

Navistar puts emissions debacle in rearview mirror, sets sights on future

MaxxForce 15 won't be part of Navistar's ICT+ product line

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SALT LAKE CITY, Utah -- Navistar International won't apply SCR to its 15-litre MaxxForce engine and will instead lean on Cummins for its high-horsepower requirements, Jim Hebe, senior vice-president of North American sales operations confirmed during a press briefing here today.

It's the first official confirmation that the company won't pursue its own 15L engine once it uses up its remaining emissions credits and can no longer pay non-conformance penalties for engines that don't meet EPA2010 emissions standards.

"Our intention is to continue to build them as long as we can and then phase into the Cummins ISX15," Hebe told a small gathering of truck journalists here today. "It's a shame, it's a great engine."

Hebe said anticipated demand for the 15-litre MaxxForce would not support the cost of further developing the engine and applying SCR exhaust aftertreatment to it. International will focus on its higher volume MaxxForce 13 engine, which will combine selective catalytic reduction (SCR) exhaust aftertreatment with Navistar's in-cylinder solution to form what it has dubbed In-Cylinder Technology Plus (ICT+).

Officials indicated Navistar is already building International trucks with Cummins engines and that the existing Memorandum of Understanding between the two companies will soon become an official supply agreement.

Hebe provided some insight into what went wrong with Navistar's EGR-only emissions strategy. He still believes pursuing a non-SCR emissions solution was the right call, however he admitted it was a mistake for the company to put all its eggs in one basket.

"Two decisions were made in this company in August 2008," Hebe said. "One was to go EGR and the other was to go it alone. The decision to go with EGR was not the wrong decision, but the decision to go it alone was the wrong decision. What really, in the end, created the biggest issue was not EGR, it was that we ran out of time and we ran out of credits. If we had stuck with

a partner in the engine business, we would have had more time to develop our in-cylinder solution and probably at the end of the day, we would've gotten that. That's water over the dam now."

Navistar has been hosting more than 700 dealer reps at its Vocational Boot Camp in Salt Lake City over the past few weeks, and Hebe said dealers are clearly more comfortable with the company's current path.

"We're headed in the right direction, with the right strategy in terms of engines," Hebe said. "They're (dealers) confident in the financial position of the company and these guys are willing to do whatever it takes to help this company be successful."

When asked by *Truck News* how the manufacturer will stay cost-competitive, having absorbed the cost of researching, developing and implementing two very costly technologies (advanced-EGR and now SCR), Hebe admitted it will be a concern for Navistar in the near term but emphasized the costs won't be passed onto customers. Within about two years, Hebe said, many of the costlier components of the company's advanced-EGR system can be removed from the equation.

"Theoretically, we should be able to eliminate some of the costs incurred in the engine technology when we go to SCR," Hebe explained. "A lot of the stuff that was instrumental in advanced-EGR will go away. For the first year, we'll be challenged and our customers are not going to bear the cost of that. Our intent is to do what we have to do to keep ourselves competitive in the marketplace until we can eliminate a lot of the expensive componentry required for advanced-EGR."

Examples of costly technologies that can be scaled back include: larger, more complicated EGR coolers; EGR piping; turbochargers; and cooling systems.

"We can downsize the DPF now and there are a lot of things we can do to take costs back out over the next two years," Hebe said, adding doing so should result in improved fuel economy.

While Hebe vowed Navistar will be more open and transparent in its communications with industry going forward - and lived up to that promise under questioning from journalists today - the main focus of the Vocational Boot Camp was on the company's broad vocational truck portfolio.

The company has had 55 trucks on-hand for dealers to drive - including competitive models - and has been showcasing recent additions to the company's product line, notably a sloped-nose WorkStar and new, higher-end interiors. Hebe said the idea is to train sales folks on the strengths and weaknesses of all vehicles in the marketplace, so that they're better equipped to provide credible information to customers.

He also said the company is renewing its focus on the vocational truck market, where Navistar has traditionally been very strong.

“We’re really a vocational truck company,” Hebe said. “We have made the absolutely conscious decision that we’re not going to give up our leadership position in the vocational markets and that’s why we’re here.”