

Article rank ■■■■■**AUTOMOTIVE****CHRYSLER SLASHES PRICES****CARAVAN DOWN \$6,496**

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TYLER BROWNBIDGE /  
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**GM vice-president Larry Burns stresses the importance of understanding the complexity of the oilsands.**

Hungry to maintain sales momentum in a market it says has never been more competitive,

is dropping its Canadian vehicle prices aggressively amid new evidence the economy may be weakening.

The automaker will roll out a marketing program today offering 13 of its vehicles for a base price of under \$20,000. The starting price of its Grand Caravan minivan will fall by \$6,496 to \$19,999, according to information provided by the company. The base price of its smallest car, the Dodge Caliber, will drop by \$3,000 to \$12,995.

"I'm not letting up. Definitely there's been more price competition in the Canadian marketplace at the beginning of this year than there ever has been," said Reid Bigland, Chrysler Canada president. "We think offering that many products at under a key psychological threshold of \$20,000 is significant. Our research has shown that's the sweet spot that the majority of Canadians can afford to purchase a product."

Chrysler's lower prices come as Canada's economy shows signs it is not escaping the pain being felt in the United States. The economy shrank unexpectedly by 0.2% in February, Statistics Canada reported yesterday, defying forecasts that it would expand by 0.2%. The weakness was heaviest in wholesale trade and manufacturing, the agency said. But the oil-and-gas, financial and retailtrade sectors all declined. JPMorgan cut its projection for first-quarter Canadian economic growth to zero in response.

Whether that weakness will show up at Canadian dealerships in a significant way remains to be seen. After a strong January and February, during which sales were tracking at record levels, new-vehicle buying softened in March to an annualized rate of 1.65 million units, Carlos Gomes, Scotiabank Group economist, estimated in a report yesterday. Automakers report April sales figures today.

Chrysler Canada will report its 21st straight month of year-over-year sales growth when it releases its tally, a record for the company, Mr. Bigland said. Chrysler last year passed Ford as the No. 2 carmaker by sales in Canada.

"They don't want to go backwards. They've got to keep that momentum going," said Chris Travell, vice-president of Maritz's automotive research group. "In an environment in which there's a lot of negativity, they're coming out all guns blazing on this one."

Mr. Bigland said the possibility a U.S. slowdown could spill over into Canada did not affect Chrysler's decision to cut prices. He said the strength of the Canadian dollar in the past year has allowed Chrysler Canada to offer discounts that were previously not possible.

Several carmakers have lowered prices in recent months to adjust to a stronger loonie.

cut the price of its Accent small car to \$9,995, the first time in years a vehicle has been offered in Canada for under \$10,000. It also cited the importance of the psychological price barrier in attracting buyers.

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