

Automakers Anxious About EV Car Growth in China

By JOE McDONALD
AP Business Writer

SHANGHAI (AP) – The toy-like electric cars at the Shanghai Auto Show are a glimpse of the high-tech automotive future China's leaders are pursuing – and a harbinger of possible disputes with its trading partners.

Geely's two-seat McCar, Dongfeng's Shuaike microvan, the four-seat M1 REEV from Chery and others promise a range of more than 100 kilometers (60 miles). Most are still in development but some are appearing on China's streets.

Beijing sees electric cars as a field where it can take a global lead, helping to transform China into a creator of technology. But while it pushes its fledgling automakers to create their own products, it also has alarmed global producers that operate in China by pressing them to hand over know-how and limiting access to its market.

Draft investment rules issued last month would allow foreigners to own only a minority stake in Chinese manufacturers of electric car components. Next month, Beijing is due to release a 10-year industry development plan for "new energy vehicles," and automakers worry it will impose further curbs on production or imports.

Foreign manufacturers are concerned Beijing might require them to hand over valuable technology and help local partners create "indigenous brands" as the price of being allowed to sell electric cars in China.

"They certainly worry about that," said John Zeng of JD Power and Associates. "They are still at the stage of investing heavily in research and development. So right now, they are not ready to transfer technology."

Beijing already requires that for a foreign manufacturer to produce an electric car in China, its local joint venture must own the technology for one of the three "core components" – the battery, the motor or the power-management system.

Developing powerful but safe batteries has been a key challenge for Chinese automakers. Batteries in Chinese cars have exploded more than 10 times during de-

velopment, the business magazine *Caijing* reported this month.

"This makes drivers not dare to drive these cars," the magazine said.

Electric cars are the latest industry in which Beijing hopes to use China's fast-growing market as leverage to develop its own technology and global brands. It passed the United States in 2009 in number of vehicles sold annually and foreign producers are looking to China to drive sales, putting them under pressure to cooperate.

Beijing requires foreign automakers in China to operate in joint ventures, in hopes their local partners will learn and grow. But communist leaders have been disappointed with the results: Today, China's market is dominated by General Motors Co., Volkswagen AG and other foreign brands. Local producers such as Chery Automobile Co. and Geely Holding Group, the new owner of Sweden's Volvo Cars, are growing fast but are far behind.

Electric cars offer a fresh start in a field with no entrenched leaders.

"They see it as a big opportunity. They want to be dominant in some vehicle market and the old technologies have already been taken," said Deborah Seligsohn, a researcher in Beijing for the Washington-based World Resources Institute.

Electric cars also are a key part of China's efforts to curb its voracious appetite for imported oil and gas, which communist leaders see as a strategic weakness.

"The energy security advantages for them are enormous," said Seligsohn. "Switching people to electricity that you can produce domestically is very appealing."

Beijing has long pushed for technology transfer in fields from high-speed rail to clean energy as a condition of contracts or licenses. China's bullet trains are based on European and Japanese technology but are being marketed in Latin America and the Middle East, prompting complaints it is violating the spirit of such agreements.

China's auto manufacturing policies have provoked disputes with Washington and other trading partners. The United States, Europe and

Canada launched a World Trade Organization case in 2006 challenging Beijing's effort to compel automakers to use Chinese-made components by imposing higher taxes on cars made with more than 40 percent foreign parts. The WTO ruled against Beijing in 2008, but by then automakers had developed local suppliers.

Automakers see China as an important center to develop electric technology as well as a huge potential market.

Beijing is trying to generate demand by promising subsidies of 60,000 yuan (\$9,200) per electric vehicle. Cities are being given grants to buy electric buses and taxis.

Ford Motor Co. announced this week it will provide three hybrid and all-electric vehicles to government agencies and later to consumers to study how Chinese drivers use them.

Ford is recruiting Chinese engineers to work on alternative cars, said Nancy Gioia, a Ford executive with the futuristic job title Director of Global Electrification.

