

Cars take charge

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Obama believes consumers and communities "should be compensated if during the transition period there are any additional costs associated with reducing carbon emissions."

Gibbs also said Obama wants "predictability and certainty in the market" to encourage investments in "clean energy innovation."

As the Democrats met with Obama, House Republicans gathered at the Capitol for an energy summit to criticize the Waxman-Markey bill, which they said would create a national energy tax and hurt middle-class families and small businesses. Similar meetings are being planned this month in Pittsburgh, Indianapolis and California before Republicans roll out their own plans to curb fossil fuel use and clean up the environment.

Rep. Mike Pence, R-Ind., said Tuesday that Republicans will look for commonsense solutions to lower energy costs, increase energy supply and create jobs. But he also acknowledged that part of their mission was to stop the "profoundly bad idea" of cap and trade.

Meanwhile, a bipartisan group of seven House members, including two energy committee Republicans, unveiled their own legislation Tuesday.

The American Conservation and Clean Energy Independence Act—an update of a bill introduced last year—would pay for the transition to cleaner energy sources using royalties from expanded oil and gas production offshore and on other federal lands.

At a news conference introducing the bill, Rep. Neil Abernethy, D-Hawaii, said progress on the Waxman-Markey bill—which would limit greenhouse gases by putting a price on heat-trapping pollution—was "essentially stalled."

Waxman said he wants the committee to conclude a climate bill by Memorial Day so it can move to its other big priority: tackling Obama's proposal to revamp the nation's health care system. ■

Ford invests \$550m to bring new Focus to market

by KIMBERLY S. JOHNSON
AP Writer

WAYNE, Mich.—Ford Motor Co. stripped "truck" from the name of one its Detroit-area plants yesterday as it unveiled plans to build its next-generation Focus in Wayne, including a battery-electric version Ford expects will run up to 100 miles without using gasoline or emitting greenhouse gases.

While Chrysler LLC sells assets in US Bankruptcy Court and General Motors Corp. works around the clock on ways to cut labor costs and debt before a government-imposed deadline, chairman Bill Ford Jr. and chief executive Alan Mulally announced plans to invest \$550 million to retool the Michigan Truck Plant so it can make small cars it will sell worldwide.

"In the worst of times worldwide, we're here today to celebrate a plan to profitably grow Ford," Mulally said. "We're fighting for the soul of manufacturing in the United States of America and worldwide."

Mulally said that the Dearborn, Mich.-based automaker would build more than 2 million vehicles a year on its small C-car platform globally.

Ford and Mulally were flanked by a crowd of about 500 employees, reporters, and state officials, including Michigan Governor Jennifer Granholm.

The retooled facility, which once built hefty sport utility vehicles like the Lincoln Navigator and is now called the Michigan Assembly Plant, will build Ford's next-generation Focus, expected to roll off the line next year. Those cars will be sold globally.

The plant will also build a new battery-electric version of the Focus for the North American market in conjunction with battery maker Magna. That vehicle is expected to debut in 2011.

"We're building the highest-tech vehicle in our fleet here in Michigan," Ford said. "It going to be a critical step toward the commercialization and ultimately the acceptance of electric vehicles."

The plant that once helped Ford's profitability, is expected to do the same with the Focus.

Ford lost \$1.4 billion in the first quarter. ■

GM recalls 300 new Camaros due to cable problem



GENERAL Motors Corp. said Wednesday, May 6, it is recalling about 300 new Chevrolet Camaro sports cars because a battery cable could rub against the starter motor, wearing the insulation and potentially causing the car to stop running or fail to start.

The voluntary recall applies only to Camaros with V-8 engines. The company said in extreme cases the cable problem could cause a fire, but no fires have been reported.

GM spokesman Dan Flores said the company has made about 1,400 of the V-8 equipped 2010 Camaros and 300 have been sold. The unsold models will be fixed before they are delivered to customers.

Flores said GM will tow the cars to dealers and offer free loaner vehicles and oil changes.

It will take dealerships about 30 minutes to reroute the positive battery cable so it doesn't come in contact with the starter motor housing, Flores said.

