



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin #7-02

February 19, 2002

2001 Area Vehicle Sales Close to 2000 Record

A Strong Year!

All things considered, Washington area franchised dealers had a very healthy 2001. The final numbers show total new vehicle sales of 308,744, just a 2.7 percent decline from record breaking 2000 sales of 317,435, according to Washington market figures compiled by R. L. Polk.

Once again, it was a “good news, bad news” year for import and domestic brands:

- **Import light trucks** again represented the largest segment increase in the Washington market in 2001, with sales up 10.2 percent, to 49,542. That follows a 34.1 percent sales surge in 2000 and a whopping 40 percent increase in 1999.
- **Import car** sales climbed a modest 1.2 percent to 119,612 in 2001, following a

(See 2001 Sales, page 2)

Inside...

AIADA Refutes Charitable Giving Hoax.....p.3
DC DMV Notice.....p.3
NADA Alert on Demo Use.....p.4
Studebaker Returns....P.4
ASE Test Notice.....p.4

WANADA Area Report—2000 vs. 2001

Vehicles	'00 Sales	'01 Sales	% Change
Domestic Cars	74,194	61,813	-16.7%
Import Cars	118,199	119,612	1.2%
Total Cars	192,393	181,425	-5.7%
Domestic Trucks	80,105	77,777	-2.9%
Import Trucks	44,937	49,542	10.2%
Total Trucks	125,042	127,319	1.8%
Total Cars & Trucks	317,435	308,744	-2.7%

Source: R.L. Polk Company, by contract with WANADA

CAFE Battle Heats Up

Bills Offered by Democrats and Republicans

Dormant for the past two decades, the push for higher Corporate Average Fuel Economy (CAFE) standards for cars and trucks has become a hot issue on Capitol Hill with tough legislative proposals being offered by both Democrats and Republicans to boost CAFE by as much as 50 percent.

Senators John Kerry (D-MA) and Ernest Hollings (D-SC), who is chairman of the Senate Commerce Committee, are calling for a combined car and light truck standard of 35 mpg by 2013. That's a big jump from the current requirements of 20.7 mpg for light trucks and 27.5 mpg for cars. The fuel economy of the current fleet, which stands at about 24 mpg, is the lowest level in two decades thanks to the popularity of sport-utility vehicles, pickup trucks and minivans.

Sen. John McCain (R-AZ), the ranking Republican on the Senate Commerce Committee, dismayed automakers last week by introducing his own bill calling for a combined standard of 36 mpg by 2016. The bill also proposes closing the gap between standards

(See CAFE Battle, page 2)

CAFE Battle *(continued from page 1)*

set for passenger cars and light trucks, an issue that has been a chief concern of environmental groups. And it seeks a complex trading system that would permit automakers to satisfy as much as 10 percent of the requirement by trading emission credits with other companies, including those outside the auto industry.

So far, the two factions on the Commerce Committee have been unable to reach a compromise, and Senate Majority Leader Tom Daschle (D-SD) is expected to join the fray soon when he introduces an energy bill that calls for a significant boost in fuel economy standards.

The auto industry has lobbied to allow the Bush Administration, not Congress, to decide what action to take on fuel economy standards and has resisted any big increase of current requirements. The White House agrees and is trying to organize Republican senators against these legislative proposals while, at the same time, seeking more money for research on environmentally friendly vehicles and the impact of further raising fuel economy standards.

Despite earlier rejecting the U.N.-backed Kyoto global climate treaty, the Bush Administration said it wants to set a "reasonable, gradual" goal to slow emissions of greenhouse gases and link them to economic output. Rather than CAFE increases, the administration has asked Congress to

approve tax credits of up to \$4,000 for buyers of hybrid-powered vehicles and up to \$8,000 for purchasers of fuel-cell-powered vehicles as part of President Bush's proposed \$2.13 trillion budget for fiscal 2003. The administration tax credit plan is nearly identical to legislation that is already under consideration in the Senate and is similar to a bill already passed by the House.

NADA considers both Senate CAFE proposals excessive because they would limit products that manufacturers can offer. "The Senate needs to hear the message that they shouldn't be setting an unrealistic number that will significantly and adversely affect product avail-

"The Senate needs to hear the message that they shouldn't be setting an unrealistic number that will significantly and adversely affect product availability, utility, and consumer choice."

