

Sundown so soon?

Just when America finally gets some really good diesel engines, automakers start giving up on the technology.

ONLY A FEW MONTHS ago, the diesel engine's momentum in the States seemed as unstoppable as its mighty torque and all-day driving range. Now, its prospects here have suddenly dimmed: with American and Japanese automakers switching off the lights on announced programs, the Germans are virtually alone in tending the oil-burning flame.

Honda, Nissan, Ford, and General Motors have all canceled previously announced plans for U.S.-market diesel models. Subaru hasn't officially nixed diesels but says it is now focusing resources on hybrids instead. The casualties include diesel versions of the Acura TSX, the Nissan Maxima, the Ford F-150, and the half-ton Chevrolet Silverado/GMC Sierra.

The message is clearer than the ticking idle of a Volkswagen Jetta TDI—diesel defectors see little future for the technology in the United States. Executives say they've been spooked by volatile diesel prices and by the high costs to design and build diesel engines and their complex emissions controls.

GM indefinitely delayed its 4.5-liter Duramax turbo-diesel program despite spending tens of millions of dollars to develop the new V-8 for its full-size pickups and SUVs. Executives say that whatever diesels can do to help GM meet CAFE standards can be done at a lower cost with gasoline engines by employing improved transmissions, turbocharging, and direct injection.

High technology costs, along with market studies showing that many Americans were still skeptical or unfamiliar with diesel, also led Honda to abandon its diesel program.

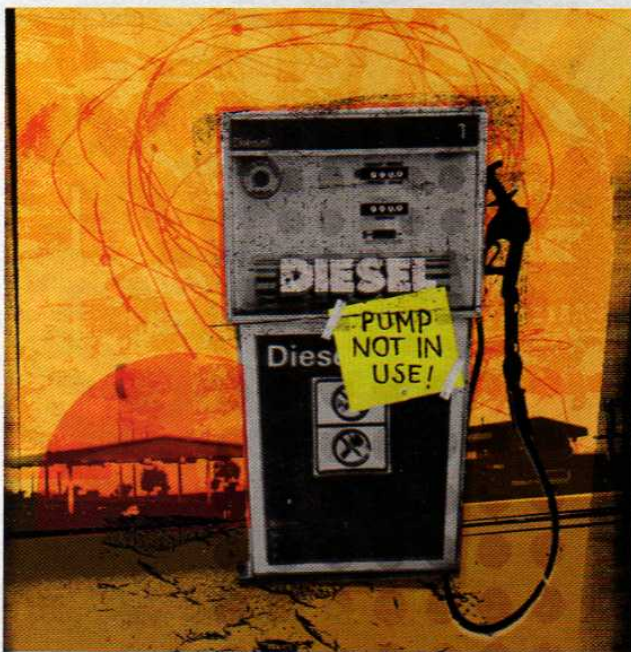
"Beyond the German-car fans, Americans didn't seem to embrace the idea fully," said Christina Ra, a Honda spokesperson.

GM and other automakers say that diesel makes sense for models in Europe, where its popularity has been driven by high gasoline taxes and other government incentives.

But here, diesel fuel is often more expensive, and that has made

automakers leery. Combine a global shortage of diesel refining capacity and a troubling spike in demand for "middle distillates"—not just diesel but also jet fuel and kerosene—with flat U.S. gasoline demand and a glut of supply, and the diesel price crunch may be just beginning. In fact, everything that gives diesel an edge in Europe, from high gasoline taxes to the Continent's refining infrastructure, is reversed in America to favor gasoline.

The defections leave only Mazda among major Asian and American brands. Robert Davis, Mazda's North American product chief, said Mazda may offer a new 2.2-liter turbo-diesel in U.S. models, likely beginning with its CX-7 or CX-9. Among the diesel-loving Germans, BMW and Mercedes-Benz have green-lighted four-cylinder diesels for U.S. models that likely will include the BMW 3-series, X3, and X1 and the Mercedes C-class and GLK. And Volkswagen has been cheered by higher-than-expected sales of its diesel offerings. These makers



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may be joined by Mahindra, the Indian manufacturer, which still intends to market a diesel pickup here sometime in 2010.

Diesel's special allure to enthusiasts, of course, is its promise of megamileage with little sacrifice in performance. That technological promise isn't broken. But it's fair to wonder how many Americans will ultimately enjoy diesel's gift if it most often comes wrapped in an exclusive German box. — LAWRENCE ULRICH