"This is obviously a very important launch for us, and we want to do whatever it takes to keep the customers happy," Flores said.

The problem came to GM's attention when four vehicles were brought in for service due to frayed cable insulation, Flores said.

GM has high hopes for the new muscle car, which is just now reaching showrooms. The car, made in Oshawa, Ontario, is a celebratory comeback of '60s and '70s power machines from Detroit automakers. (AP)

Chrysler CEO sees 'clear path' to survival

by SOYOUNG KIM AND CHELSEA EMERY
AP Writers

DETROIT/NEW YORK—Bankrupt Chrysler has a clear path to an alliance with Italy's Fiat SpA, the US company's chief executive said while rival Ford Motor Co reported on Wednesday, May 6, it has sufficient liquidity and its restructuring remains on track, boosting its shares.

The White House also expressed growing confidence Chrysler would restructure quickly and Wall Street put new pressure on shares of General Motors Corp, which faces a June 1 deadline to turn itself around or face probable bankruptcy.

Analysts, on average, expect GM on Thursday, May 7, to report a first-quarter loss of \$11.05 per share before items, compared with a loss of 62 cents a year earlier. Revenue is expected to fall by about half to \$21 billion, reflecting lower production with sales off sharply, according to Reuters Estimates.

In a memo to employees obtained by Reuters on Wednesday, Chrysler CEO Robert Nardelli hailed a ruling on Tuesday, May 5 by US Judge Arthur Gonzalez of the New York bankruptcy court that upheld the company's plan for selling virtually all of its assets, a step necessary for it to complete the Fiat alliance.

"This is a major step forward as it sets out a swift, clear path," Nardelli said. "It is crucial that this transaction be completed in a timely manner in order to secure maximum value for our stakeholders."

But Chrysler still faces objections from nine lenders, who say the proposed bidding process for assets would be non-competitive and would not maximize the sale price.

Lawyers said the hold-out creditors have the law on their side in their opposition to the current plan, which proposes making Chrysler's union the largest shareholder.

Ford Motor Co remains on track in its restructuring and has sufficient liquidity to fund the plan which includes conversion of plants and investment in future products, company executives said.

Ford, the only US automaker not operating under bailout funds, also has continued to consolidate its dealer network, but sees no need for the type of aggressive culling rivals GM and Chrysler plan, Chief Executive Alan Mulally told reporters.

The automaker continues to anticipate a second-half recovery

in US auto industry sales, he said.

Ford also announced \$550 million of investments in a former truck plant near Detroit that is being converted to produce small cars with demand growing for more fuel efficient vehicles. GM and Ford are racing to develop electric cars.

The Ford investment comes at a time when restructurings by Ford's US rivals GM and Chrysler include plant closings and reworked labor deals.

GM began reaching out to rivals late last year about the profitable OnStar service and talks with other automakers center on partnering mainly in the United States, OnStar President Chet Huber told Reuters in an interview.

Ford shares closed up 7 percent at \$6.26 on the New York Stock Exchange. GM shares were down 10 percent at \$1.66, a day after it detailed proposed debt-for-equity exchanges that would nearly wipe out holdings of current stockholders and position the US government as the majority shareholder of the restructured company. ■

NASCAR: Fifty-year-old will race full schedule in No. 5 Chevrolet

CHARLOTTE, NC—Mark Martin doesn't want to drive race cars forever. But as long as he can compete at the highest level, he can't bring himself to walk away from NASCAR.

Martin said Wednesday, May 6 he'll run a full season next year, his 22nd in NASCAR. He's in the first year of a two-year deal with Hendrick Motorsports, but 2010 was fluid and Martin had initially thought he'd run just a partial schedule next season.

But he's proven this season to still be at the top of his profession, ending a 97-race winless streak with last month's victory at Phoenix. At 50-years-old, he became the third oldest winner in NASCAR history.

"I'm in the best condition of my life," Martin said. "I'm recharged, and I'm motivated. Going to the racetrack every weekend is still really fun, and that's the key. There's more gas in my tank."

Martin will stay in the No. 5 Chevrolet, but sponsorship for next season has not been solidified. (AP)

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