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At Harvester, Spirits Stay Up Despite Losses

By Meg Cox

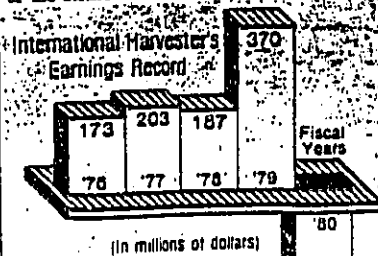
Staff Reporter of THE WALL STREET JOURNAL
CHICAGO—To celebrate the 150th anniversary of Cyrus McCormick's invention of the reaper and founding of International Harvester Co., the company commissioned a lavish original musical, "Cyrus." But the chorus line won't warble and tap about the company's tumbling credit ratings, continuing layoffs and swelling losses. Because there's little in Harvester's present to celebrate, "Cyrus" will confine itself to nostalgia.

Over the past three years, Harvester's cigar-puffing chairman and chief executive, Archie McCardell, has got high marks for cutting costs and ending waste. Still, the company has started to sink deep into the hole. For the fiscal year ended Oct. 31, it lost an estimated \$400 million, more than it earned in the best year of its long history. At the end of the fiscal third quarter, short- and long-term debt had swollen to \$2.7 billion, dwarfing Harvester's \$1.7 billion in equity.

Last year's lengthy United Auto Workers' strike and this year's sharp recession seriously hurt Harvester in its major markets: trucks, farm equipment and construction equipment. Some securities analysts detect a dangerous erosion of the company's finances, and they profess amazement that the company treats its troubles as temporary. "There's an impressive facade being constructed about how the company is doing," says analyst Bill Lustgarten of Paine Webber Mitchell Hutchins. "Announcements of acquisitions programs, talk of 'We won the strike,' all while the balance sheet and cash flow are deteriorating." They aren't generating the cash flow they need for all the businesses they're in.

Calls Firm "Much Stronger"

Mr. McCardell says he doesn't want to talk about "short-term problems with our balance sheet." He concedes that "it'll probably take us three years to recover the cost of the strike in increased efficiencies," but



he insists that "this is a much stronger company than it's ever been historically." Directors appear to agree. They recently forgave Mr. McCardell a \$1.8 million loan from the company as a reward for bringing Harvester up to competitors' averages in such measures as return on equity. That was in 1979, when Harvester earnings doubled to a record \$370 million, or \$12.01 a share.

Yet Mr. McCardell has promised to make Harvester not just average but tops in all three of its major businesses. To do it, he must fulfill commitments for big research budgets and capital expenditures, but that seems difficult or impossible given Harvester's current financial condition and outlook.

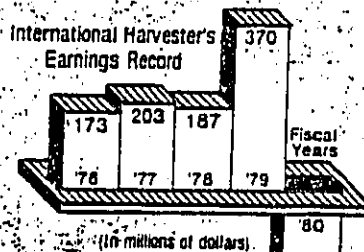
Harvester had to get permission from its bank creditors just to pay its third quarter dividend. (Bank restrictions on dividends by debt-heavy corporations are common.) To raise \$150 million in new capital, Harvester exposed its common shareholders to a potential dilution of 13% in equity through the issuance of new convertible preferred shares. Harvester had to sell the shares because its debt-equity ratio was too high to warrant more long-term borrowing.

Mr. McCardell has said that Harvester should spend \$500 million for capital projects alone this year. And more millions will be needed for research (the company is building an \$80 million lab, to be completed in 1982), general expenses and debt service.

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Puzzled on Cash Flow

People who follow the company are puzzled over just where the cash will come from. Mr. McCardell himself says that sale of "our industries combined should be down 15% to 20%" in fiscal 1980, just ended, from 1979's sales. Earnings estimates for fiscal 1981 run as low as \$150 million, compare with 1979's \$370 million. For at least the first half, construction and truck businesses are expected to stay flat. Though sales of farm equipment have picked up sharply this fall because of high crop prices, steep interest rates could discourage farmers' spending from here on out.

Mr. McCardell responds in general fashion to questions about the source of needed funds. "We'll generate enough working capital internally," he says. "We'll spend more on capital expenditures than last year—\$350 million—and I still think we can reduce our debt. We'll have an income-tax refund of about \$130 million, and we'll accelerate our program to reduce working capital. We can be flexible at the rate we increase our research and capital expenditures."

Mr. McCardell boasts of Harvester's increased market shares in its major lines, and, he says, this fiscal year will bring more new-product introductions than ever before. If the balance sheet is a bit pallid, he says, "It didn't change the company's basic strengths." People at Harvester and outside hope that his prognosis is more than just song and dance.

WAKE ST. JOURNAL
 DEC 2/80

Harvester Posts \$20.2 Million Net For Its 4th Period

But Fiscal '80 Had Deficit It Expects More Losses Due to Interest Rate Rise

By a WALL STREET JOURNAL Staff Reporter
CHICAGO—Troubled International Harvester Co. said it made money in the quarter ended Oct. 31, but added that it expects to return to losses in the first quarter, ending Jan. 31.