— Tom Greene,

ability, utility, and consumer choice," said Tom Greene, chief operating officer, NADA Legislative Affairs. "We need to make sure that dealers convey that message when the battle begins. We'll be calling on all dealers with a Legislative Alert at the appropriate time."

AIADA said it "supports an energy policy that does not hinder the consumer's right to choose the vehicles that meet their transportation needs."

2001 Sales *(continued from page 1)*

10.9 percent increase in 2000.

- **Domestic car** sales took the biggest hit last year, with a 16.7 percent decline, to 61,813, after a 2.2 percent increase in 2000.
- **Domestic light-duty truck** sales declined only 2.9 percent, to 77,777, versus a very healthy 9.0 percent increase in 2000.
- **The percentage of import cars** sold in the Washington area continues to climb – now an eye-opening 65.9 percent, up from 61.4 percent in 2000 and 59.5 percent in 1999. That compares with national car sales of 51.5 percent import brands according to Automotive News.
- When it comes to **car versus truck sales**, Washingtonians buck the national average – now about evenly split between cars and trucks. Final sales for 2001 were 181,425 cars and 127,319 light trucks, for a 59/41 percent split, respectively.
- **The best unit sales months** in 2001 were March, June and August, with sales of 28,471, 28,221 and 27,893, respectively. February and December were the lowest sales months at 21,341 and 22,880, respectively.

The 2001 WANADA Area Report from R.L. Polk is enclosed with this issue of the Bulletin.

AIADA Refutes Import Automaker Charitable Giving Hoax

For some time now, a false e-mail has been circulating on the Internet titled, "Read before you buy a car or motorcycle!" The e-mail, which has reached "urban legend" proportions, says that only a few automakers, mostly Ford, GM and Chrysler, made charitable contributions in the wake of the September 11 tragedy.

"This is wholly untrue," says a widely distributed response compiled by AIADA, which offered the following recent list of industry contributions in the wake of the 9/11 tragedy:

- BMW Group – \$1 million in cash to the American Red Cross, 100 new BMW police motorcycles, and 10 new X5 sport-utility vehicles – a total donation valued at \$2.4 million.
- DaimlerChrysler – \$10 million to support the children of victims of the attacks and is conducting additional employee fund-raising programs at its operations worldwide.
- Ford – \$1 million to the Red Cross; 76 cars, SUVs, vans and pickup trucks; and the United Auto Workers Union's Ford National Programs unit is donating \$1 million to the Salvation Army. Ford facilities and dealer groups have donated \$550,000 to relief efforts, and Ford has pledged to match all employee contributions.
- GM – \$1 million to the Red Cross, 60 GM vehicles to rescue and relief agencies, and pledged to match all employee donations. The company's Northeast region offered a fleet of trucks, vans and SUVs for use in disaster recovery efforts.
- Honda – more than \$1.5 million to the Red Cross and United Way through a combination of Honda associate contributions, matching corporate funds, and additional corporate donations. Honda also donated significant heavy equipment to the NYPD and FDNY for use at ground zero.
- Isuzu – \$16,800 in corporate and employee contributions and is conducting further fund-raising efforts at its American Isuzu sales unit and at parent Isuzu Motors Ltd. in Japan.
- Jaguar – computer equipment to the Red Cross in Manhattan and matched proceeds raised for the Red Cross from the sale of American flags and pins to employees.
- Hyundai/Kia Motors Group – \$300,000 to the Red Cross.
- Mazda – matching employee contributions to raise a total of \$40,000 to be donated to the United Way.
- Mitsubishi – more than \$150,000 in corporate and employee donations.
- Nissan – \$500,000 each to the Red Cross and Twin Towers Fund, and is matching employee donations.
- Porsche – dedicated 20 percent of the proceeds of a national fund-raising program to disaster relief and sponsored a benefit concert starring comedian Jerry Seinfeld.
- Subaru – cash and equipment totaling \$1 million to the Red Cross, Salvation Army and other relief efforts.
- Suzuki – 25 ATVs and five 4WD SUVs, in addition to matching employee and dealer donations.
- Toyota – \$1.93 million by company and dealers to the American Red Cross, the NYPD and Fire Widows and the Washington Family Relief Fund.
- Volkswagen – established a relief foundation with initial funding from the German company of \$2 million, and Volkswagen of America has donated 25 Eurovans to the New York Fire Department.

