

As they go electric, auto giants vie for tiny US prize

DETROIT: The auto industry's push into electric vehicles is turning an important corner in 2017 with the arrival of longer-range, battery-powered cars at more accessible prices.



Chevrolet Bolt EV

Manufacturers and investors clearly are buying into an electric boom near-term, pouring billions of dollars into the development of new battery technologies and announcing new lines of alternative drivetrain vehicles. But it remains to be seen if the interest of US consumers justifies the increasing competition for a small sliver of the market.

This year could see as many as 20 new and updated electric cars models on US showroom floors, Kevin Riddell of the research company LMC Automotive told AFP.

With worldwide pre-orders of nearly 400,000 units, Tesla expects to release its new Model 3 later this year, priced far below the company's higher-end models at \$35,000. The all-electric Chevrolet Bolt EV, with a range of 380 kilometers on a charge, comes in under \$30,000 - after a federal tax rebate - and already is on the market in two states with a nationwide roll-out expected in the spring.

And yet, like a giant doing a high dive into a bucket of water, the auto industry is racing to capture a market that, in the United States at least, is minuscule and not expected to explode anytime soon.

"It seems like they're always adding new competitors in the market and they're not dropping out at nearly the same rate," said Riddell said.

In a year when American consumers bought a record 17.6 million SUVs, light trucks and internal combustion cars, the share of electric vehicles may in fact have dropped, he said.

"We expect 2016 to close at 2.8 percent," said Riddell, which would be a tenth of a point lower than 2015.

After excluding hybrid electrics which use some gasoline, such as the long-established Toyota Prius, US sales are even smaller. In the first 10 months of 2016, battery-electric vehicles represented only 0.43 percent of cars sold in the United States, Ivan Drury, a senior analyst at Edmunds.com, said.

A survey this month by consulting firm McKinsey, indicates interest in electric vehicles among car buyers in polluted, power-hungry China has tripled interest since 2011. But in the United States, while 96 percent of consumers are aware of electrics, only about four percent ever buy one.

A major reason auto makers produce electrics is to comply with government regulations: 10 US states have adopted California's standard requiring companies with annual sales of more than 60,000 units to ensure 14 percent of those vehicles meet zero-emissions requirements, according to McKinsey.

This has led to the phenomenon dismissively referred to as "compliance cars", electrics marketed often at a loss merely to meet legal requirements, and often only in parts of the United States where such sales are required.

But there are reasons to expect a turn around.

Darin Gesse, the General Motors product manager for the Chevrolet Bolt EV, said the new car was squarely aimed at the broader American market. "This is not a compliance car. It was designed for the entire nation, all 50 states," he told AFP in an interview.

The vehicle's extended range - it beats the Nissan Leaf by more than 160 kilometres on a single charge - and low price could create a "tipping point" for the consumer, he said.

Daily commuters who charge the vehicles at home overnight may almost entirely eliminate the need to go out of their way to find charging stations. "You treat it like a cell phone," he said. "I get out of the car in the morning, I'm not really concerned about charging."

Chris Theodore, a former Ford executive who served as one of the judges who named the Bolt EV Motor Trend's 2017 Car of the Year, told AFP the Bolt was a "breakthrough" for the non-luxury market, with "excellent" performance. "Really the Bolt is the only pure electric vehicle out there that you can drive like a normal automobile," he said.

Auto analysts say the tipping point Gesse refers to could happen as consumers learn of the advantages of lower-cost, higher range electrics - meaning manufacturers cannot risk being left behind.

Jack Nerad, executive market analyst at Kelley Blue Book, said another factor is helping the market. "There is also the desire never to be caught out. Develop something in case the market catches fire," he said.

Source: AFP