Gioia said Ford talked to Chinese officials about the industry plan, but Joe Hinrichs, CEO of Ford China, said it would withhold comment until the plan is released.

"The good news is, we have a good dialogue going on," Gioia said.

The Ministry of Industry and Information Technology, which is developing the plan, did not respond to questions about its status and contents.

A draft of the plan circulated last August alarmed foreign automakers by proposing they could only be minority partners in electric car ventures, less than the 50-50 partnership allowed for conventional autos. That might give Chinese partners control over technology that could be used to create competing products.

Alternative vehicles at the auto show this week reflect the complex relations between Chinese automakers and foreign companies that provide advanced technology and are both partners and potential rivals.

Dongfeng Motor Co.'s plug-in Shuaike is produced in a joint venture with Nissan Motor Co. Dongfeng says the vehicles have been sold to government agencies and future

public sales might be possible.

But Nissan plans to import its all-electric Leaf rather than produce them in China, possibly to avoid having to share more advanced technology.

Germany's Daimler AG, maker of Mercedes Benz cars, is creating a new electric car brand with Chinese automaker BYD Corp. and plans to launch a model in 2013. Daimler's CEO for Northeast Asia, Ulrich Walker, said it went that route because it wants to create a separate, lower-cost brand, not because of government pressure.

At the same time, BYD is developing its own vehicles.

The company is testing its F3DM hybrid in Los Angeles and says it hopes to start U.S. sales of its K9 electric bus in 2012. BYD's e6 sedan, which promises a 190-mile (300-kilometer) range, has been tested in taxi fleets in the southern Chinese city of Shenzhen for the past year.

Analysts say that China's embrace of the EV market is just one more example of the 800-lb. gorilla flexing muscles.

Sen. Levin to Meet with SEAL Team Six

by Gerald Scott
Editor
U.S. Auto Scene

In a brief but wide-ranging interview following his appearance at the Detroit Amtrak Station high-speed rail announcement last week, U.S. Sen. Carl Levin discussed a number of national security issues of interest.

Perhaps first and foremost, Levin said that he expected to be meeting with SEAL Team Six, the very squad that carried out the Osama Bin Laden (UBL) / al Qaeda mission, very soon.

Asked if the Pentagon had a sense of relief following the UBL mission, Levin said, "I don't know about the Pentagon, there's a sense of relief in the whole country. I talked to (Secretary of Defense Robert) Gates before the announcement, he sounded very satisfied and relieved."

And meeting with SEAL Team Six, with SEAL standing for Sea-Air-Land commandoes?

"I will as soon as we can. We met with some of the other (military) leaders but not Team Six yet," Levin said.

Levin was in Detroit with a variety of other federal leaders including U.S. Sen. Debbie Stabenow and U.S. Transportation Secretary Ray LaHood, all to announce that DOT would be providing \$200 million in new funding to implement high-speed rail between De-

Ford F-150 Pickup Truck Earns IIHS Safety Honor

CONTINUED FROM PAGE 1

strength evaluation, as well as offer electronic stability control.

"Safety ratings are important markers customers can use to evaluate vehicles, so we are proud Ford has the most top U.S. safety ratings of any automaker ever," said Sue Cischke, Ford group vice president of Sustainability, Environment and Safety Engineering.

"The F-150's innovative safety technologies and this new Top Safety Pick award further demonstrate Ford's commitment to safety."

New safety features for the 2011 Ford F-150 include a seat-integrated shoulder belt for the front middle seat and a head restraint for the second-row middle seat. The F-150's standard safety features include an advanced safety structure with high-strength steel and six standard airbags.

The F-Series was the best-

selling truck in America for the 34th year in a row and the best-selling vehicle – car or truck – for the 29th year in a row.

Demand for the fuel-efficient EcoBoost engine in the F-150 has increased each month since launch. One in four Ford F-150 pickups sold in March was powered by a 3.5-liter EcoBoost V6.

