

Chrysler chief sees '86 market as 'dogfight'

By Tim Richard
staff writer

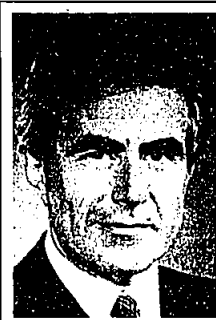
In a "shoot out" war with imported cars, Chrysler Corp. is raising the ante by boosting its five-year capital and product spending program by \$1 billion, says Chrysler Motors chairman Gerald Greenwald.

"Somebody's blood's gonna be on the floor," Greenwald said as he predicted "the consumer is king" in a year when production capacity is 25 percent greater than demand. He placed car demand at 10.5 million and trucks at about 4.5 million.

Chairman of the No. 3 American car and truck manufacturer since Nov. 7, the 50-year-old executive Monday said that "10 percent of the market is up for grabs" — and Japanese, Koreans and Europeans will be eager for a piece of the richest auto market on earth.

GREENWALD TOLD THE Economic Club of Detroit that Chrysler's board has increased its five-year investment plan from \$11.5 billion to a record \$12.5 billion.

That's "about double what we



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—Gerald Greenwald
Chrysler Motors chairman

spent over the past five years at Chrysler, and about triple Chrysler's current net worth as a total corporation."

The investment will be generated from internal cash flow rather than from a stock or bond sale, he said in reply to a question from this newspaper.

Currently, 97 cents out of every \$1 is targeted for North America," he added.

Chrysler's Warren plant has a major role. It will produce a mid-sized pickup truck called the Dodge Dakota. "And that's appropriate because we plan to shoot it out with the im-

ports with Dakota," he quipped.

CALLING 1986 a watershed year, Greenwald said it will decide "whether companies like Chrysler can continue to make record investments in America, or whether the entire industry will become increasingly dominated by foreign sourcing."

He said a challenge for America producers will be "how to take \$2,000 out of the cost of a car by the end of the decade. God help the employment level in this country" if they fail.

Greenwald boasted that Chrysler is the lowest-cost American producer and intends to be competitive.

In 1985, he said, Chrysler boosted its share of the market from 11.6 percent of the market to 12.2 in the face of competitors' incentive programs and increased Japanese shipments.

Chrysler's bigger piece of the pie was cut primarily out of General Motors', he said, because Ford's percentage share remained flat and imports were up.

BUT 1986 will be even more of a "dogfight," spelling out how foreign

competitors could boost their share of an essentially stable market by 10 percent.

• "The Japanese, freed of restrictions, could capture an additional 5 percent of the U.S. market just this year.

• "The Koreans, with their \$2-an-hour labor rates, could take 2 percent of the market right out of the blocks in '86.

• "And transplants — that is, foreign-designed cars just assembled here in America — could grow from 4 to 6 percent penetration."

Some hope, he said, could come from the strengthening of the Japanese yen — a change that would make Japanese goods more expensive here, and American goods cheaper in Japan.

GREENWALD IS a little known figure. With one degree in economics from Princeton and a second from Wayne State University, the St. Louis native joined Ford in 1957, rose through its financial ranks in Brazil, Venezuela and France, and followed Chrysler Corp. chairman Lee Iacocca to Chrysler in 1979.

Greenwald is responsible for all of Chrysler's automotive operations worldwide.

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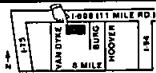
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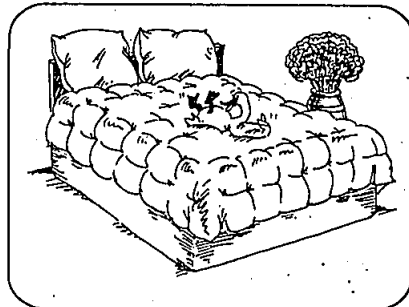
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