

GM CEO Sees U.S. Auto Industry Gains in 2015

Growth To Be Bolstered By Younger Buyers, Lower Fuel Prices



General Motors CEO Mary Barra says an improving economy may increase U.S. industry sales to as many as 17 million vehicles this year. *GETTY IMAGES*

By **JEFF BENNETT**

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General Motors Co. Chief Executive Mary Barra sees U.S. auto and truck sales growing as much as 3% this year, bolstered by younger buyers, strong economic conditions and lower fuel prices. “The U.S. economy and vehicle sales have been rebounding since 2009, and we believe there is still plenty of room for the auto industry to grow,” Ms. Barra said in a statement. “The strength of the labor market, better job security and the recovery in home prices have consumers feeling pretty good about the future.”

Ms. Barra estimated 2015 light-vehicle sales of between 16.5 million and 17 million in the U.S., compared with 16.5 million sold last year. The 2014 tally was the highest level since 2006. The last time the industry hit sales of 17 million was in 2001.

GM expects to see the return of younger consumers to the market this year. While auto makers have been enjoying a boom in demand, difficulties finding jobs and higher prices for both new and used cars kept many of these younger shoppers away from showrooms.

For GM, the year gives Ms. Barra a new chance to shift attention back to the auto maker's products and away from vehicle recalls that engulfed her first year as CEO. GM's share price fell 14% over the course of 2014.

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—General Motors Chief Executive Mary Barra

The auto maker issued 84 separate recalls last year covering more than 30 million vehicles in a stronger focus on safety in the wake of its botched handling of its ignition-switch recall. A total of 42 deaths have been linked to the faulty ignition switch, although that number could still go higher. The company's handling of the matter is being investigated by several groups, including the Justice Department.

“Last year was a year nobody expected, and it was a disappointing year,” Ms. Barra said. “We will continue to do the right thing and I want GM to be the leader when it comes to safety.”

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GM sales are now benefiting from strong demand for its new pickup trucks and full-size SUVs. It also has been helped by Ford Motor Co.'s transition to an aluminum-bodied F-150 truck. GM also is focusing on turning around unprofitable operations in Europe and keeping sales growing in China amid a weaker economy.

The company still faces challenges in a weak South American auto market and its luxury Cadillac brand remains sluggish in the U.S. The brand announced on Wednesday it would cut the sticker prices on some of its CTS models, after dealers and customers said the pricing was too high.

“We have a defined plan [for Cadillac] and we are going to stick to it,” Ms. Barra said without addressing the price changes. “We realize we have work ahead with the brand, but we will stay disciplined. There was a time when Cadillac stood for luxury.”



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Morgan Stanley auto analyst Adam Jonas, earlier this week raised the possibility that GM's shares could hit \$40 in the current quarter. He said the company's product portfolio in the U.S. is best suited for what may be a year of cheap gasoline.

Shares of GM have been hovering in the mid-\$35 range after dropping as low as \$29.79 in early October. GM shares began trading at \$33 in November 2010 after the company conducted an initial public offering following its 2009 bankruptcy. The stock was up 1% at \$36.22 in midday trading Thursday.

Separately, Ms. Barra said she recently met with United Auto Workers union leaders. While she declined to address the union's goal of eliminating two-tier wages, or paying new hires less than veteran workers, she said the goal is to “make sure we are on par and competitive” with other auto makers.

GM's union labor contracts expires in September and formal talks are expected to begin in coming months. She echoed recent UAW comments that suggested a strike of any kind later this year should be considered a failure to cooperate.