high school dropout or maybe a high school grad could walk into any machine shop, tooling plant or auto assembly plant in the metro area and be hired at union wages and benefits and have a reasonably prosperous career.

No more, says Cole.

"And in this industry, we're going to have thousands of new jobs... and we're starting to see some hiring - but guess what, it's only for the educated," Cole said.

"The minimum skill for somebody to work on an assembly line now is a two-year community college degree - 30 years ago, it was a high school dropout.

"The technology has changed, somebody that's going to enter that production worker's job has to understand how to deal with technology and be committed to lifelong learning because of the rate of change that's occurring.

"It doesn't make any difference where we look in manu-

facturing and the auto industry, there's going to be a great many new jobs - but only for the educated. That's one of the most important messages that we have to get across to people - parents, kids, politicians, teachers and the like."

Otherwise, of late, Cole is involved with a supplier initiative called Auto Harvest that's designed to help license patents and technologies from within the auto industry out into the greater economy.

Detroit's always been cloistered about that, he said, and this new initiative is designed to better speed breakthroughs developed by OEMs and suppliers back into the wider U.S. economy.

That, and Cole said he went to lunch with GM CEO Dan Akerson for the first time recently - Akerson phoned him and invited him to lunch, Cole said, and he described Akerson as an "impatient" executive but that impatience, these days, can be a good thing for the leader of a major automaker to have. Cole is also test-driving the Chevy Volt these days.



PHOTO: GERALD SCOTT

Macomb Community College President Jim Jacobs, left, greets Dave Cole of CAR following Cole's speech to an MCC auto conference in Warren last week.

OEMs Continue Investing in New Plants in China

By KELVIN CHAN
AP Business Writer

SHANGHAI (AP) - Global automakers unveiled ambitious expansion plans for China last week, targeting the country's newly prosperous drivers as the industry struggles to recover from Japan's tsunami.

Nissan Motor Co. plans to raise sales by about 15 percent to 1.15 million vehicles this year, said CEO Carlos Ghosn. He spoke as the company unveiled the new Tiida sedan, one of a series of world premieres at Shanghai's auto show by automakers that reflect China's critical importance to their sales.

China is the biggest auto market by number of vehicles sold and is the biggest for General Motors Co., Volkswagen AG, Nissan and other major brands. Automakers are looking to China to drive future sales as growth slows in Western markets, and producers are creating models aimed at China's fast-growing population of car buyers.

"We are paying close attention to what they want and what they need," Ghosn said. He said Nissan is investing heavily to expand production to meet booming demand.

GM said last week that it plans to double the number of cars it sells in China to 5 million by 2015. GM China President Kevin Hale called the target "ambitious" and "aggressive" but he said he's optimistic it can be achieved because of low vehicle ownership rates and a strong economy.

The company will roll out 60 new or upgraded models in China over the next five years, many aimed at newly middle class drivers.

In a sign of China's importance to GM, the company chose the Shanghai auto show for the world premiere of the latest model of its best-selling Malibu midsize sedan, which it plans to sell in nearly 100 countries.

Ford Motor Co. announced plans to launch 15 new vehicles in China and double the number of dealerships by 2015 as it seeks to gain more market share in China. The company currently has 340 dealers in China.

"We have very aggressive growth plans," said Ford China CEO Joe Hinrichs.

Even niche luxury brand Rolls-Royce announced plans to expand its dealership network to cater to more of the super-rich Chinese entrepreneurs that have been driving growth in the luxury market. The British car maker said it's opening new dealerships in the cities of Chongqing, Tianjin and Wuhan, bringing the number of showrooms in China to 11, the second-highest amount after the U.S.

Auto sales surged in China last year by a third to some 18 million vehicles, but the strong performance is not likely to be repeated this year because some tax incentives have ended and cities are stepping up efforts to control traffic congestion.

Sales in March rose 5.4 percent over a year earlier to 1.8 million vehicles, up from Feb-

ruary's 4.6 percent increase. Car companies and analysts forecast that sales growth of about 10 percent this year.

Daimler CEO Dieter Zetsche said he expects "significant" medium-term growth for the China market.

"Numbers of 20 million or even 30 million seem to be within reach in the next five to 10 years for the total passenger car market," Zetsche said.

Mercedes sales in China jumped 86 percent in the first quarter of 2011 over the year before, although Zetsche noted that's down from 115 percent the year before.

Automakers have been hit by production halts and slowdowns because of supply chain disruptions stemming from a devastating earthquake and tsunami that struck Japan's industrial northeast on March 11. The disaster killed 25,000 people, destroyed towns, upended a nuclear reactor, and decimated scores of businesses and factories. The region also had a high concentration of auto parts suppliers that were hit.

