

# Yugoslav car firm chooses Markham

By ALEX LAW

Yugo Cars of Canada has chosen Markham as its office site and is busy selecting dealership locations to begin selling its \$6,000 Yugoslavian-built cars this spring.

President and principal owner Don McArthur says two of the front-wheel-drive, three-door Yugo GLs will be at the Toronto Auto Show from Friday, Feb. 20, to Sunday, March 1.

While prospective buyers ogle the cars in the Metro Toronto Convention Centre, Mr. McArthur and his growing head office staff will be busy signing up and training the 10 dealers who'll be selling and servicing the vehicles this spring.

By the end of the year Yugo plans to have another 10 dealerships, mostly in the Golden Triangle and Montreal areas.

## 100 formal applications

"We've had literally hundreds of enquiries for dealerships," Mr. McArthur says, "and about 100 formal applications."

The first dealerships will mostly be "stand alone" operations, though Mr. McArthur sees no problem with Yugo dealers carrying other cars, so long as "they're not selling sub-compacts for under \$7,000 — Hyundai, for example."

Mr. McArthur says when the vehicles brought in from the Soviet bloc are excluded, the Yugo is at the bottom of the import price list — meaning Japanese, Korean and Western European cars are more expensive.

When talking about Yugoslavia's political status, he's very forceful: "It's not a Soviet-bloc country," he says. "It's neutral and independent. It's not part of the Comicon (the equivalent of the European Common Market), and not part of the Warsaw Pact."

## Emphasis on exports

Yugoslavia is known as a non-aligned Communist country. Further, Mr. McArthur maintains that the government there has spent a "significant amount of money in automotive development" because it knows how important an export item cars can be.

The Yugo, he maintains, is a "unique and original Yugoslavian design, with technology that's tried and true after 20 years of manufacture."

Some of that technology includes a 1.1-litre, transverse-mounted, overhead-cam engine that turns out 55 horsepower at 6,000 r.p.m.

It has four-wheel independent suspension, MacPherson struts

in the front, rack and pinion steering, and a four-speed stick shift.

In Canada, the four-seater Yugo is an unknown quantity, but in the United States critical response has been cool.

## Road test results

In its annual road test issue, Road & Track magazine ran the Yugo up against 11 other economy cars, all of which can be bought for under \$7,000 in the U.S.

After Road & Track's tests, the Yugo "was dead last in 14 of the 20 ratings, and as a new car it just doesn't come close to the others."

It's low U.S. cost (\$3,990) was noted as a strong feature, though "it's too early to assess even more important aspects of

durability and resale value."

In the chart outlining tester preference, the Yugo was last when the considerations were "price-independent" and last when the considerations were "price-dependent."

On the plus side, the magazine noted that the Yugo's "rough, simple appeal makes it kind of fun to look at," and its handling characteristics were judged to be "several cuts above a couple of its rivals."

## Expectations high

Mr. McArthur expects to sell 3,000 Yugos between now and the end of the year and is hoping to increase that to 7,000 in 1988, when supply loosens up.

At the moment, the Yugo carries a one-year, 20,000-kilometre factory warranty, but

Mr. McArthur is "looking at extended warranties for more than one year."

Yugo Canada service personnel are in Yugoslavia now, learning how to service the cars, and when they return they'll open up a school in the Markham factory to train the dealer network's mechanics.

They'll have plenty of parts to work with, Mr. McArthur says, because of his insistence that the dealers have three months worth of stock on hand. Head office will carry eight month's worth of parts, and there's twice-a-week flights from Belgrade if an emergency shortage occurs.


The warranty on Yugos bought in Canada is valid in the United States.



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