The fourth quarter net income of \$20.2 million, or 64 cents a share, wasn't enough to keep Harvester from posting a \$397.3 million loss for the full year, the largest in its 160-year history. This was about what analysts had expected.

About 40%, or \$8.3 million of Harvester's fourth quarter profit, came from foreign currency translation gains. The maker of trucks, farm equipment and construction machinery also said that its ratio of debt to shareholders' equity had nearly doubled during the year, indicating a sharp decline in financial health.

Archie R. McCardell, chairman and chief executive officer, said the company expects a fiscal first quarter loss because "the recent sharp rise in interest rates is once again putting pressure on customer demand in all markets." He said, however, that Harvester expects a gradual decline in interest rates beginning in February or March, and thus "anticipates a profit for the full year."

Fourth quarter net was down 86% from year-ago net of \$147.6 billion, or \$4.79 a share. Sales dropped about 7% to \$2.32 billion from \$2.49 billion.

The \$397.3 million full-year loss reflected the effects of a six-month strike that ended last April and record interest rates that sharply reduced demands for Harvester's trucks and machines. The full-year figure includes a loss of \$394.6 million from continuing operations, which exactly equaled Harvester's year-earlier net income. Fiscal 1980 also included a \$27.7 million loss from discontinued operations stemming from losses on receivables of the company's former Wisconsin Steel Division.

The 1980 loss from continuing operations also included an after-tax charge of \$68.6 million for the company's continuing major modernization and expansion program. Harvester said.

WALK ST.
JANUARY
DEC 15/80

International Harvester's earnings fell 86% in the fourth quarter, ended Oct. 31, to \$20.2 million, or 64 cents a share. The company expects a loss in the current quarter.

Sales dropped 25% in 1980 to \$2.32 billion from \$2.49 billion. In the two three-month periods following the strike, International Harvester has reported earnings, has regained market share momentum, has exceeded its cost improvement targets and has maintained low dealer inventories, Mr. McCardell said. He added that the company reduced short-term debt in the fourth quarter by \$62 million and total debt by \$48 million.

Despite that progress, Harvester's debt soared during all of fiscal 1980. Short-term debt stood at \$288.9 million at year-end, up from \$111.4 million a year earlier. Long-

term debt rose to \$1.33 billion, from \$948.2 million.

At the end of fiscal 1980, Harvester's ratio of debt to holders' equity stood at 1.15 to 1, compared with 0.63 to 1 at the end of fiscal 1979.

Mr. McCardell's statements, however, were optimistic. "Currently, Harvester operations are more cost efficient than they have been in decades," he said. "As a result of these strengths, Harvester operations are well positioned to continue to ride out the economic downturn and take full advantage of a recovery in the company's markets."



Wall St.
Journal
DEC 19/80

International Harvester cut its quarterly dividend to 30 cents a share from 62.5 cents. It had kept its dividend intact despite a \$400-million loss for the year ended Oct. 31.

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International Harvester Slashes Payout In Move Analysts Say Was Long Overdue

By Max Cox

Staff Reporter of THE WALL STREET JOURNAL

CHICAGO—International Harvester Co. slashed its quarterly dividend more than 50% to 30 cents a common share from 62.5 cents, and Wall Street heaved a sigh of relief.

The dividend is payable Jan. 15 to stock of record Dec. 29.

The big maker of trucks and farm and construction equipment had steadfastly kept its dividend intact despite a loss of nearly \$400 million in the year ended Oct. 31, after enduring a five-and-a-half month strike and the recession. Stock analysts had been expecting a dividend cut for several quarters, and viewed yesterday's action as a sign that Harvester finally has begun to recognize the severity of its financial problems.

"It's certainly no surprise," said Larry Hollis, an analyst with Robert W. Baird in Milwaukee. "It should probably have been cut nine months ago. The savings of about \$40 million (if Harvester maintains the 30-cent rate all year) is only a drop in the bucket, though, compared to the capital they'll need in the next few years."

Uncertain Economic Outlook

Harvester issued a statement saying the directors' decision to cut the dividend was based on "the increasingly uncertain economic outlook caused by continued high inflation and the recent sharp rise in interest rates, the impact of these conditions on IH's near term sales and earnings prospects, its capital needs, and its financing requirements."

The company already has said it expects to report a loss for the first quarter, ending Jan. 31.

Analysts have lately been painting a much bleaker picture of Harvester's financial condition than the company does. Several analysts estimate that Harvester's operating cash needs will soon exceed its funds

by as much as \$300 million. But James Cotting, chief financial officer, retorted yesterday: "The analysts are all wet."

"There's a whole cash-flow mechanism here to work with and our situation is completely manageable," Mr. Cotting insisted. "Our net cash flow will be in balance for the year. We always have a cash deficit in the first quarter, because of the seasonality of our agriculture equipment and the necessity of building inventory before the (spring) selling season."

Mr. Cotting says Harvester finances that deficit each year through short-term borrowings, and added, "We can this year, too, and we will."

