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EDITORIAL: Attention *Wall Street Journal* - Ford does not use Toyota's hybrid system!

EDITORIAL

by Sam Abuelsamid on Jul 5th 2009 at 3:10PM



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In a
recent
op-ed
piece

published in *The Wall Street Journal*, Alan Reynolds of the Cato Institute starts by making a few decent points about fuel taxation and fuel economy rules. Unfortunately, he undermines himself with some blatant errors and misinformation. In discussing how Detroit automakers will deal with new fuel efficiency requirements, he makes the all-too-common mistake of referring to Ford's hybrid system as licensed from Toyota ("Similarly, Ford has the Toyota-licensed hybrid Fusion and will soon produce the European Ford Fiesta in Mexico").

The reality is that Ford independently developed its own hybrid system at the same time Toyota was masterminding its own. The basic architecture of both systems is the same and both are based on the concepts developed and patented by TRW engineers in the late 1960s. When Ford introduced the Escape Hybrid, Toyota went after the Blue Oval for infringing on its patents. Ford had patents of its own on the technology that Toyota was using. Eventually, the two companies reached a cross-licensing agreement that gives both companies the right to build their own systems. Such cross-licensing agreements are common in these kinds of cases, but Ford *did not* use the Toyota hybrid system. The only other company that uses Toyota's system is Nissan for its Altima hybrid, and they actually buy hardware from Toyota. We continue deconstructing Reynolds' arguments after the jump

[Source: **Wall Street Journal**]

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Reynolds explains that Toyota can sell big fuel-guzzling vehicles like the Tundra and Lexus LS because it also sells efficient vehicles like the Yaris and Corolla. While this is partly true because the fuel efficiency of the small cars does offset the higher consumption of the bigger vehicles when calculating the company's fleet average, there is more to the story. Toyota's big trucks have not been nearly as commercially successful as any of their domestic competitors. As a result, the penalty isn't nearly as big to offset. This is even more true for Nissan. Lexus' LS also sells in comparatively small numbers, with only 20,255 units moved in 2008.

The author does give due credit to Ford for its upcoming Fiesta and Chrysler for the Fiats it will soon sell, but goes on to trash General Motors for the upcoming U.S. market Cruze, a car which no one has driven yet. This is certainly disingenuous, since there is no guarantee that the Fiats will be any better than GM's offerings. We've driven the Fiesta and it's a great little car and the new Focus will likely be very good as well.

While the current Aveo leaves a lot to be desired, it's at the end of its life-cycle and will be replaced by the end of next year with a new American-built car. The Aveo replacement may be joined by the even smaller Spark, which should help matters.

The main point of Reynold's treatise is a complaint about fuel economy standards being an ineffective means to influence fuel consumption. To a large degree, he's correct as CAFE has limited influence unless fuel prices rise. Simply controlling what's supplied by automakers does not guarantee consumers will buy more expensive, fuel efficient vehicles. Reynolds advocates adjusting the taxes on fuel to make it equal on ethanol, gasoline and diesel at 24 cents a gallon.

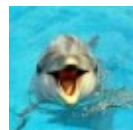
While taxes could be adjusted, they will need to go substantially higher than Reynolds' suggestion if they're to have any real impact on consumer behavior. *Thanks to Reuven for the tip!*

Reader Comments (Page 1 of 4)



KeatMP 3:13PM (7/05/2009)

The Wall Street Journal and cars absolutely do not mix.



naggs 3:30PM (7/05/2009)

and newspapers wonder why they are dying...

maybe it has something to do with the fact that they have to be corrected by blogs

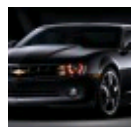


geo.stewart 3:35PM (7/05/2009)

What? A journalistic article with false statements? NO way! Our nation's journalists are surely above reproach. I'm sure they do THOROUGH research and NEVER allow personal or corporate agendas to slant the intent of an article.

Why, if they did that, they could sway the opinions of the public that would rely on them for information. Imagine if the people actually questioned the news and researched some of the stories, or required to see the questions and

tactics used in 'unbiased' polls.



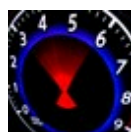
Tdogg 3:52PM (7/05/2009)

Or they're just trying to make Toyota look superior again, cause, you know, the Japanese do everything right. They invented the world's first biodegradable bumpers and use them on the Tundra!



artandcolour 4:56PM (7/05/2009)

AruthK: the new york times is my favorite newspaper, arguably the most important paper in the USA, one of the top 5 in the world, read it everyday, but it's written by human beings. i've worked in and around the newspaper/magazine world for more than 30 years. the important part of a newspaper 'of record' is it's quickness and decisiveness in correcting the record when they make mistakes. the NYT has a great track record of printing errata and/or clarifications. that being said, i've found their coverage of automobiles in general to be quite poorly written and researched, as if it was too 'low class' to put a decent reporter behind their stories. i've also found quite a Toyota bias in their reporting, which is i'd say, the result of putting younger and less experienced reporters on those stories, writers more apt to use their inherent bias rather than any world-class reporting, to fill out stories. then when it gets to the editor's desk, a cursory glance is all a 'car' story merits in their opinion. i'm always dismayed when this behavior goes on and on, whether it's their Sunday automobile section or front page bankruptcy stories. tell me, how many stories in the NYT have even mentioned that Toyota is bleeding cash as fast as our domestics have, or that imports have lost as much, if not more market share, as the domestics? very, very little, and they really owe the industry and their readers, a better job of reporting the factual news.



some1 5:28PM (7/05/2009)

@AruthK

so i guess your forgetting the part where it says that toyota also uses some Ford based tech... and thats why they agreed to the cross...

just because their systems are similar, and just because ford may use some supplier parts that toyota has some stock in, does not mean Toyota is keeping ford afloat...