Ford cut back on overtime at a joint venture plant with Mazda in Thailand a month ago to conserve parts but production at its China operations has not been affected, Hinrichs said.

The company expects to see "some effect" on manufacturing at its Thai and Philippine plants by late April or May but it's unclear how long it will last, Hinrichs said.

"Until we see the full ramp up of production in the supply base Japan and the refilling of

the pipeline, we won't be able to make that determination," Hinrichs said.

Ford is limiting the use of one paint color, "Sea Gray," in China because of scarce supplies.

Executives at a Nissan joint venture with a Chinese partner downplayed the disaster's effect on production, saying a lot of the components used were sourced locally.

However, some suppliers have been affected because they use Japanese-made parts, said Kimiyasu Nakamura, president of the joint venture known as Dongfeng Motor Co.

The company has sent staff to every one of its suppliers to get an idea of how many parts and components are available, Nakamura said. It also has a contingency plan in place to secure parts from places such as Thailand or the Philippines, he said.

Daimler's Japanese production was interrupted for more than a month and it is slowly restarting now, Zetsche said. He said the recovery efforts are looking "promising these days."

Toyota Motor Corp. resumed car production at all of its plants in Japan on Monday for the first time since the tsunami, but said the factories will run at half capacity due to parts shortages.

GM executives said they have experienced "minimal" impact on production, and a team of more than 200 people around the world is monitoring the situation.

AP Business Writer Joe McDonald contributed to this report.

Alcoa Reports First Qtr. Net Income Finally Up

By SANDY SHORE
AP Business Writer

Alcoa Inc. said last week that it turned a first-quarter profit on stronger sales with higher aluminum prices that were offset by a weaker dollar and higher costs for energy and raw materials.

Alcoa said business improved from a range of customers; including the aerospace, automotive, commercial transportation and packaging industries. It marked the fourth consecutive quarterly profit for Alcoa as it pulled out of two difficult years hit by the recession.

The Pittsburgh aluminum manufacturer reaffirmed its guidance for 12 percent growth in global aluminum demand despite ongoing uncertainty in many countries, including China's efforts to slow growth and curb inflation.

Alcoa Chairman and CEO Klaus Kleinfeld said the company improved profitability across all business segments and he is optimistic for 2011 and beyond.

"I think Wall Street will take it as a positive," Argus Research analyst Bill Selesky said. "I think this is going to be a good barometer for the upcoming earnings season."

Alcoa is the first of the Dow Jones Industrial Average component companies to report quarterly earnings. Selesky expects most companies to have higher raw materials costs. He said Alcoa should be able to offset much of that with higher aluminum prices and stronger demand.

Alcoa's first-quarter net income was \$308 million, or 27 cents a share, compared with a net loss of \$201 million, or 20 cents a share, in the year-ago quarter.

Alcoa said average aluminum prices rose about 15 percent during the quarter, but earnings were affected by a weaker dollar against other currencies and higher raw materials costs.

Alcoa released earnings after the market closed. Shares fell 61 cents, or 3.4 percent, to \$17.16 in after-hours trading.

SAE International Publishes New Book on Development of the Volt

WARRENDALE, Pa. - As one of the automotive engineering industry's most storied vehicles, the Chevrolet Volt has been the subject of hundreds of articles over the last few years as it went from concept car to a reality.

Now, the unique car is the subject of a new book from SAE International focusing on the incredible story of the vehicle's development.

"Chevrolet Volt - Development Story of the Pioneering Electrified Vehicle" provides the only complete design and engineering story about the new Chevrolet Volt.

The 224-page, full-color book, edited by SAE International senior editor Lindsay Brooke, is the premiere compendium of engineering information related to the Chevrolet Volt.

It aggregates articles about the Volt from SAE International's Vehicle Electrification Web site and *Automotive Engineering International* magazine along with SAE International technical papers covering the vehicle's technology development.

In addition to this content, it includes interviews with the principal engineers and

Sales increased to \$5.96 billion from \$4.89 billion a year ago. That fell short of expectations from analysts, who expected sales of \$6.16 billion, according to FactSet. Excluding special items, Alcoa earned 28 cents per share. That beat analysts' forecasts by a penny.

Alcoa's year-over-year sales rose 20 percent in the aerospace industry, 45 percent in packaging, 37 percent in commercial transportation, 26 percent in building and construction, and 5 percent in automotive.

For the year, Alcoa expects growth in all segments - especially industrial gas turbines, heavy truck and trailer and automotive industries. It sees weakest growth in beverage cans and commercial building and construction.

Alcoa's overall sales have risen 43.6 percent since the first quarter of 2009, a low point when the recession slowed the global economy and cut sales across most of its markets.