Debt and Equity Markets

Analysts remain skeptical about Harvester's access to both debt and equity markets for a variety of reasons. At the end of fiscal 1980, the company's ratio of debt to equity stood at 1.15 to 1, compared with 0.82 to 1 at the end of fiscal 1979. In addition, Harvester has had ratings cut on several of its debt offerings. In the equity markets, Harvester already had abandoned plans for a \$100-million offering of cumulative preferred shares and diluted its earnings per share somewhat with a \$150-million offering of convertible preferred shares.

Also, the book value of Harvester's stock dropped to \$33.50 Oct. 31, down from \$69.88 a year earlier. Its stock has been trading at about \$24 a share this week down from a 52-week high of more than \$40. That means that in order to raise a large amount of cash, a stock offering would have to be big enough to cause "significant" dilution to earnings, Mr. Hollis said.

Harvester has said its earnings prospects for the year will be helped by a record number of new product introductions. But Mr. Hollis said: "New products are fine, but if the market isn't there, it doesn't do a heck of a lot of good."

POOR
COPY

Through combined vehicle total down 9 per cent

Ford sets overseas truck record

DEARBORN — Ford Motor Co. and its affiliate sold 1,114,000 cars and trucks outside North America during the first six months of 1980.

Included in that total are 400,000 trucks, up 9 percent from the previous record, set last year.

"This record setting truck sales performance, led by strong sales in Europe and Latin America, is especially noteworthy," said John McDougall, executive vice-president, Ford International Automotive Operations.

"As many of the world's major automotive markets have shown a drop in total sales, competition among the world's major manufacturers has heated up. To set a sales record in this environment is a major achievement."

Car sales for the six-month period totaled 663,700, down 13 percent from last year's record total. Combined car and truck sales for the period were down by 9 percent from the 1,112,000 in the first six months of 1979.

• McDougall said that during the first six months of 1980:

1. Record Latin American

and truck sales of 218,000 units were up slightly from the previous record set last year. Truck sales of 90,000 units, up 9 percent from last year's record, should maintain Ford's leading position in the region's truck market.

2. European truck sales of 103,900 units, up 13 percent from last year's total of 91,200 and a record for the period, gave Ford leadership of the European truck market with 14.6 percent of total sales, up 1.1 percentage points from last year. European car sales of 443,000 were down 14 percent from the 1979 total of 504,000, but maintained a Ford's fourth-place position in European car sales with 12 percent of the market.

3. Car sales in the United Kingdom of 284,000 represented 32.7 percent of the market, the best half-year penetration ever achieved by Ford of Britain. Cortina, Escort and Fiesta placed one-two-three as the country's top-selling cars. Truck sales of 31,200, up 12 percent from last year's total, gave Ford 34.5 percent of the British truck market, up 5.3 percentage points from last year.

4. In the booming Argentine market, Ford set new records for both volume and market share in both cars and trucks. Ford of Argentina sold 34,100 cars, up 25 percent, and took 20.8 percent of the car market. Truck sales of 21,000, up 45 percent from last year, represented an unprecedented 30.9 percent of the truck market. Combined car and truck sales rose 34 percent.

5. In Mexico, car and truck sales of 42,000 were up 2 percent over sales of 41,000 in the first six months of 1979.

6. In another buoyant market, Ford sold a record 12,000 cars and trucks in Taiwan, up 14 percent from last year. Car sales of 12,000 represented 32.1 percent of Taiwan's car

market.

7. In Germany, Ford car and truck sales of 128,000 were down 23 percent from 267,000 in the same period of 1979. However, Ford's penetration of the combined car and truck market improved from 17 percent in January 1980 to 17.7 percent in June, 1980.

8. In Australia, car and truck sales of 31,200 were down 13 percent from 59,000 in January-June, 1979.

"With the introduction later this year of two new front-wheel-drive, fuel-efficient small cars—the Ford Escort in Europe and the Ford Laser in the Asia-Pacific region—are confident that the Ford lineup will be even more competitive," McDougall said.

"These cars, together with our existing products, should help Ford to maintain its position as the sales leader outside North America among U.S.-based auto manufacturers."

Second-quarter sales down 21 per. from '79

White loss \$37 million for quarter

FARMINGTON HILLS, Mich. — White Motor Corp. reported a second-quarter net loss of \$37,677,000, including \$7,331,000 in charges resulting from restructuring its truck operations, compared with net income of \$4,232,000, including an operating loss carryforward tax benefit of \$500,000, in the same quarter of 1979.

Factors contributing to the loss included reduced sales and profit margins, an increase from last year in interest and finance charges resulting from high interest rates and higher than normal field inventories, primarily in farm equipment.

"During the first half of 1980, White moved aggressively to reduce fixed costs even when these actions resulted in a one-time charge against operations of \$7,682,000," said Criss W. Moss, chairman and chief executive officer. "Actions taken to date will lower fixed costs, and consequently the corporate break-even level, by approximately \$30 million on an annualized basis. Further cost reduction actions are being implemented or are under study."