I guess the T56 being put into many domestics, means that the D3 use each others tech! when infact, they just buy from the same supplier



Boudu 5:32PM (7/05/2009)

Unfortunately, Autoblog and accurate automotive information don't mix as well. This includes this article. In fact, the main argument presented within the article is about fuel standards and GM, instead we have this flame-bait clicker-catcher title of "Ford does not use Toyota's hybrid system!"

Its true that the Fusion's battery technology is independently developed, and that the there is a cross-licensing agreement which gives Ford hybrid technology and Toyota diesel technology, but the devil's in the details.

For instance, there is the assertion within this editorial that electromechanical transmission developed in the 60s by TRW is the basis for modern day hybrid technology. In fact its this sort of one-dimensional thinking that is also the flaw of the WSJ article. Modern hybrid technology isn't a singular technology, putting an electric motor within the transmission isn't the key technique development of a hybrid. Rather its the combined accumulation and synergy of multiple different technologies that make a hybrid; battery, electronics, computer, etc.

And really those multi-dimensional amalgam of technology, intellectual rights, as well as legal issues that are the

core of Toyota-Ford deal. Beyond that, the general assertion of the WSJ article is correct that "a higher gas tax is a better way to get green cars on the road." and that "fuel standards are killing GM".



AruthK 3:18PM (7/05/2009)

"The Ford Motor Company will license hybrid technology from the Toyota Motor Corporation in a deal that could help establish Toyota's system as a standard for the industry." - New York Times Article written in 2004

You gonna tell me the NY Times is wrong as well?

Ford in fact does use some Toyota hardware in the cars such as Aisin 6-speed gearboxes and Toyota CVT's.



Diego3336 3:24PM (7/05/2009)

"Ford had patents of its own on the technology that Toyota was using. Eventually, the two companies reached a cross-licensing agreement that gives both companies the right to build their own systems. Such cross-licensing agreements are common in these kinds of cases, but Ford did not use the Toyota hybrid system."

What part of this quotation did you not understand?



AruthK 3:56PM (7/05/2009)

I wasn't quoting this article, I was arguing against using info from what is arguably a much more trustworthy source - the NY Times.

I think the fact that ruffles the feathers of people like you most is that Toyota was in fact the first to commercialize hybrid tech in passenger vehicles and all others later followed suit.



psu48187 4:10PM (7/05/2009)

AruthK: Aisin AW is not wholly owned by Toyota. The CVT and 6 speed autos are made by Aisin, and not Toyota. So what is your point?



why not the LS2LS7? 4:09PM (7/05/2009)

AruthK:
Honda was first. The Insight was the first hybrid car in the world, it debuted in Japan before the Prius did.



Dean 4:19PM (7/05/2009)

What CVT's? The CVT in the Five Hundred/Freestyle was a joint venture with ZF (IIRC), and the CVT in the Fusion Hybrid is not Toyota.



Obviously DaMinority 4:24PM (7/05/2009)

HA HA HA HA HA HA HA HA.

Oh, AruthK you kill me, the NYT trustworthy... Ah ha

Um ha

Ahhhhh

Man that was good...



AruthK 4:26PM (7/05/2009)

@psu48187 Aisin is part of the Toyota Group, even though it operates independently, it is still majority owned by the Big T.

@why not the LS2LS7? The Insight may have been first, but it wasn't very practical or very well done.

I just find it typical that a blog with such an anti-Toyota bias, would deny that the Prius was the biggest step forward for hybrid tech and is instead insinuating that this achievement should be associated with Ford. How ignorant.



AruthK 4:31PM (7/05/2009)

@Dean The Escape Hybrid's CVT was made by Toyota.

The Fusion's 6-speed automatic is made by Aisin - a Toyota Group Company.



psu48187 4:38PM (7/05/2009)

I asked what your point was. I'm aware of the relationship that Aisin AW has with Toyota. Aisin manufactures a lot of transmissions for a lot of manufacturers. By pointing out that Ford sources transmissions from Aisin does not indicate that Ford is sourcing tech from Toyota.

So again what was your point? BTW Ford has an in house 6 speed co-developed with GM, and I'd be willing to bet that as soon as the manufacturing agreement expires with Aisin all Ford's with 6 speed autos will be sourced in house.



psu48187 4:52PM (7/05/2009)

And actually the 2010 Fusion/Milan/MKZ doesn't use an Aisin 6 speed I believe.



AruthK 4:57PM (7/05/2009)

@psubunchofnumbers As far as anyone is concerned Aisin = Toyota. That's the relationship. If Ford is buying transmissions designed and manufactured by Aisin, they're buying for Toyota. Do I need to explain this to you further?

And as far as design Ford's own 6-speed transmission goes I'd say good for them. They'll probably proclaim as the world's greatest automotive achievement. Lexus (A Toyota Group company) is already building 8-speed transmissions and as usual, are far ahead technologically.



AruthK 5:01PM (7/05/2009)

I suppose all this doesn't make any difference to Toyota, as they make money on every Ford sold with an Aisin parts.

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