Kleinfeld's upbeat outlook for the rest of this year follows recent positive economic data that indicate the U.S. economy continues to recover.

Last week automakers reported new cars sales in March were up 17 percent from a year ago. And the Commerce Department reported the U.S. economy grew at an annual rate of 3.1 percent in the fourth quarter, up from 2.6 percent in the third quarter.

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supplier partners who participated in the Chevrolet Volt project, as well as insights from other technology companies who bring new ideas to the electrified vehicle space.

Vehicle electrification comprises three major technologies: lithium-based batteries, power control and electric motors. With the launch of the Chevrolet Volt in late 2010, GM began a new era in mobility technology - the extended-range electric vehicle.

The rapid push of automakers towards vehicle electrification demonstrates the need to understand cutting-edge electric vehicle trends and the Chevrolet Volt is certainly on the cutting edge of most of those current trends.

Publishers say that "Chevrolet Volt" will be of interest to any automotive engineering professional, but will be of special interest to executives, engineers and mobility professionals who are interested in vehicle electrification development.

Auto suppliers will also find the book useful for positioning their products for larger electric vehicle industry adoption.

Three Generations of Ovshinskys Reflect on Times

by Gerald Scott
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The local Ovshinsky family held court at the 1950s historical exhibit at Macomb College's Lorenzo Cultural Center in Clinton Township the other day and we learned about the impact that this unique automotive and industrial family has had over the decades.

Stanford Ovshinsky, 89, is famous as a local inventor with more than 400 U.S. patents and is known to be a developer of the original generation of nickel-hydrate batteries, EV cars and other grand industrial accomplishments.

His son, Harvey Ovshinsky, 63, is a national Emmy- and Peabody Award-winning filmmaker and a prominent figure on Detroit's counter-cultural scene dating back to the 1960s and 1970s.

Then there is Noah Ovshinsky, 33, Harvey's son and Stan's grandson and a broadcast journalist of note with WDET-FM, the public radio station in Detroit.

The Ovshinskys together waxed philosophic about growing up in the 1950s, back when Stan confessed to being more of a trade unionist and social rabble-rouser than we remember him to be, perhaps, while Harvey was famous for founding The Fifth Estate counter-cultural newspaper back in the day.

Reporter Noah moderated the panel, asking his grandfather, "I want to ask you,

grandpa - you could've lived the 1950s lifestyle that popular culture puts out there: the one-story bungalow, the Ford in the driveway, barbecuing in the backyard, playing catch with your son. Everybody sitting down and listening to the Tigers game (on the radio).

"You could've done that, you could've lived that life, but you didn't. You chose time and time again to put yourself out there in a very vulnerable way whether it was the FBI and McCarthyism... why?"

"You were building machines, you were finding some success... why not just sit on the sidelines and enjoy a middle class life in Detroit?"

Stan, who describes himself as a Eugene Debs-style socialist (but not communist), answered as follows: "First thing, I come from the working class. My father was a laborer and one of the things I like about Eugene Debs is that he said he didn't want to rise from the working class - he wanted to rise with them.

"I played ball, I was in sports, I was not a nerd kid - I was a boxer for a period of time.

"It wasn't that. I felt it was my civic duty to protect American democracy (from McCarthy-esque attacks)."

Stan's career accomplishments border on the breathtaking - he was co-founder, with his late wife Iris, of Energy Conversion Devices (ECD), which has been a pioneer in auto and industrial battery development - ECD provided

the solar panels and battery system used on the Russian Mir space station back in the 1990s, for example.

Lately, Ovshinsky retired out of ECD and formed an independent company called Ovshinsky Solar, LLC, in order to accelerate his work in energy to provide basic solutions for pollution, climate change and wars fought over oil and ongoing societal dependence on petroleum.

"If I wasn't going to fight (for civil rights), who was going to fight?" Stan asked. "I thought it was a civic duty.

"I had some dangerous moments... but I was never frightened. What I wanted to do, and still want to do, is change the world and make it

a fair and equitable world..."

Added Harvey, "One thing I wanted to say is that I didn't know until the 1960s, much later, that dad is one of the most positive people I've ever met.

"(And that's) growing up sometimes in fear and anxious about the issues going on around you... the environment was (dangerous) but he wasn't.

"His attitude in politics, in work, in science and in invention... we take for granted solar cells by the mile and electric cars, but in the 1950s when he was first talking about that, he was damned.

"I didn't know this until the 1960s and later, what a positive personality dad was."



PHOTO: GERALD SCOTT

Three generations of Ovshinskys including, from left, Noah, 33, Stan, 89, and Harvey, 63. The Ovshinskys spoke on a panel about the 1950s at MCC's Lorenzo Cultural Center recently.