"The heavy-duty truck market is severely depressed at present, however White is performing above average for the industry," Moss said. "We have experienced low order cancellation rates and we have had a positive net order intake even in months when industrywide cancellations have exceeded new orders."

"Although at a low level, White's truck backlog, order intake and retail sales have increased as a result of industry easing the first half and inventories have declined," he added.

"Retail sales are currently several percentage points better than registrations, the statistic by which market share is measured, and we anticipate that as these vehicles are registered, White's market share will increase."

• Moss reported that White's negotiations with its bank lenders on a new credit agreement are proceeding on schedule and satisfactory progress is being made.

Sales for the second quarter were \$230,751,000, down 21 percent from \$294,352,000 in the second quarter of 1979.

White reported that for the first six months of 1980, it had a net loss of \$46,819,000, after

an extraordinary credit of \$4,393,000. Comparable figures for the first half of 1979 were net income of \$12,512,000, after an operating loss carryforward tax benefit of \$1,400,000. First-half sales totaled \$324,200,000 in 1980 and \$424,151,000 in 1979. Truck backlogs at June 30, 1980, totaled \$112,000,000, Moss

said, compared with \$236,000,000 last year.

Results for the second quarter of 1980 included currency exchange gains of \$2,100,000 compared with \$400,000 in the first period of 1979. For the first half gains totaled \$500,000, compared with gains of \$700,000 for the first half of 1979.

Total under 200,000—first time since '71

August registrations are lowest in 9 years

August registrations of new trucks of all types in the U. S. were the lowest for that month in nine years, and marked the first time since 1971 that the industry total has dropped below 200,000 tallies for the month. In August, according to R. L. Polk & Co., new-truck registrations totaled 193,779 units, down 31.6 percent from last year's 284,420 and slightly more than 50 percent below the all-time August high of 396,434 set in 1973.

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In August, 1977, new-truck tallies hit only 197,041 units, but the count climbed to 218,432 in the same month in 1972. Since that time, the total has topped 200,000 in five years and 300,000 in two years.

For the first eight months of 1978, industry registrations fell 20.8 percent below a year ago, with declines in all three market segments. The total was 1,720,170 units, compared with 2,181,199 in 1977.

Through August, Group 1 registrations outnumbered those in Group 2 for the first time since December, 1975. The eight-month count was 771,880 units, compared with 768,812 of the heavier Group 2 vehicles.

The Group 1 count has been rising steadily and Group 2 declining since the sharp increase in fuel prices late in the first

quarter of 1978, and the big growth in sales of the Japanese-built compact pickups, which are Group 1 vehicles.

The imported pickups accounted for 28.4 percent of the eight-month Group 1 total with 233,127 tallies. At the same time in 1975, before the drastic fuel increases, they took 17.5 percent of the total of 738,081 Group registrations with 129,198 tallies. In the January-August period registrations of heavy trucks were down the least from a year

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Registrations for month drop 31.6 pct. below 1979 level

August truck tallies hit 9-year low

Continued from Page 1

ago and the medium-sized suffered the biggest setback.

There were 132,336 heavy-truck (Groups 7 and 8) registrations through August, a decline of only 8.2 percent below last year's record 144,155 units. Mediums (Groups 4 through 6) were down 14.8 percent, from 102,944 a year ago to 87,215.

The light-truck count for the first eight months totaled 1,545,190 units, a decrease of 28.8 percent below last year's 2,108,000.

Again, Group 7 was the only one of the eight to show increases in registrations over last year, and it's due to the reclassification of many trucks whose GVW ratings have moved them from the top end of Group 6 into Group 7.

The eight-month total was 52,470 units, an increase of 79 percent over last year's 31,741. Group 8 tallies, on the other hand, were down 37.8 percent, from 88,804 units in 1979 to 56,218.

Still hurting badly because of the recession, Group 8 trucks trailed the 1979 registrations by 30.3 percent, dropping from a record 112,414 units a year ago to 78,290.

Total registrations for Groups 6 through 8 trucks for the first eight months were off 28 percent from a year ago, 172,847 versus 240,038. Combined Groups 6 and 7 tallies were down 28 percent, from 127,048 units in 1979 to 92,904.

Among the light trucks, Group 1 suffered the least decline because of the gains in compact-pickup registrations. The eight-month total of 771,880 units was down 4.8 percent from the year-ago 813,518.

Group 1 compact-pickup tallies were up 16.4 percent over the year-ago eight-month count,

rising from 174,887 to 203,527.

Registrations of Group 2 vehicles declined 32.9 percent over the January-August span, from 1,218,146 in 1978 to 808,313. It was the first time since 1970 that the Group 2 eight-month total had dropped below the million mark.

Group 3, the top end of the light-truck segment, and Group 4, the bottom of the medium category, were the biggest losers in the eight-month period, due mainly to the slump in RV sales.

Registrations of Group 3 vehicles dropped 82.1 percent, from 33,028 units to 5,898, while the Group 4 count was down 63.8 percent, from 4,344 to only 158 units.

Group tallies through August totaled 1,522 units, a decline of 14.7 percent from the year-ago 1,757.

