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Area dealer named among industry's latest '40 under 40' retailers

Kelly Webb Roberts, president of the Webb Auto Group, has been named to Automotive News's 2017 roster of 40 Under 40 retailers.

"I am honored be selected," she said. "It is truly an outstanding recognition."

Under Webb Roberts' guidance, Webb Auto Group expanded from one dealership in 2010 to four today: Webb Chevrolet, in Oak Lawn and Plainfield; Webb Hyundai, in Highland, Ind.; and Webb Hyundai-Mitsubishi, in Merrillville, Ind.

Other Webb-named franchises are operated by Webb Roberts's relatives.

Webb Roberts, 34, also is on the board of directors of the Chicago Automobile Trade Association. She leads the board's Media Strategy Committee.

The third generation dealer attributes much of the Webb Auto Group's business success to her dealership employees. Her strategy moving forward is to continue to invest in Webb Auto Group's employees.

"For us to continue growing, it comes down to developing successful people,"

she said.

Over the last decade, the group's revenues increased more than fourfold.

CATA, NADA to help dealership employees hit by recent floods

Repeated July storms left many area dealerships to deal with flooding. It also left many dealership employees facing storm issues at their homes.

Those employees can petition the NADA Foundation Emergency Relief Fund for help. For additional help, the CATA will match any of those funds disbursed to workers at area dealerships.

The NADA fund awards grants on a sliding scale, from $100 for losses up to $999 to $1,500 for losses of

$20,000 or more, based on damages not covered by insurance or other assistance.

Established in 1992, the fund has donated almost $5 million to more than 8,700 dealership employees in need. The CATA board last year directed $10,000 to the fund last September to help dealership flood victims in Louisiana.

"We have needs in our local area, so the directors made a decision to help our members' employees," said CATA Chairman Ray Scarpelli Jr. "The storms affected a lot of people. This will help our own, when we need it."

By late July, nearly three times more rain had fallen in the area than the month's historical average.

U.S. may revise 2021 fuel efficiency standards, freeze targets

The U.S. Transportation Department on July 25 said it may revise auto fuel efficiency requirements starting with the 2021 model year, a year earlier than previously disclosed, and could adopt lower standards through 2025.

In March, President Donald Trump ordered a review of U.S. vehicle fuel-efficiency standards from model year 2022 through 2025 established under the Obama administration. U.S. regulators said in a July 25 notice they are preparing a new environmental impact statement and could decide to freeze 2021 standards through 2025, rather than raising them every year.

The Alliance of Automobile Manufacturers, a trade group representing General Motors, Volkswagen, Toyota and others, said in a statement the environmental review "must happen regardless of what future standards are."

The group argues "facts need to drive public policy, including data on consumer sales, gas prices and costs of technology" in determining the final standards.

The Obama administration's rules, negotiated with automakers in 2011, were aimed at doubling average fleet-wide fuel efficiency to about 50 mpg by 2025.

The Obama administration said the rules would save motorists $1.7 trillion in fuel costs over the life of the vehicles but cost the auto industry about $200 billion over 13 years.

Under the 2011 deal, the 2022-2025 model year rules must be finalized by April 2018. Trump reopened a review of those rules after automakers said the Obama administration did not conduct a proper review to ensure the rules are feasible.

Under federal law, the National Highway Traffic Safety Administration must set "maximum feasible" Corporate Average Fuel Economy requirements, while considering "technological feasibility, economic practicability... and the need of the United States to conserve energy."

The White House recently invited automakers to attend meetings with officials to talk

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England announces ban on new gasoline and diesel cars by 2040

In an attempt to reduce air pollution that could herald the end of over a century of reliance on the internal combustion engine, England will ban the sale of new gasoline and diesel cars by 2040.

Britain's step, which follows France, amounts to a victory for electric cars that if copied globally could hit the wealth of oil producers, as well as transform car industry jobs and one of the icons of 20th century capitalism: the automobile itself.

The mayors of Paris, Madrid, Mexico City and Athens have said they plan to ban diesel vehicles from city centers by 2025, while the French government also aims to end the sale of new gasoline and diesel vehicles by 2040.

The British government has been under pressure to take steps to reduce air pollution after losing legal cases brought by campaign groups. Prime Minister Theresa May's Conservatives had pledged to make "almost every car and van" zero-emission by 2050.

"There should be no new diesel or petrol vehicles by 2040," environment minister Michael Gove told BBC Radio. The ban would only apply to conventional rather than hybrid vehicles that have both an electric and combustion engine, Gove's ministry said.

