

Rebates will be around through most of 1998

By John Hughes
THE ASSOCIATED PRESS

DETROIT — The \$500 and \$1,000 auto rebates that have lured people to dealerships in 1997 will likely continue in 1998, analysts said recently.

The incentives will stay strong until March on older and some newer models in order to coax buyers from their homes during chilly winter months, said Art Spinella, an analyst with CNW Marketing Research.

"The industry has pretty much decided that's the only way to keep things going," he said. "Consumers are going to have a field day by the end of this year."

Automakers held the line on 1998 model prices with the hope they could discontinue the costly incentives, Spinella said. But consumers are still demanding the incentives — and automakers are forced to oblige, he said.

David Healy, an analyst with Burnham Securities Inc., said most vehicles that aren't new models or haven't been redesigned are carrying incentives. Automakers will be forced to keep them until early next year because of competition, he said.

"There's still a war going on in small- and medium-sized passenger cars," Healy said.

General Motors Corp. last month had incentives on light



1998 Dodge Caravan

PHOTO / CHRYSLER CORPORATION

trucks and even on some 1998 model cars, including \$750 on the Chevrolet Cavalier and \$500 on the Pontiac Sunfire, said Donald R. DeVeaux, GM's director of market analysis. "It was fairly broad coverage."

As for incentives continuing next year, DeVeaux said, "That's probably true given the way ... customers are responding to the kind of deals they are seeing out

there."

Across the U.S. industry in October, dollar incentives were up nearly 12 percent from the same month last year, according to CNW Marketing Research.

Chrysler Corp., for instance, announced late last month that it was extending offers of up to \$1,000 cash back to buyers of Dodge, Plymouth and Chrysler minivans through Jan. 5.

Automakers have been able to offer the rebates and still make profits through cost-cutting and because profits they make on light trucks remain high, analysts said. The big test will come during the first quarter of next year, Spinella said.

"By holding prices and giving incentive money," he said, "it is going to impact profitability at some stage — it has to."

Old Mustangs find new life, home

Continued from 16B

every inch of the warehouse with all things Mustang — from T-shirts and caps to rebuilt engines to seats and grilles and wheels for the classic cars.

"The Mustang Corral bills itself as 'Your One Stop Pony Shop.'"

"If you want it, by and large we've got it. It's like going to the mall," Harville said.

"We also sell high-performance equipment for the newer genera-

tion of Mustangs," said Shawn Harville, who handles the parts side of the business. Brother Tim heads up the restoration shop, while sister Dynel keeps track of the books.

"We got into the business because Dad always had Mustangs," Shawn Harville said. "Now it makes killer profits and keeps us out of trouble." Bernie Harville remembers his first Mustang fondly, a 1966 model

that he bought in 1967. He said it was cool then for someone like him, whom he affectionately dubbed "Mr. Milquetoast," to have a car like that.

The family's love of that particular breed of car grew from there. Tim Harville currently is working to restore his 1961 Mach I, while Shawn Harville is planning a "complete and total restoration" on his 1973 Mach I, turning it into

a high-speed road car. Bernie Harville slowly is working on his '67 hardtop.

Even Dynel Harville used to drive one. Now, her main job is keeping track of the money.

"It doesn't take long to count up how much money we've got," Bernie Harville said with a laugh. "It takes longer to figure out what we owe. Just like home."

Ford may move truck production

THE ASSOCIATED PRESS

DEARBORN, Mich. — Ford Motor Co. would boost truck production by as much as 30,000 vehicles per year under a plan to shift from car to truck production at its Rouge plant in suburban Detroit.

The Detroit Free Press, citing unidentified analysts, reported Thursday that Ford is considering shifting to Ranger truck production at the Rouge complex as part of a \$2 billion redevelopment plan.

Analysts say the plan also would add between 2,000 and 3,000 jobs at the plant. The new assembly operation would produce more than 300,000 vehicles a year.

Ford would shift most of its Ranger assembly operations to the Rouge complex under the proposal, the analysts said. Ford now assembles 270,000 Rangers a year at its Twin City Assembly Plant in Minnesota and Edison Assembly Plant in New Jersey.

Ford's Louisville Assembly Plant also makes Rangers and Explorer sport utility vehicles.

Ford public affairs manager

Mike Vaughn called the report "pure speculation."

"No decisions have been made as to sourcing any new product at the Dearborn assembly plant," Vaughn said. "Today, (the plant) makes the Ford Mustang. That's all."

Vaughn also would not elaborate on the \$2 billion renovation plan that was approved last month as part of negotiations with the United Auto Workers union. UAW agreed to change its local contract at the Rouge complex to limit some workers' in-plant transfers.

In return, Ford agreed to spend \$2 billion renovating the Rouge plant and make a new Mustang at the plant in 2001. The renovation includes \$1.25 billion for a body shop and paint shop, \$500 million in the Rouge engine plant and \$88 million each in the frame and tool & die plants, according to UAW documents.

Vaughn said Ford won't discuss the issue until its board of direc-

tors approves the plan.

"We've been talking to the UAW for sometime about a package to make the Rouge more viable into the 21st century," Vaughn said.

The 1,100-acre Rouge facility was once the world's largest auto plant. Over the protests of skeptics, Henry Ford built the plant in 1918 because he dreamed of building a car from start to finish in one location.

The complex grew quickly. At its peak in the 1940s, 85,000 people worked at the plant in Dearborn, about 7 miles west of Detroit.

It also was the site of notorious labor conflicts. In 1932, when more than 3,000 people gathered outside the plant to protest Henry Ford's layoffs, a clash with police left four demonstrators dead and more than 50 injured.

About 8,000 people work at the six Ford factories still in operation at the Rouge. The complex has acres of vacant space, but remains Ford's largest concentration of employees and factories.

Mercedes eyes expansion plans

THE ASSOCIATED PRESS

VANCE, Ala. — Mercedes-Benz is considering minivan production at its Alabama plant, according to published reports that a company spokeswoman described as speculative.

The plant was constructed to manufacture the German automaker's new M-Class vehicle in the sport-utility category.

But a minivan with optional four-wheel drive may be produced at Vance within three or four years, a Mercedes board member told Automobile magazine in its December issue.

The Birmingham News reported Wednesday that a major Mercedes supplier confirmed that Mercedes and suppliers have been in discussions about supplying Mercedes with minivan parts.

An executive with the supplier

said no deal had been signed, however. Automobile magazine did not identify the board member who discussed the minivan plans.

Linda Paulmeno, spokeswoman for Mercedes-Benz U.S. International Inc., the Alabama-based manufacturing division of the German company, said no decision regarding minivan production has been made and called the magazine report "speculative."

"We're exploring a lot of different options. To do that you have

to talk with people," she said, explaining the discussions between the company and its suppliers.

The board member told the magazine the vehicle would be a standard-size minivan with rear-wheel drive and optional four-wheel drive. It would use components of the next generation E-Class sedan.

Mercedes already makes a passenger van for sale in Europe, but the company has said in the past that the vehicle is too boxy for U.S. tastes.

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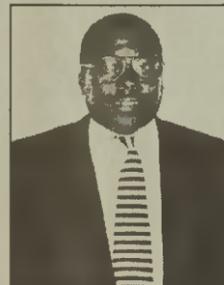
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