HD registrations for eight months August trail 79

Eight-month registrations of new heavy trucks in the U. S. dropped 2.2 percent below last year's record level, while the August total was down 15.8 percent from 1978, which also was the high for the month.

R. L. Polk & Co. reported that 132,336 new Groups 7 and 8 trucks were registered in the January-August period, compared with 144,155 in the like period in 1978.

August tallies totaled 1,088 units, as opposed to 1,263 in the same month a year ago.

For the eight months, Group 7

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HD registrations trail 1979 levels

Continued from Page 26

registrations over 79 percent higher than a year ago because of the reclassification of many trucks previously classified as Group 6 vehicles. Through August, the count was 52,470, compared with 31,741 in 1978.

Group 8 tallies, on the other hand, were down 37.8 percent from last year's all-time high for the period, 88,804 versus 56,218.

In August, the Group 7 total was up 87 percent from 4,339 a year ago to 8,118. The Group 8 count, on the other hand, declined 37.8 percent from last August's 8,804 to 5,622.

10-month truck sales drop 28.8 pct.

Franchised dealers and factory outlets retained an estimated 2,159,931 new trucks of all types in the U. S. in the first 10 months of 1980, a decline of 28.8 percent from the 3,008,738 sold in the comparable period in 1979.

October sales were down 14.4 percent from the same month a year ago, from 229,200 units to an estimated 197,222. Totals for the month and the January-October period include the non-captive Japanese-built compact pickups, trucks and vans.

October sales held at the October level for the last two months of the year, the total for calendar 1980 will come in at about 2.5 million units, a decline of 22.7 percent below last year's 3,233,795 units.

Sales of the compact pickups as a group were up for October and the 10-month period, but the non-captive Toyotas, Datsuns and Mazdas were down for the month as a group and up for the year.

In October, combined sales of the Ford Courier, Chevrolet LUV, Dodge Ram 50 (formerly called the D-50), Plymouth Arrow, Toyota, Datsun, Mazda and Volkswagen totaled 21,948 units, a gain of 7.3 percent over last year's 20,443.

For the 10 months the total of 447,011 units was 1.1 per-

cent higher than the 392,264 delivered in the same period in 1979.

Dealers for the non-captive

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retailer retained 14,343 units during the month, down 10 percent from the year-ago 17,087. But the 10-month count was up 11.8

percent, from 159,043 in 1979 to 175,113, an all-time high for the period.

The Motor Vehicle Manufacturers Assn. said in a preliminary report that dealers franchised by U. S. truck producers and factory outlets sold 181,690 units in October, a decline of 14.4 percent from last year's 210,000.

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Nov 17/80

Compacts continue to rise in most cases

10-month truck sales drop 28.8 pct.

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cent. The count includes the captive compact pickups.

The 10-month total was 28.8 percent below that for the comparable period in 1979, from 2,807,774 units to 1,916,618.

In October, according to the MVMA report, domestic sales were down in all three market categories.

Light-truck deliveries totaled 17,158 units, off 38.8 percent from the year-earlier 28,039. Mediums were down 28 percent, from 15,828 a year ago to 11,343, and the heavies showed a decline of 17.2 percent, 16,488 units versus 19,928.

On Nov. 1, the number of un-sold trucks in inventory hands was down significantly in all three market segments.

The inventory of light trucks totaled 481,731 units, down 49.4 percent from last year's 952,103. Mediums were off 42.2 percent, from 43,148 to 25,273, and the heavies dropped to 42,730, a decline of 28.1 percent from the year-ago 59,468.

During the month, the Big Three truck manufacturers said their dealers and factory outlets retained 155,397 units, a decline of 39 percent from the 254,619 sold in the same month in 1979.

The 10-month total of 1,703,401 units was 34.6 percent lower than the year-earlier 2,600,249 vehicles.

In October, Ford dealers sold 70,222 units, off 37.5 percent from last year's 112,403. The count included 7,044 Couriers, an increase of 18.8 percent over the year-ago 5,943.

For the January-October period, Ford sales totaled 676,991 units, down 33.8 percent from last year's 1,023,358. Courier sales, however, were 2.1 percent higher, from 58,710 in 1979 to 60,124.

Chevrolet dealers retained 94,848 new trucks during the month, a decrease of 35.3 percent from the year-earlier 146,533. LUV sales were up slightly, from 7,308 units to 7,347.

Through October, Chevrolet sales totaled 948,936 units, of 34.3 percent from the 1,422,007 retained in the like period in 1979. LUV deliveries for the 10 months were down 8.3 percent, from last year's record 82,217 to 75,118 units.

Dodge and Chrysler - Plymouth retained 18,922 light trucks during the month, down 50.6 percent from the year-ago 38,373. The total included 3,910 Ram 50s, up almost 35 percent from last year's 2,110, and 1,328 Plymouth Arrows, an increase of 38.5 percent over the year-ago 960.

For the first 10 months, sales were down 35.8 percent, from 344,842 in 1979 to 221,428. Ram 50 sales were 43.7 percent higher, 29,803 versus 20,688, up 30.7 from last year's 12,708.