In April, EcoBoost F-150 sales ran at about 35 percent. In the F-150, the EcoBoost engine with its 365 horsepower and 420 lb.-ft. of torque provides best-in-class towing capability of 11,300 pounds combined with up to 20 percent fuel economy savings.

IIHS ratings are thought to be representative third-party endorsements because their testing equipment is on par with the best of the Big Three, plus they have an overall reputation for not playing favorites of one brand over another. So if IIHS offers a top safety endorsement, consumers can take it to heart.



PHOTO: GERALD SCOTT

Sen. Carl Levin, chairman of the Senate Armed Services Committee, discussed a variety of national security issues including the U.S. mission to kill Osama Bin Laden in Pakistan recently.

troit and Chicago.

But most of the post-press conference media Q&A with Levin centered on the UBL mission and related global security issues.

Levin was asked if the President talked to him about the recent major staffing moves that will see current CIA Director Leon Panetta move to Secretary of Defense, while U.S. Army Gen. David Petraeus will become the new CIA Director in Langley, Va.

"Consult? He talked to me about it," Levin allowed.

He was also asked about

veiled threats from Pakistan's president about their security being violated by the UBL mission and of course the void of knowledge that Bin Laden was living well inside Pakistan to begin with.

"I'm not impressed by his statement that they didn't know about it. . . . we hope the leaders of Pakistan will ask the questions of their intelligence service and military that have to be asked.

"They haven't told us that they'll ask it, but we hope they will. . . . how could they not have known?"

Regarding how President Obama will be viewed in light of the UBL mission, Levin said, "I hope he gets some credit for this.

"He took a very, very risky step. He delayed doing it when there were people around him who said he ought to drop a bomb or drop a missile (on UBL's compound).

"He took some risks for weighing the pros and cons about how best to accomplish this. . . . it was not an easy decision because his advisors were divided about whether to do it by missile or by bomb or (by raid). He deserves credit.

"An hour before the president announced it, I got a call from Gates saying this was occurring, but I did not know before that."

GM, DTE to Develop Solar Electricity

by Christine Snyder
Staff Reporter
Tech Center News

An automotive assembly plant straddling two aging urban centers doesn't seem the typical site for alternative energy generation, but that it will be thanks to a partnership between DTE Energy and the GM Detroit Hamtramck Assembly Center.

The largest photovoltaic solar array in southeast Michigan will be built in the plant's old parking lot, turning sunlight into electricity.

The 516-kilowatt, 264,000-square-foot project is expected to be completed by end of summer.

DTE Energy will maintain the solar array and the plant will receive a credit on its utility bill as the solar power generated will help power the plant, said Trevor Lauer, vice president of marketing and renewables at DTE Energy at the groundbreaking May 11.

"Our partnership with GM is another example of how our companies work to build a more energy-efficient and sustainable future," said Lauer. "Our SolarCurrents program was designed to increase the demand for renewable technologies in Michigan and it is our hope that installations like this one do exactly that."

The installation is part of DTE Energy's SolarCurrents pilot that calls for enough photovoltaic systems to be installed on customer property or rooftops during the next five years to generate 15 megawatts of electricity throughout southeast Michigan, said Lauer. DTE is investing \$3 million in the array at Detroit-Hamtramck.

The Detroit-Hamtramck plant was chosen because of its available space and because it is where the Chevrolet Volt, GM's extended range electric vehicle, is being man-

ufactured.

The array is capable of charging 150 Volts every day for a year. It is expected to save the plant about \$15,000 per year over the 20-year easement agreement.

"This array will significantly decrease energy consumption by combining solar power with ongoing efficiency tactics such as lighting and equipment upgrades and automating equipment shutdown," said Bob Ferguson, vice president of public policy for GM. "Making sustain-

able choices is good for both the environment and our bottom line. Obviously cost savings is critical for GM and the ability to save \$15,000 per year while being environmental serves us well."

