

CEO: Mercedes may miss emission goal if electrics don't sell

January 15 2018, by Tom Krisher



In this Sunday, Jan. 14, 2018, photo, Daimler AG Chairman Dieter Zetsche addresses the media before the world premiere of the Mercedes-Benz G-Class during a preview day before the North American International Auto Show, in Detroit. (AP Photo/Carlos Osorio)

If customers don't buy electric and more efficient cars and trucks, then Mercedes may not be able to meet government-imposed carbon dioxide emissions standards across the globe, its top executive says.

Dieter Zetsche, CEO of German automaker Daimler AG and head of its Mercedes luxury division, told reporters at the Detroit auto show Monday that he can't guarantee compliance.

Daimler said it is spending 10 billion euros to develop new electric vehicles in the coming years and says it will launch a production model of its EQ electric brand in this decade. By 2022, the company says it will offer an electrified alternative across the entire Mercedes portfolio, from smart cars to large SUVs. The first EQ model is slated for production in 2019 in Bremen, Germany.

Zetsche answered questions about electric vehicles, government emissions standards and the North American Free Trade Agreement from The Associated Press and other reporters at the North American International Auto Show. Answers are edited for length and clarity:

Q: As you look ahead to when new electric vehicles from Daimler and others go on sale, do you see rising demand or is there a concern that you'll have lots of models in a small segment of the market?

A: We need a large crystal ball to make any forecast about the electric markets for the years ahead. Our planning assumption is 15 to 25 percent for us in 2025. That is pure electric, not including plug-in hybrids. And yes, now it's Tesla, then will be everybody and his brother. We will see if demand will drive sales or whether we're all trying to catch the last customer out there. This is an iterative thing. When offerings are getting better, the interest will grow. I do believe that electric vehicles will get out of the small niche they are in today. How fast and how bit we'll see.

Q: Sales of SUVs are going up, sales of diesels are going down. How confident are you in your ability to sell more electric and efficient vehicles and meet [carbon dioxide emissions](#) standards by 2020 and afterward?

A: I can't say I guarantee that we'll be compliant in 2021. Our objective is to be compliant. And we'll do everything to be compliant. But not all parameters are under our control. This is the difficulty of this kind of legislation, that it forces suppliers and manufacturers to do something but it doesn't force customers to do anything. Ultimately, the customer will decide how the market will develop. We have a pretty nice growth story throughout the last years and our leverage was not pushing product down the throat of our customers by creating demand. Obviously that is our objective going forward with [electric vehicles](#). We have some pretty cool ideas how we can make them especially attractive, not price-wise but from content and its attributes. I would see how that works.

Q: Are you making contingency plans in case the North American Free Trade Agreement is torn up?

A: There's a multitude of potential outcomes of these negotiations, and to make contingency plans in this regard is shooting in the dark. Flexibility is the name of the game. Being fast and reactive, and let's cross the bridge when we're getting there.

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