There is a mountain to climb, however.

Electric cars currently account for less than 5 percent of new-car registrations in Britain, with drivers concerned about the cost and limited availability of charging points and manufacturers worried about making expensive investments before the demand is there.

"We could undermine the United Kingdom's successful automotive sector if we don't allow enough time for the industry to adjust," warned Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders.

Hawes said there were only 12,000 public charging points in Britain and new power infrastructure would be needed, as well as steps to ensure the power network could cope with large numbers of people seeking to charge vehicles at the same time.

The future is electric?

While many automakers may find it hard to countenance the end of the combustion engine, some have embraced a future where electric vehicles, or perhaps even driverless ones, prevail.

This month, Volvo became the first major traditional automaker to set a date for phasing out vehicles powered solely by the internal combustion engine by saying all its car models launched after 2019 would be electric or hybrids.

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David E. Sloan — President, Publisher
Erik K. Higgins — Editor, Director of Dealer Affairs

Production of U.S. cars ramps up in Mexico

The “Made in Mexico” label has become more plentiful on American car lots this year, even as automakers pressured by President Donald Trump began the year with promises to create more jobs in the U.S.

A move by automakers to produce some popular sport-utility models in Mexican factories helped spur a 16 percent increase in production of light vehicles in Mexico during the first six months of the year compared with the same period in 2016. At the same time, tepid sales of sedans held down production in the U.S. and Canada, according to new data posted by WardsAuto.com.

The data indicates one in five cars built in the North American Free Trade Agreement zone comes from Mexico, including hot new products from General Motors and Fiat Chrysler. That is up from the industry’s reliance on Mexico during the financial crisis, when the U.S. car business received billions of dollars in bailouts aimed at preserving jobs and keeping domestic competitors afloat.

The president launched several attacks on Mexican car imports throughout his campaign and after his election, saying more auto factory jobs should remain in the U.S. Since then, automakers have committed to several initiatives, including a move by Ford to scrap an assembly plant being built in Mexico and invest some of the money saved in a Michigan factory that will add jobs. GM and Fiat Chrysler have said they intend to invest billions of dollars to add jobs in factories in coming years, citing favorable policies related to tax reform and other issues as reason for optimism.

The Trump administration in August will start new talks with Canada and Mexico on an overhaul to NAFTA. The vehicle-manufacturing business — including a sprawling supply base — is a central negotiation point.

The latest data from WardsAuto show that U.S. light-vehicle manufacturing fell 5 percent during the first six months of this year from a year earlier, as automakers shed workers or scheduled significant downtime to counter a slowdown in demand for sedans. A substantial chunk of America’s automotive manufacturing footprint is devoted to production of family cars or compact cars, which aren’t faring well as gasoline prices remain low and sport-utility vehicles grow in popularity.

Separate U.S. trade data shows that the value of light-vehicle imports from Mexico to the U.S. ballooned 40 percent through May.

United Auto Workers President Dennis Williams told reporters in mid-July that the union is planning to launch a “Made in America” campaign later this year, an effort to support hundreds of thousands of members building vehicles or parts in U.S. factories. Williams is looking to follow the Trump administration’s focus on American-made products and will use the effort to educate consumers on how to know whether a car is built in America.

Finding those cars is getting harder. Pickups such as some versions of Fiat Chrysler’s Ram and Chevrolet Silverado, two of the best-selling vehicles in America, are built in Mexico.

GM and Chrysler this year also started producing small crossover SUVs in Mexican plants; these are considered important vehicles for U.S. dealerships because of their growing popularity as consumers shift away from passenger cars.

GM moved some production of a revamped version of its popular Chevrolet Equinox crossover SUV to Mexico from plants in the U.S. and Canada. Over the next few years, the largest U.S. automaker is expected to add other new models to factories south of the border.

Most of Fiat Chrysler’s increase comes from a decision to shift North American manufacturing of the Jeep Compass from the U.S. to Mexico. An all-new version of that small SUV is being built at FCA’s plant in Toluca, Mexico, where year-to-date production is up 177 percent, according to WardsAuto.

FCA said it is “in the process of realigning its U.S. manufacturing operations to respond to a shift in demand from cars to trucks and SUVs,” adding the company plans to ramp up production at U.S. plants over the next several months.

Output at FCA’s factory in Belvidere, Illinois, is down nearly 93 percent year to date, as production of the older Compass model has ended and two other models — the Jeep Patriot and Dodge Dart — were canceled. That plant has been retooled for production of the Jeep Cherokee midsize SUV, which began in June after being shifted from a Toledo facility.

