

autobeat

daily

AUTOBEATDAILY.COM
 SUBSCRIBE: 888/771-6430
 GOT NEWS? CALL 248/540-2530

TUESDAY
 JULY 24, 2001
 PAGE 1 OF 3

OEM COST-CUTTING DEMANDS HURT SUPPLIER QUALITY. OEMs who demand the greatest "hard" price cuts of their suppliers risk receiving lower quality goods in return, according to a study by Planning Perspectives, an auto industry research firm based in Birmingham, Mich.

Its poll of 261 Tier One suppliers in North America finds suppliers least likely to share new technologies with their most price-demanding customers. They told Planning Perspectives they are much more willing to share technology with Toyota than with General Motors.

The study claims Detroit's Big Three automakers are two to three times as likely to emphasize price over quality when selecting suppliers vs. Toyota and Honda, which balance the two factors.

It also reports inconsistent pricing strategies within OEMs. Suppliers say demands for price cuts on the same commodity may vary by 50% to 260% among different departments of the same company.

TOYOTA WON'T ABANDON FIRESTONE. Toyota Motor Corp. says it plans to continue using Firestone tires on its vehicles, even though the National Highway Traffic Safety Administration is close to ordering a recall of up to 7 million Firestone tires.

GOODYEAR PROFITS PLUNGE 90%. Second-quarter profits for Goodyear Tire & Rubber Co. fell to \$7.8 million from \$77.1 million last year on flat sales of \$3.6 billion. Worldwide unit tire sales were down less than 1%.

The Akron, Ohio-based tiremaker blames higher materials costs, currency devaluations overseas and a global slowdown in demand by OEMs—where sales are running about 40% below year-ago levels.

Goodyear says it has continued to gain market share but describes itself as "very cautious" about the second

half and warns it will make further production cuts in the third quarter. The company has trimmed its workforce by more than 5,800 people so far this year and expects to lay off at least 2,000 more workers by year-end.

OPEC READY TO CUT OIL OUTPUT. The Organization of Petroleum Exporting Countries is expected to meet in about one week and agree to reduce its output of crude oil as much as 6%, or 1.5 million barrels per day.

Oil dropped to about \$23 per barrel last week, two dollars below OPEC's target price. The cartel's members agreed earlier to reduce or increase daily output in 500,000-barrel steps if average crude prices fall below \$22 for 10 consecutive days or rise above \$28 for 20 consecutive days.

OPEC, which supplies about 40% of the world's oil, last met on July 3, but the group says softening global economic conditions have boosted inventories and reduced demand. The cartel's 10 members currently produce about 23 million barrels of oil per day. OPEC's next regularly scheduled meeting is in September.

FIRESTONE SETTLES 200 TIRE FAILURE LAWSUITS. Bridgestone/Firestone says it has settled about 200 of the 500 lawsuits filed against it concerning personal injuries or deaths linked to failures of its Firestone ATX, ATX II and Wilderness AT tires. None of the settlements involve 100 or so pending class-action product liability claims against the company. Those cases, consolidated in a federal court in Indianapolis, are still in the pretrial stage.

Most of the settled suits, none of which had gone to trial, had been filed in Florida and Texas. Bridgestone/Firestone says many settlements involve lifetime, tax-free monthly payments.

Bridgestone, the company's parent, has set aside



Helping the auto industry manage their
 human capital, human resources
 technologies and employee benefits.

call Vicki Kozlowski at 248-358-7918 or visit
 our web site at www.watsonwyatt.com

\$1.15 billion to handle the cases, including \$300 million it added to the reserve fund in June.

ANALYSTS BOOST ESTIMATES FOR VISTEON.

Prudential Securities and Goldman Sachs both raised their official opinions of Visteon Corp. yesterday. The parts supplier reported a net loss of \$40 million on Friday that included a \$100 million charge to cover restructuring.

Prudential Securities now expects Visteon to earn \$1.26 per share vs. the \$1.15 anticipated previously. It also increased its 2002 earnings projection for the company three cents, to \$1.89 per share.

Goldman Sachs pegs the company's annual earnings this year at \$1.20 per share, up from \$1.05, and predicts Visteon will earn \$2.15 per share next year vs. \$1.75 expected previously.

3% OF U.S. DRIVERS ARE ON THE PHONE RIGHT NOW.

That's the conclusion of the first survey of hand-held cell phone usage by the National Highway Traffic Safety Administration. The survey, conducted during daylight hours on weekdays, did not include users of hands-free mobile phones.

NHTSA says cell phone usage is about twice as high during non-rush hour periods and says the highest usage rate of all—about 8%—occurs among drivers of vans and SUVs during off-peak driving times.

Women drivers are more likely to use cell phones than men, but there isn't much difference in usage among different age groups or between suburban and rural areas, according to NHTSA.

SATURN SELLS PARTS ONLINE. Saturn Corp. has joined OEConnection.com—the Web service founded last December by Detroit's Big Three and Bell & Howell—to help dealers sell OEM parts to independent repair shops and other wholesale customers.

Based in Richfield, Ohio, OEConnection currently deals only in collision repair parts through CollisionLink, a service it began rolling out in May that will become available to customers nationwide by November.

OEConnection plans to add a dealer-to-dealer inventory service by year-end and hopes to introduce services covering mechanical repair parts and supply fleet vehicle repairs during 2002.



TRIAL SUBSCRIPTION ENDING?

Call now to convert your trial subscription
and keep AutoBeat Daily coming.