During the month, GMC outlets retained 12,206 vehicles, a drop of 38 percent below the year-earlier 19,700. The 10-month count was 126,024, off 35.9 percent from last year's 200,000.

American Motors reported that 5,847 Jeep four-wheel-drive vehicles were sold in October, a decline of 58.1 percent from last year's 14,008. Through October, the total was off 43.8 percent, from 117,244 a year ago to 66,124.

Volkswagen dealers retained 1,727 compact pickups during the month, bringing the 10-month total to 21,682. The vehicle was not available in volume until last January.

Datsun was the only one of the three non-captive truck distributors to report a sales gain in October. However, all three reported increases in 10-month deliveries.

Datsun dealers sold 7,239 units during the month, up 7.2 percent over last year's 6,802. The 10-month total was 13.7 percent higher, 68,118 versus 59,528.

In October, Toyota sales slipped 34 percent, from 9,443 a year ago to 6,229. Through Oc-

tober, the count was 117,404, an increase of 10.1 percent over last year's 106,689 units.

Mazda's October sales slipped almost 3 percent below last year's level, from 230 units to 218. The 10-month count was 2,684, down 6 percent higher, however, 2,844 a year ago to 2,340.

Mercedes-Benz of North America reported a record sales during the month, a decline of 7.5 percent from last year's 344. The January-October count was up 13.1 percent, 2,894 a year ago to 3,260.

Big Three October, year-to-date truck sales

	October		Year to Date	
	1980	1979	1980	1979
Ford				
Vans	3,194	5,599	48,320	149,825
Club Wagon	2,320	2,884	21,100	33,978
Courier	7,044	5,843	66,174	86,710
Bravo	2,270	7,008	23,349	39,208
Commercial Pickups	43,854	72,196	403,496	632,853
Mustang	3,879	8,081	33,075	81,846
Mercury	549	2,154	12,339	23,498
Chevrolet				
Vans	5,525	11,481	76,236	148,426
LUV	1,917	2,098	14,260	28,889
El Camino	7,847	7,508	73,119	95,217
El Cortina	3,008	4,894	24,193	48,149
Blazer	1,509	4,826	22,246	48,827
Safari	928	2,853	13,373	33,206
Commercial Pickups	32,796	49,899	371,478	528,842
Mustang	1,923	3,312	20,871	33,826
Mercury	113	222	1,816	3,216
Chrysler				
Vans	4,323	11,771	58,896	116,994
Viewpoint	416	1,066	3,830	8,831
Ram 50	1,259	1,822	10,844	20,749
Arrow	1,358	189	10,886	12,789
Ram-50	3,910	2,119	28,335	27,703
Truck Dealer	151	655	2,824	4,689
Runabout	410	1,543	6,586	12,325
Commercial Pickups	5,222	14,856	71,207	129,942
GMC				
Vans	1,212	2,912	10,830	36,500
Capdorado	375	62	3,762	5,505
Jimmy	795	818	4,613	10,733
Suburban	212	503	3,720	8,169
Commercial Pickups	4,016	12,889	47,627	143,053
P models	123	296	1,279	3,054
Mediums	178	1,453	21,372	25,497
Heavies	152	1,499	6,500	19,941
Motor homes				376

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EPA proposes regulations for heavy-duty diesel trucks

WASHINGTON.—Heavy-duty diesel trucks would be required to meet a particulate emission standard of 25 grams bhp/hr by the 1985 model year under new regulations proposed by EPA.

Expected to cost the industry from \$248 million to \$413 million over a five-year period, the proposed standards would reduce particulate emissions from heavy-duty diesel engines by 64 percent, EPA said.

Makers of heavy-duty engines are expected to utilize trap oxidizers and internal engine modifications to meet the standards. Much like light-duty diesel makers are doing to meet particulate standards for these vehicles. While such technology does exist today, it has as yet to demonstrate the durability required to meet the standard for the requisite time of five years or 50,000 miles.

Makers of heavy-duty diesels are expected to challenge the stringency of the standards, in particular because EPA's proposed calls for the engines to meet the standard under transient test conditions.

The makers recently went to court in an effort to prevent EPA from going from the present 12-mode emissions test procedure to the more stringent transient test.

The new standards are expected to add \$527 to \$650 to the price of a heavy-duty diesel, although EPA expects the net cost increases the range from \$349 to \$472, given that mufflers will need to be replaced less frequently.

EPA will hold a workshop to discuss the new proposal within 45 days of a place and time to be announced.

Group 7 surge softens decline in HD registrations

As a result of a spectacular surge in registrations of new Group 7 trucks in the U. S., the first-half total for the heaviest dropped only 4.3 percent below the record level of a year ago.

R. L. Polk & Co. reported 99,969 Group 7 and 8 registrations in the January-June period compared with 104,678 units in the same period in 1979.

The Group 7 fallers were up 75.8 percent in the first six months of 1980, from 23,048 a year ago to 40,430. The Group 8 count, on the other hand, fell 23.5 percent below last year's.