Further, automobile dealerships across the country, both domestic and international nameplate, have hosted blood drives, matched employee giving, donated dollars per car sold, etc. The National Automobile Dealers Charitable Foundation has raised \$1.7 million for its Survivors Relief Fund to benefit victims, including significant contributions from AIADA. WANADA dealers and employees raised nearly \$140,000.

DC DMV "Dealer Window" Remains Open During Headquarters' Renovations

Despite the renovating of D.C. Department of Motor Vehicles headquarters for several months, the separate "dealer window" will remain open for business as usual in Room 1034, 301 C St., NW, from 8:15 a.m. to 2:00 p.m. However, other customer service needs, such as applications for driver's licenses, vehicle registrations, renewals and parking stickers, will be handled by three small satellite offices located at the Georgetown Park mall, at 616 H St., NE, and at Penn Branch Shopping Center on Pennsylvania Ave., SE.

In addition, a sample dealership notice letter is enclosed with this Bulletin to DC motor vehicle customers whose tags and title work is rejected for violations of record with the DC DMV.

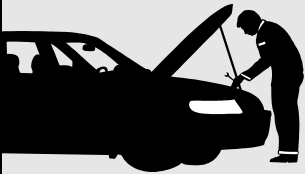
Optional Tax Methods for Demo Use Require Written Policy

NADA says that dealers who want to exclude all or part of a full-time salesperson's income from taxation for demo use using the new simplified optional method need to have a qualified written demo policy on the use of demonstrator vehicles. This policy also must have been communicated to their salespersons. The IRS has sample policies dealerships may use at Appendixes A and B of Revenue Procedure 2001-56, available through www.nada.org. Select Member Services, and click on Government Affairs, then Regulation to find the link. For a summary of the procedure, dial NADA fax-on-demand, 800/778-7209, and request document 84.

Studebaker to Return as an SUV

The Studebaker name is about to be resurrected in the U.S. on – of all things – a sport-utility vehicle, according to the Detroit News. Michael Kelly, chairman and CEO of Avanti Motor Corporation and owner of the Studebaker name, says the newest Studebaker will debut in April 2003 and most likely will be introduced at the New York Auto Show. Kelly says the new Studebaker is built on an all-new platform. Its debut coincides with the 40th anniversary of Avanti, the last new passenger car introduced by Studebaker before the U.S. automaker, then based in South Bend, Indiana, went out of business in the mid-1960s.

WANADA/ Ford Apprentice Training Meeting Wed., Feb. 27



On February 27, at 10 a.m., WANADA will be holding its second kickoff of the WANADA/Ford Apprentice Training Program. All Ford, Lincoln-Mercury, Mazda, Volvo, Land Rover and Jaguar dealers and their service managers are encouraged to attend. This program has been extremely successful in selecting and training new technicians for our industry.

The meeting will be held at Kenwood Country Club on River Road in Bethesda, MD. Come prepared to let us know how many new apprentice technicians you wish for the coming year!

A CREDENTIAL THAT'S GOOD FOR THE LONG HAUL.

Whether you work on sedans, 4x4s, big rigs, school buses, rebuild blown engines or straighten crashed vehicles, ASE has a certification track for you. You know you're good. Why not prove it?



Isn't it time you joined the ASE professionals? ASE offers certification tests twice a year, in May and November, at more than 700 locations across the nation.

REGISTRATION DEADLINE MARCH 29, 2002
Test Dates: May 7, 9, and 14, 2002

**ASE CERTIFICATION FOR THE AUTOMOTIVE SERVICE
AND REPAIR PROFESSIONAL**

Contact ASE Customer Service at 703-669-6600
ASE, 101 Blue Seal Dr., S.E., Suite 101
Leesburg, VA 20175
www.asecert.org

"Certifying the Automotive Professional"

Enclosures:

- 2001 WANADA Area Report
- DC DMV sample dealership notice letter
- ASE Registration Booklet and Poster

Thought for the Week...

*Fear less, hope more;
Whine less, breathe more;
Talk less, say more;
Hate less, love more;
And all good things are yours.*

—Swedish Proverb