

# LUBE REPORT

## Industry News from LUBES-n-GREASES

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### Ford Pulls the Plug on Mercon

By Lisa Tocci

For over a decade, Ford Motor Co. has licensed its trademarked Mercon automatic transmission fluid for the service-fill marketplace. Last week, the automaker announced it is going to retire that specification, in a move designed to encourage the lubricants industry to embrace its replacement, the stringent Mercon V spec.

Speaking April 4 in Dearborn, Mich., to the SAE Technical Committee 3 on ATF, Gear Oils and Greases, Ford's Chintan Ved announced that effective July 1, no new Mercon licenses will be issued. All remaining Mercon licenses will expire on or before June 30, 2007, leaving a clear field thereafter for Mercon V.

Ved, based at Ford's Automatic Transmission New Product Center in Livonia, Mich., is the company's lead development engineer for ATF. He noted that although his company has recommended Mercon V for all vehicles for the past seven or eight years, most Ford models on the road continue to be serviced by Mercon. Mercon V, however, is a far better product that more closely resembles the factory-fill ATF which Ford has used for over eight years. It requires the use of a more shear-stable viscosity index improver, and Group II or Group II-plus base oil to meet its viscosity and oxidation targets.

"All transmissions recommending Mercon ATF can now be serviced with Mercon V," Ved later told Lube Report. "Mercon V is a tighter specification, requiring better anti-oxidation, antiwear and anti-shudder properties from service-fill ATFs. We are doing this because we want to ensure our customers get the better fluid."

"We are in the process of sending official letters to all our licensing program participants, advising them of the change," he continued. Ford also licenses Mercon SP, for servicing its six-speed automatics, and that will not change. In all, Ford has some 450 products under its three current commercial licenses (Mercon, Mercon V and Mercon SP). Fees to license Ford's Mercon trademarks ranged from \$2,000 to \$3,000 per product last year, depending on whether the license holder is an original formulator, a reb blender, or a rebrander.

ATF represents about 13 percent of the U.S. automotive lubricants market; after engine oils it is the second-largest volume of product sold. ATF sales have grown steadily over the past 10 years, as the nation's

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vehicle population grows and automatics continue to displace manual transmissions. Respondents to the National Petrochemical and Refiners Association's 2004 Report on U.S. Lubricating Oil and Wax Sales said they sold 197 million gallons of ATF, versus the 167 million gallons reported in 1998.

Mercon V today represents 10 percent of this volume, versus just 1 percent in 1998. However, by far the most popular ATF continues to be Dexron/Mercon fluid, which can meet the basic Mercon spec as well as requirements for General Motors' trademarked Dexron III fluid. NPRA data shows that around 59 percent of ATF sales in the United States meet both Dexron III and Mercon.

Last July, however, General Motors announced it was closing the door on its Dexron III category, and planned to license only Dexron VI in the future. Its Dexron III licenses all will expire on Dec. 31, 2006. Like Mercon V, Dexron VI is a more robust and shear-stable product, and requires the use of Group II or II-plus base oils. The two are different enough in shift and friction characteristics, though, that GM's move doomed the Dexron/Mercon confluence.

For those blenders who have been waiting for the other shoe to drop, Ford now has inked an end-date for regular Mercon ATF licenses. After June 30, 2007, blenders will be able to claim their products meet Dexron VI or Mercon V – but only separately.

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