

GM MAKES BIG CHANGES

At the GM annual shareholders' meeting in June, Chairman and CEO Rick Wagoner announced a range of strategic initiatives in response to growing demand for fuel-efficient vehicles and to economic challenges in North America.

NEW CHEVY MODELS AND ENGINE. The GM board has approved a next-generation compact Chevrolet for US and global markets, a next generation of the popular Chevy Aveo, and GM's turbocharged 1.4-liter four-cylinder engine for the US. The new compact aims to set equipment, quality and safety benchmarks for the size class. The new Chevy Aveo is also expected to have class-leading fuel economy when it goes on sale in the US in late 2010.

CHEVY VOLT IS A GO. The Chevy Volt took a major step toward the showroom with board approval for funding production development and tooling. Technologies for this extended-range electric vehicle, including its lithium-ion batteries, should be ready for volume production on schedule. GM plans to produce the Volt at the Detroit-Hamtramck plant, subject to government deals.

CAPACITY ADJUSTMENTS. GM will also quickly increase production of small and midsize cars, while reducing production of pickups and truck-based SUVs. Arizona's Midwest transplants will want to know about plants. GM plans to add a third shift in September at the Orion Assembly Center in Michigan, which builds the hot-selling Chevy Malibu and Pontiac G6, and a third shift at Lordstown Car Assembly in Ohio, which builds the Chevy Cobalt and Pontiac G5.

On the other side of the equation, GM will cease production at four truck plants. Oshawa Truck Assembly in Canada, which builds the Chevy Silverado and GMC Sierra, will likely cease production in 2009, while Moraine, Ohio, which builds the Chevy TrailBlazer, GMC Envoy and Saab 9-7x, will end production at the end of the 2010 model run, or sooner. Janesville, Wisconsin, will cease production of medium-duty trucks by the end of 2009, and of the Tahoe, Suburban and Yukon in 2010, or sooner, if market demand dictates. Chevrolet Kodiak medium-duty truck production will also end in Toluca, Mexico, by the end of this year.

STRATEGIC ASSESSMENT FOR HUMMER BRAND. GM is undertaking a strategic review of the Hummer brand to determine its fit within the GM portfolio. The company is considering all options, from a complete revamp of the product lineup to a partial or complete sale of the brand.

The big automakers have long made most of their profit from trucks and SUVs. GM is now counting on beating others to growth in the compact and fuel-efficient markets. We'll stand by to see what others do. "These higher gasoline prices are changing consumer behavior and rapidly," said Wagoner. "We don't think this is a temporary spike or shift. We think it is permanent." ■



Hummer H2

Chevy Volt concept



Chevy Aveo