Registrations down 26 pct. in first half all markets weaker

First-half registrations of new trucks of all types in the U. S. declined sharply from a year ago, with significant downturns in two of the three market segments and losses in seven of the eight weight classifications.

In the first six months, according to R. L. Polk & Co. statistics, there were 1,302,222 new-truck registrations, a decline of 26.6 percent from the year-ago 1,774,709 and 30.2 percent below the all-time first-half high of 1,868,658 units set in 1978.

The total for June was down 23.9 percent from last year, 210,673 units versus 274,688.

Through June, registrations of light trucks totaled 1,171,955 units, 25.5 percent below last year's 1,563,542. Medium trucks suffered the biggest losses—20,226 tallies versus 74,488, a decline of 59.6 percent. Heavies were off 8.3 percent, from a record 106,679 a year ago to 99,969.

All three light-truck groups were down from a year ago in the first half. Group 1, with its big asset from the growth in demand for the compact pickup trucks, was down only 9.1 percent, from 538,245 a year ago to 478,194.

Group 2 registrations were 26.8 percent below last year's count, dropping from 330,036 to 238,194.

Group 3 total registered 65.4 percent, from 37,038 a year ago to only 2,710 units this year.

From a percentage standpoint, Group 4 was the biggest loser in the first six months. Registrations were down 76 percent, from 4,350 in 1979 to mere 150 units this year.

The dramatic decline in Group 4 registrations was due to a combination of factors, including a decline in demand for recreational vehicles and a sharp drop in registrations of new Group 4 trucks.

Truck registrations off 26 pct. in first half

Truck registrations in the U. S. were down 26.6 percent in the first half of 1980, according to R. L. Polk & Co. statistics. The total for the first six months was 1,302,222, down from 1,774,709 a year ago and 30.2 percent below the all-time first-half high of 1,868,658 units set in 1978.

Registrations of new Group 7 trucks were down 26.6 percent from last year's record high, 1,171,955 versus 1,563,542 units.

For the first six months, Ford van No. 1 in new-truck registrations, with a lead of more than 20,000 units over second-place Chevrolet. Both, however, lost penetration because of the downturn in light-truck sales, which account for 90 percent of industry truck sales.

Chevrolet was the biggest loser, down 1.11 percentage points from a year ago, and Dodge was a close second with a downturn of 1.18 points. The miscellaneous group, on the strength of the compact-pickup market, scored the biggest advance—an increase of 4.49 points over last year.

Group 7 surge softens decline in HD registrations

Level, from a record 51,821 to 58,813 units.

Reclassification of many trucks that previously had been registered as Group 6 vehicles—due principally to operators' switch to the heavier mid-range class—was responsible for the Group 7 surge and a sharp decline in Group 6 fallers.

In the first six months, according to Polk statistics, only 24,800 Group 6 vehicles were registered, a decline of 68 percent from the 64,793 units tallied in the same period in 1979.

June registrations of new heavy trucks in the U. S. totaled 14,756 units, down 16.4 percent from last year's 17,346.

Ford, GMC and Chevrolet, again due to the surge in Group 7 registrations, increased their share of total industry registrations dramatically in the first half. International, the perennial heavy-truck leader, suffered the sharpest decline because of a six-month strike which started last November.

No. 1 Ford's penetration was 7.57 percentage points higher than a year ago. GMC's was up 7.03 points and Chevrolet posted a 4.94 point gain. International's share slumped 14.74 points below the 1979 figure, and the loss in registrations dropped it from first to third in the first-half standings.

	1980	1979	% Change
Ford	415,870	511,222	-19.4
Chevrolet	383,036	30,354	-1.81
Dodge	119,758	3,200	-1.18
GMC	97,633	7,500	-0.75
Jeep	42,526	1,200	-0.88
International	28,744	2,200	-0.90
Plymouth	15,235	1,100	-0.31
Other	11,448	1,688	+2.31
Kenneth	6,443	950	+0.68
Freightliner	6,084	646	+0.69
Meritor	3,947	330	+0.62
White	2,629	230	-0.67
Autocar	574	607	+0.61
Western Star	528	64	+0.61
Volvo	352	600	+0.61
Diamond Reg.	90	0	0.00
Miscellaneous**	154,330	11,800	+4.49
TOTALS	1,302,222	1,774,709	-26.6

	1980	1979	% Change
Ford	25,320	23,541	+7.57
GMC	18,047	18,203	+7.03
International	13,733	15,724	-11.42
Meritor	11,508	11,311	+14.29
Chevrolet	8,822	8,881	+1.11
Kenneth	6,443	6,443	+0.61
Freightliner	6,084	6,084	+0.61
Meritor	3,947	3,954	+0.52
White	2,629	2,653	+0.60
Autocar	574	607	+0.61
Western Star	528	553	+0.62
Volvo	350	335	+0.32
Diamond Reg.	90	0	+0.61
Miscellaneous**	1,831	1,859	+1.72
TOTALS	99,969	104,678	-4.3

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6 NOV 17/80

Sales decline in Canada for cars and trucks

Sales of North American-built passenger cars in Canada dropped 12.10 percent during October, to 71,232 from 81,178. Year-to-date car sales totaled 638,751, down 15.12 percent from 750,219 a year earlier.