The array will complement other green activities at the plant which was recently named a Michigan Clean Corporate Citizen.

Ferguson said changing to cleaner, greener practices starts with the Volt and extends to GM plants and how it does business.



PHOTO: CHRISTINE SNYDER

Bob Ferguson, left, GM vice president of public policy; Terry Quigley, the Chevrolet Volt plant manager and Trevor Lauer, vice president of marketing and renewables at DTE Energy, break ground for a solar array at GM Detroit Hamtramck Assembly Plant.

GM Family Warmly Recalls Robert Stempel, 77

by Gerald Scott
Editor
U.S. Auto Scene

Robert Stempel, the last automotive engineer to serve as chairman of General Motors, died in Florida on May 7. He was 77 years old.

Stempel was famous in the Motor City as the engineer in GM that led the team that developed the catalytic converter in the 1975 era.

He was chairman of GM from 1990 - 1992. It's not well known that the first day of his GM administration, Aug. 1, 1990, was also coincidentally the day that Iraq invaded Kuwait and the global economic problems stemming from that event didn't help Stempel's cause in Detroit.

Nonetheless, Stempel is well regarded by those who worked for him and with him at General Motors.

"He's pretty hard to match, he's got to be one of the greats in automotive history in Detroit as far as I'm concerned," said GM retiree Richard Thompson, who said he worked with Stempel at Pontiac Motor Division, at the former B-O-C (Buick-Oldsmobile-Cadillac) Group and then later at Energy Conversion Devices, Inc., in Rochester Hills.

"He was a rare combination of all-around good guy and brilliant engineer. You don't see too many of those coming out of Detroit (at the senior leadership level).

Added Thompson, "Bob was one of the most loved and respected members of GM management in recent history.

"His honesty and integrity was beyond reproach. He was technically brilliant and yet

gentlemanly in his approach to all he came in contact with."

Thompson worked with Stempel at General Motors in the 1980s-'90s on a number of occasions, including when Thompson was Director of Public Relations at the GM EV1 Electric Vehicle Program in the 1990s.

Thompson also confirmed that Stempel was the "driver" of the breakthrough catalytic converter idea back in the 1970s.

"He was the driver. Bob never took total credit, he said it was the team, but it was Bob's (leadership)," Thompson said.

"He'd been ill, but he was very active. He had heart problems when he left GM but he seemed to overcome them.

"In recent weeks and months he was still very active."

Stempel joined General Motors in 1958 as a design engineer at Oldsmobile and was key in the development of the front-wheel drive Toronado.

According to his biography, Stempel was born in Trenton, New Jersey in 1933. In 1978, Stempel became General Manager of the Pontiac division and in 1980, he was moved into the Managing Director position at Adam Opel AG, the German subsidiary of GM.

In 1982, he returned to Detroit as General Manager of Chevrolet. In January 1984, he was promoted to the dual responsibility of Vice President and Group Executive in Charge of the Buick-Oldsmobile-Cadillac group. In 1986, he was elected to the board of directors, where he served until he abruptly retired following his short run as chairman from 1990 - 92.



Robert Stempel

Said retired GM Vice President of Global Communications Bruce MacDonald, "we lost a brilliant engineer and a great product champion. . . . Bob was a kind, gentle, innovative team builder and look at his achievements: catalytic converter, Toronado, ran Pontiac, Opel, Chevrolet and BOC before taking on the Chairmanship. . . .

"One of my fondest memories was the start of Desert Storm. . . . as the ranking (U.S. Army) reserve General in the company, I was summoned to his office and he told me 'You and your soldiers take care of the war fight; we'll take care of your families and your job.' "On the Board's action, he ran out of runway with them as they wanted a quicker action plan and he was taking time for his team to put it together.

Stempel and his wife, Pat, own a horse farm near Oxford, Mich. GM retiree Thompson said that the Stempels were seeking to sell the farm prior to his death as the Stempels had been spending more time in Florida.