

THE WANADA BULLETIN

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

WANADA Celebrating 100 Years of Service (1917-2017)

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Staying Ahead...

WANADA goes to Beijing Auto Show

For the first time, WANADA officials – represented by Chairman John Bowis and CEO John O'Donnell – attended the Beijing, China Auto Show. The visit enabled WANADA to showcase the Washington Auto Show's status as a Tier 1 auto show and to meet with OEMs and executives from the global show circuit. WANADA reps were in good company with NADA's chairman and CEO, Wes Lutz and Peter Welch, respectively, along with a delegation from the Detroit Automobile Dealers Association, producers of the North American International Auto Show.

With China now the world's largest automotive market, the Beijing Auto Show is a major global industry event. This year's show emphasized electric vehicles and hybrids.



From left: Michael Dunne, Chinese liaison to WANADA; John O'Donnell, WANADA, CEO; Padmasree Warrior, CEO of NIO; and John Bowis, WANADA chairman. NIO is an electric car maker working on autonomous technology to rival Tesla



John O'Donnell, producer, Washington Auto Show at the China-U.S. Automotive Summit where he proposed the creation of a worldwide advocacy group comprised of members from six major auto making countries. He recommended the group be named the Global Autonomous Vehicle Engineering Organization, or GAVEO.

Now that the Chinese government is suddenly anxious to lessen its infamous urban smog, citizens receive generous financial incentives to buy environmentally friendly vehicles.

All the major Western automakers were at the Beijing Auto Show, along with Chinese manufacturers such as BYD Auto, Great Wall and Geely that hope to expand to the west in coming years. The Chinese OEM, GAC, is already negotiating with potential U.S. dealers and hopes to have a distribution network running by 2019.

For more information on John O'Donnell's speech at the China-U.S. Automotive Summit please click [here](#).

May 3 event: What health insurers don't want you to know

WANADA will feature a special forum for its members, "What the Health Insurance Companies Don't Want You to Know," with an executive conversation between the CEO's of WANADA and WellNet Healthcare. The event will take place Thursday, May 3, from 8:00 a.m. to 10:00 a.m. at the Ritz-Carlton in Tysons Corner, VA.



WANADA members and senior finance executives are encouraged to sign up with out delay! Attendees will gain a comprehensive overview of:

- The underlying problem in the economics of healthcare;
- Ways to build a better health plan at a much lower price; and
- Concrete solutions that are working for fellow WANADA dealers.

Interested members can get a preview of WellNet CEO Keith Lemer's ideas by reading his opinion pieces in the [Wall Street Journal](#) and on [cnbc.com](#). WellNet is a national boutique healthcare management firm.

The health insurance forum includes breakfast and complimentary valet parking. Doors will open at 8:00 a.m. and the session will begin at 8:30 a.m.

For information, contact Kathy Teich at kt@wanada.org or (202) 237-7200.

Draft plan would freeze auto emissions standards as of 2021

A draft revision of Obama-era auto emissions standards would freeze them starting in 2021, lowering them substantially from current levels. The draft was written by the National Highway Traffic Safety Administration (NHTSA) and the Environmental Protection Agency (EPA).

EPA told the *Washington Post* that the draft standards are not final. Once they are, they will need to be published in the Federal Register for public comment and may be revised again. EPA Administrator Scott Pruitt told a House panel last week that the emissions standards were lowered because the current standards do not account for the changing consumer preference for SUVs and light trucks – exactly NADA's point on behalf of dealers.

"What's happened is we've created these arbitrary levels that has put a certain sector of cars in the marketplace that no one is purchasing, which means consumers stay in older vehicles, which defeats the purpose of the rule," Pruitt said.

EPA is also considering revoking California's waiver under the Clean Air Act, which allows the state to set its own air quality standards, but not its own auto emissions standards. Pruitt said EPA is not planning to revoke the waiver "at this time." EPA and the California Air Resources Board (CARB) differ on where talks between them stand. California and several other states have said they will sue if forced to comply with weaker national standards.

Twelve states, including Maryland and DC, follow California's emissions standards, but Virginia does not. If the emissions debate resulted in two sets of standards, that would create a big headache for the many Washington-area dealers who sell to consumers from Maryland and Virginia or from DC and Virginia. They would need two sets of cars in inventory.

Court blocks Trump administration delay to raise CAFE fines

A federal court in New York blocked the Trump administration's effort to delay an increase in fines for violating emissions rules. The National Highway Traffic Highway Safety Administration (NHTSA) last year suspended an Obama era regulation that would have raised fines in September 2018 for automakers violating emissions rules from \$5.50 to \$14.00 for every one-tenth of a gallon over the limit.

Automakers had said the increase could raise their joint compliance costs by \$1 billion a year. Some OEMs, such as Jaguar/Land Rover and Daimler, had simply paid the fines rather than comply with the rule.

If NHTSA and EPA continued with their plan to weaken emissions rules (see previous article), then the court ruling would be irrelevant. But if the emissions fight ends up in court, another court might decide against the administration's plan.

Ford to cut most of its cars, make cuts in marketing, incentives

Ford dealers will see big changes in their product lineup in the next few years as most cars are eliminated from their lineup. The automaker will also make big cuts in its marketing and sales departments, which include sales incentives.

Ford plans to cut more than 80 percent of its new car model lineup in the next few years, leaving only the Mustang. The Taurus, Fiesta, Fusion, C-Max and Focus will all disappear. The automaker assures its dealers that it will still have entry-level vehicles, though CUVs and SUVs are generally more expensive than passenger cars.

That means more profit for dealers and for Ford, but higher costs for consumers. Part of the point of an inexpensive entry-level vehicle is to bring a first-time buyer into the Ford family. Ford dealers will watch closely to make sure the new lineup does that.

Certainly the market has shifted dramatically in recent years toward SUVs and light trucks – even among Washington-area buyers, who have historically preferred cars. Automakers must plan several years ahead, and Ford's latest move assumes that gas prices will stay low for the next several years.

Staying Ahead...

Before you become a leader, success is all about growing yourself. After you become a leader, success is about growing others.

--Jack Welch

Chairman of General Electric, 1981-2001