Each of the four major auto makers reported sales declines in the 10th month of 1980. General Motors was down 7.20 percent to 42,963 from a record 46,273 a year ago. Ford sales plunged 21.89 percent, to 19,870 from 25,318.

Chrysler reported sales of 10,482 new cars, down 19.83 percent from 11,747. American Motors sales of 2,334 were down 17.05 percent from 2,824.

General Motors earned 59.90 percent of Canada's October domestic-car market, up from 57.00 percent. Ford cornered 22.24 percent, down from 23.02 percent. Chrysler's share of 14.98 percent was up slightly from 14.47 percent, and AMC dipped to 1.30 percent from 1.50 percent.

Canada's truck sales, including captive imports, totaled 27,103 in October, down 23.44 percent from 35,952 for the month in 1979.

AMC Jeep sales dropped 37.42 percent, to 577 from 912. Chrysler sold 2,912 trucks, down 18.70 percent from 3,751. Ford reported truck sales of 6,886, down 17.16 percent from 11,708, and GM sales dropped 22.57 percent, to 12,818 from 16,568.

6 JAN 5/81

Cummins mid-range being dropped by GM
PONTIAC—GMC Truck & Coach Division no longer will accept orders for the Cummins VT333 mid-range diesel engine after Jan. 12. Until then, GMC said, the engine will be available in its CTDO-42 and CTDO84 models. A spokesman said the Cummins engine is being dropped because of "increased cost and projected low sales volume." GMC will continue to offer the Detroit Diesel 8.2 liter and Caterpillar 3508 mid-range diesels.

6 DEC 1/80

18 / AUTOMOBILE NEWS

But trucks set 9-month record

Ford overseas sales show decline of 8 pct.

DEARBORN — Ford Motor Co. and its affiliates sold 1,428,490 cars and trucks outside North America during the first nine months of 1980. The total was 30.7 percent from the peak of 1,668,000 last year. Included in the 1980 total were a record 324,800 trucks, up 6 percent from the previous record set last year.

"A record-setting truck sales performance in an unhealthy global economy is an outstanding accomplishment," said John McDougall, executive vice-president, Ford International Automotive Operations.

Ford car sales for the nine-month period totaled 1,214,600

units, down 11 percent from last year's record total.

"Despite sluggish economies that have brought on a spurt of marketplaces in many parts of the world, Ford continues to hold its own and promises to be even more competitive with new world-class vehicles that already are making their mark," McDougall said.

"We introduced our new European Ford Escort on Sept. 25 and posted 100,000 customer orders by the end of October.

"In addition, Ford has begun a series of public introductions of its new front-wheel-drive Ford Laser in the Asia-Pacific region and in the Caribbean

markets," he said.

"We are confident that these new cars are right for the times and, together with our existing products, will assure that we will maintain Ford's traditional sales leadership outside North America among U.S.-based auto manufacturers," McDougall said.

McDougall said that during the first nine months of 1980: 1. European truck sales of 141,200 units were up 3 percent from last year's total of 137,300, and estimates give Ford leadership of the European truck market with 13.8 percent of total sales. European car sales of 863,600 were down 12 percent from last year's 986,500 while capturing 11.4 percent of the market.

2. Car sales in the United Kingdom of 490,000 represented 30.6 percent of the market, the best January-September penetration ever achieved by Ford of Britain. Curtina, Escort and Fiesta placed one-two-three as the country's top-selling cars.

Truck sales of 68,300—slightly above last year's total—gave Ford 32.4 percent of the British truck market, up 3.5 percentage points from last year, and the highest first-nine-months share since 1968.

3. Combined January-September sales of 315,700 cars and trucks in four Latin American countries — Argentina, Brazil, Mexico and Venezuela—were 7 percent ahead of the same period last year. Sales of 116,400 trucks—a 16-percent increase—led the way.

4. In the booming Argentine market, Ford set first-nine-month records for both volume and market share in both the car and truck markets.

Ford of Argentina sold 54,800 cars, up 27 percent, and took approximately 40 percent of the car market. Truck sales of 33,200, up 44 percent from last year, took nearly 47 percent of the truck market. Combined car and truck sales for the period rose 33 percent.

5. In Mexico, car and truck sales of 64,800 were nearly 10 percent more than the same period last year.

6. In Brazil, combined car and truck sales of 150,000 Ford cars and trucks fell just below the 1979 figure for January-September.

7. In other markets, sales of 41,100 cars and trucks by Ford of South Africa were up 23 percent from last year's combined total of 33,500, and combined sales of 21,100 cars and trucks by Ford of Taiwan were 6 percent from last year's 19,400. Ford sent nearly 13 percent of Taiwan's car market.

8. In Germany, Ford car and truck sales of 263,200 were up 24 percent from 213,700 in the same period of 1979.

9. In Australia, car and truck sales of 30,300 were up 6 percent from 28,000 in Jan-September, 1979.

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