Still only \$99 per year.

Call toll-free (888) 771-6430

TRAFFIC DATA TO BECOME A \$7 BILLION MARKET.

The growth of in-car navigation aids will create a \$7 billion market for real-time traffic information in the U.S., says USB Warburg, a global expert in telecommunications consulting.

The firm says Westwood One, already a dominant aggregator of traffic information, is likely to maintain leadership with Mobility Technologies as its primary competitor. It also sees plenty of opportunity for services such as General Motors Corp.'s OnStar unit that disseminates traffic data supplied by others.

PEUGEOT SWAPS PARTNERS FOR IN-CAR INTERNET VENTURE.

PSA Peugeot Citroen has given up on a venture with French media group Vivendi Universal to equip its cars with Web access and wants to work with Ford on a similar service instead.

Peugeot and Vivendi formed a venture called Egery to develop a mobile Internet platform but couldn't agree how to proceed, reports *Liberation*, a French newspaper. It says Peugeot and Ford are in negotiations now to develop a platform based upon different technology.

EURO FAILS TO EQUALIZE CAR PRICING IN EUROPE.

A study of car pricing in Europe says variations between countries has increased, not shrunk, since the euro was introduced as a common currency.

The European Commission, which conducted the study, concludes there is not enough competition to equalize pricing within euro zone countries. It found variations as high as 33% for the same vehicle, describing Austria and Germany as the region's most expensive markets.

Results provide more fuel for the commission's mounting desire to abolish exemptions that give OEMs

You're Invited.

3M Automotive has a new home and we'd like to show off our capabilities. For a personal tour, contact Frank Loftus, 734-953-9300 or floftus@mmm.com.

3M Innovation

the power to monopolize dealership networks in Europe. The commission will propose new guidelines this fall that are widely expected to abolish the exemption.

OEMs blasted the report as failing to consider differences in culture, consumer habits and taxes. Automakers have argued that the current system helps them provide more consistent service and repair than would be possible if controls were loosened.

Unimpressed, the European Commission says it may fine DaimlerChrysler this fall for telling its dealers not to sell cars to people who have traveled from other European Union countries to get a lower price.

EXPORTS FALL AT HONDA. Honda Motor Co. built 3% more vehicles in Japan in June than it did a year earlier, but it exported almost 21% fewer of them. It was the 11th consecutive month of declining exports for the automaker, reports Dow Jones Newswires.

Honda says the drop was the result of the company's decision to keep more Japanese-built vehicles in Japan to meet domestic demand. As a result, Honda's sales in Japan soared 14.5% for the month. Not that Honda is hurting for sales in other markets: Its output from overseas plants rose 4% in June, mainly in Asia and Europe.

FORD ADDS BODY SHOP AT VIRGINIA TRUCK PLANT. Ford Motor Co. plans to spend \$375 million over the next three years adding a 350,000-sq.-ft. body shop to its F-Series pickup truck plant in Norfolk, Va.

Ford says the project will give the plant sophisticated

manufacturing technologies that boost productivity and quality. It also will create about 200 jobs. The Norfolk facility built Model T cars when it opened in 1925 and has been making F-Series pickup trucks since 1974.

DCX, CATERPILLAR RETUNE JOINT VENTURE. DaimlerChrysler and Caterpillar are deferring plans announced last November to develop a medium-duty truck engine together. Instead, they will concentrate on another element of the original venture: working out long-term supply agreements for fuel systems and heavy-duty truck engines for DCX's financially troubled Freightliner unit.

NEWS CORP. BID FOR HUGHES NOT AFFECTED BY DISNEY-FOX DEAL. Australia's News Corp. says Walt Disney Co.'s plan to buy the Fox Family Worldwide cable network, in which it owns a 49.5% stake, will have no impact on News Corp.'s bid to buy Hughes Electronics Corp. from General Motors.

News Corp., headed by media mogul Rupert Murdoch, is expected to gain about \$1.5 billion on the sale. But Murdoch won't use that money to help buy Hughes, says Reuters.

Murdoch is in final negotiations with GM to acquire Hughes in a complex deal that involves some of News Corp.'s own assets and the contributions of outside investors. Murdoch's intent is to combine Hughes' DirecTV unit with his own Sky Global Network, creating a system that can deliver television programming by satellite to almost any location on Earth.

MONDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		10,424.42	-152.23	Ford	F	25.52	-0.24
NASDAQ		1,998.56	-40.81	General Motors	GM	63.25	-1.75
Autoliv	ALV	19.10	-0.04	Gentex	GNTX	31.55	+0.25
ArvinMeritor	ARM	20.86	-0.54	Goodyear	GT	29.84	-1.80
American Axle	AXL	21.73	+0.18	Johnson Controls	JCI	78.54	-0.29
Dana	DCN	25.25	-0.58	Lear	LEA	39.30	-0.50
DaimlerChrysler	DCX	49.24	-0.91	Magna International	MGA	64.25	-0.59
Donnelly	DON	15.05	-0.10	SDRC	SDRC	24.73	-0.01
Delphi Automotive	DPH	16.15	-0.67	TRW	TRW	42.98	-0.54
Eaton	ETN	72.00	-1.00	Visteon	VC	19.66	-0.32

MURRAY FELDMAN

For bumper-to-bumper coverage of the auto industry turn to Detroit's Automotive Connection...

Fox2/WWJ Bus. Editor

WWJ • 950
NEWSRADIO

