



BMW's MINI E is on the road in California, New Jersey and New York. The testing has revealed serious road blocks to electric cars.

PREMIUM IN A NEW AGE BMW sees growth as Detroit Stumbles

As Detroit reinvents itself, BMW is experiencing an expansion in the luxury market, Jim McDonnell, President BMW North America, said at the WAPA November meeting.

The automaker is investing \$750 million to increase capacity by 50 percent at its Spartanburg, S.C. plant that in 2008 produced 170,000 BMW X5, X6 and Z4s for worldwide distribution. The U.S. is the sole production source of the X5 and X6 and 70 percent of that production is shipped overseas, making BMW the largest vehicle exporter from the U.S. to non-NAFTA markets. The company also plans to expand its Mini dealer network by over 20 percent to 110 dealers in the U.S.

Even in a recession, the U.S. accounts for 20 percent of BMW's overall sales, McDonnell pointed out, and BMW boasts the youngest owner body in the premium brand niche. Premium brands, aside from signaling their

owner's arrival in the status game, provide innovation and technology that then filters down to the mass market, he added. BMW is using its technology capabilities to drive new efficiency, safety and sustainability in the auto industry. The automaker spends 5 percent of its revenue on research and development to meet not only customer demands but also increasingly demanding government regulations.

"The world suppliers base comes to us first with innovation," McDonnell said, and pointed to the heads up display in some current BMW models. BMW had exclusive use of that technology only for 18 months and now it can be found on the new Lexus models. Luxury automakers first introduced anti-lock brakes, electronic traction control, GPS navigation and Xenon headlights which all filtered down to the mass market.

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In the future, luxury makers will be concentrating on car to car and car to infrastructure communication; assisted driving; better utilization of drive time and more effective energy management, McDonnell said. Future Bimmers will be able to communicate with traffic lights and cars will be able to talk to other cars on the road to create a very accurate early warning system of dangerous driving conditions like ice or accidents ahead.

With active cruise control and radar and camera sensors, cars will be much more aware of their surroundings. “Some automakers are looking at systems that would take over the car in traffic jam situations and the car would drive itself. BMW is not looking at that. “If you don’t like to drive,” McDonnell said, “take a bus or buy a Mercedes.”

To better utilize drive time, internet services will be incorporated into the vehicles, using voice activation.

Better energy management will come from greater use of synthetic and carbon fiber components. A new 8-speed automatic transmission is available in the 5 Series GT launched this month. A new technology BMW is working on would convert the heat from the exhaust into enough energy to run the vehicle’s air conditioning. BMW is interested in increasing its diesel offerings in the U.S. since diesel requires 30 percent less fuel and produces 20 percent less CO2. In the meantime, the automaker will introduce its X6 Hybrid with 20 percent better fuel efficiency in the coming weeks and the X7 which will go on sale in April. “Our advanced diesel and X6 Hybrid have the highest customer pre orders of all the BMW range going into 2010,” he added.

BMW is testing its electric vehicle, the MINI E, on U.S. highways through a leasing



program with 450 vehicles distributed in California, New York City and New Jersey. With a top speed of 95 mph, zero CO2 emissions, and a three to four hour recharging time, the automaker got 1800 applications to lease it at \$895 a month. But the testing has been, in McDonnell’s words “a nightmare” due to the quagmire of regulations and inspections by various government, city and state entities. That over regulation means that it can take at a minimum 30 days to get a charge box installed. And BMW has had instances where inspectors have said the whole house must be rewired.

Drawing on their own experience, McDonnell said the prediction of 20,000 electric vehicles on the roads in the near future, is fiction. “Someone needs to put in place a process, otherwise consumers will become so dishearten, they will say its not worth the effort,” McDonnell said.

“The Government has to ask whether we want to do this with a technology that has not been proven. It has a great carbon footprint. But it also may cost a lot of money to recycle the batteries,” McDonnell said. And preparing the infrastructure is a huge economic commitment.

Another aspect of regulating an electric vehicle is measuring the expected range of the vehicle. But, according to McDonnell, it can vary from 150 miles per charge to 50 depending upon how you drive it. “I don’t know how the government is going to compare one electric with another. There is a

WAPA Grapevine

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WAPA is gearing up for its award season in January. At the end of each year, the association awards the **Golden Gear Award** to a person or an entity that has made an outstanding contribution to the automotive industry. Some of the past winners include: JD Power, Brian O'Neill, IIHS, Carroll Shelby, Robert Lutz, Carlos Ghosn and John W. Hetrick designer of patented airbag.

WAPA also honors an outstanding piece of journalism with the **Golden Quill Award**.

The award recognizes outstanding journalism in print, broadcast or on the Web or for a series in those mediums that make a contribution to the public good related to motor vehicles and or the motor vehicle industry. Journalists writing within the Washington Baltimore area are eligible to compete for the award. Entries are submitted to a judge from outside of the Association and **the award carries a check of \$500.**

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President's Message...

It certainly has been an interesting year! The automotive press has been highlighted in the mainstream media lately thanks to government bailouts, sales of American brands to foreign companies, cash for clunkers and other news that has the general public keenly interested in the automotive world.

With one-in-ten jobs related in some way to vehicle manufacturing, sales and service, up to 14 million Americans depend on cars and drivers for their livelihood and they want to know how business is going.

BMW for one is doing quite well. North American president, Jim McDonnell informed the attendees at our November WAPA luncheon that BMW is investing in the American market and growing manufacturing capability. As pointed out in the feature article of this newsletter, BMW is the USA's number one non-NAFTA vehicle exporter.

I trust you are looking forward to an enjoyable Holiday season! This time of year also marks the beginning of auto show season with all of the new model introductions and new technology to report on. We are seeing new faces in the industry as manufacturers and suppliers streamline operations. Please welcome newcomers and let them know the value of WAPA membership! Feel free to pass on a link to the newsletter and our website to anyone you meet that is new to the industry.

I look forward to seeing everyone at our December meeting!

Rick Trawick



Rick Trawick,
2009 WAPA President

December 16 WAPA Meeting

Alternative Fuels Panel Discussion

Join WAPA for a fascinating discussion of promising alternative fuels on December 16 at noon at the Press Club. Brian Wynne from the Electric Drive Transportation Association, Doug Durante from Clean Fuels Development Coalition, Richard Kolodziej from Natural Gas Vehicles for America and Robert Rose from Fuel Cells 2000 (hydrogen) will give brief updates on their industries, followed by Q&A. Lunch will be served. Cost: \$25. You may pay on the Web site when you make your reservation.

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