Latest Chicago Auto Outlook is online

The new edition of the monthly publication tracks new- and used-car sales in June in the eight counties in which the CATA has concerns: Cook, Lake, DuPage, Kane, McHenry and Will counties in Illinois; and Lake and Porter counties in Indiana.

It is posted on www.cata.info.

Self-driving cars legislation could impact dealers

Critics of federal legislation on driverless vehicles, which this month advanced out of a House subcommittee, say the bill could impact state motor vehicle franchise and licensing laws.

The bill's intent is to provide the National Highway Traffic Safety Administration with authority over highly automated vehicles, to provide safety measures for such vehicles, and for other purposes.

The legislation, which has not been issued a sequential bill number, is named the Highly Automated Vehicle Testing and Deployment Act of 2017. It was passed July 19 by the House Subcommittee on Digital Commerce and Consumer Protection and now moves to the Energy and Commerce Committee.

But a provision in the legislation, if not written correctly, could unintentionally preempt the states' important, historic role of regulating the sales of vehicles and the delivery of vehicle services/repairs to consumers in their states.

The committee has stated it has no interest in preempting state franchise laws, and the National Automobile Dealers Association is working with the committee to ensure that the provisions are written correctly.

The committee includes four members of the Illinois delegation: Democrats Jan Schakowsky and Bobby Rush, and Republicans Adam Kinzinger and John Shikmus. Schakowsky is the committee's ranking member.

Public calls to the committee to preserve state vehicle franchise laws were needed by July 27. The committee's next steps were not known at this newsletter's deadline.

Study: NAFTA exit border tax would hurt industry

As the Trump administration prepares to renegotiate the North American Free Trade Agreement, a new study from Boston Consulting Group warns that withdrawing from the treaty would hurt the automotive industry and fail to create new jobs in the U.S.

The study, commissioned by the Motor and Equipment Manufacturers Association, found that car prices, vehicle sales, supply chain decisions, and industry employment could all be negatively affected by the proposals.

"A retreat from NAFTA would greatly impede the industry's relatively smooth and cost-effective flow of goods across borders in North America and around the world," said Xavier Mosquet, a Detroit-based senior partner at Boston Consulting.

According to Mosquet, leaving NAFTA would lead to the loss of about 25,000 to 50,000 jobs at U.S. auto suppliers.

Why? Because Mosquet says ending NAFTA would result in higher vehicle prices leading to a decline in car sales and an increase in prices and that would lead to decline in parts produced by auto suppliers with plants in the U.S.

The study estimated U.S. tariffs in a range from 20 percent to 35 percent would add $16 billion to $27 billion annually to costs at automakers and their suppliers. A 20 percent tariff would increase the production cost per vehicle by $650.

President Donald Trump, who campaigned on the slogan "America First," has said he wants to bring back automotive jobs that have moved to Mexico.

The Trump administration this month released its negotiating priorities for talks with Mexico and Canada to negotiate a new agreement.

The Trump administration would like to complete a renegotiation of NAFTA by the end of this year, before elections take place in Mexico next year.

NAFTA, which went into effect in 1994, has been blamed for U.S. manufacturing job losses.

BBB accepting Torch Award nominations

Nominations for the 2018 Torch Award for Marketplace Ethics, the Better Business Bureau's most prestigious award, will be accepted through Aug. 11. Five winners will be named, based on the companies' number of employees.

Businesses must be located in northern Illinois. Recent winners include Mancuso Motorsports, in Chicago, and Advantage Chevrolet of Bolingbrook.

Judges will evaluate the entrants using five criteria:

- Leadership Commitment to Ethical Practices
- Communication of Ethical Practices
- Leadership Practices to Unify the Organization
- Organizational Commitment to Performance Management Practices
- Organizational Commitment to Ethical Human Resource Practices

Full details are on a BBB website, www.nominatefortorch.com

MPG

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about the review, officials briefed on the matter said.

The Sierra Club's Andrew Linhardt said freezing the fuel efficiency standards could "hurt the American people just to pad the pockets of big oil and auto executives."

The NHTSA said in its July 25 notice that it will consider a number of options, including continuing the 2021 requirements through 2025, rather than requiring yearly increases.

Under current rules, fleetwide average fuel economy is expected to be around 41 mpg in 2021, compared to an average of nearly 50 mpg in 2025.

The agency also said it is considering giving automakers additional flexibility for prior model years to meet requirements.