

VW wants to storm car market with cheaper electric model

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In this Wednesday, Aug. 1, 2018 file photo, the logo of Volkswagen is seen on top of a company building in Wolfsburg, Germany. German automaker Volkswagen. says it will invest 44 billion euros (\$50 billion) in developing autonomous and electric cars. (AP Photo/Michael Sohn, file)

Volkswagen intends to invest 44 billion euros (\$50 billion) in the electric and autonomous car technologies expected to reshape the industry—and

said it would make battery-powered vehicles more accessible to mass-market auto buyers by selling its new I.D. compact for about what a Golf diesel costs.

The investment plans for the next five years aim to make Volkswagen "a worldwide supplier of sustainable mobility," Chairman Hans Dieter Poetsch said Friday. He added that the company is in talks with Ford about possible cooperation in making light commercial vehicles.

Established automakers as well as several U.S. startups are rolling out electric models to compete with Tesla , currently the market leader. Auto companies need electrics to meet new environmental standards in many countries.

In Europe, manufacturers need to sell more battery-powered cars to meet tougher EU limits on carbon dioxide emissions that come into force 2021 and aim to fight global warming. Automakers like Volkswagen, Daimler and BMW risk penalties of thousands of euros per vehicle if they can't meet requirements for lower average emissions.

Authorities in China, where Volkswagen gets much of its profit, have also mandated a bigger share of electrics and hybrids.

Yet right now, such vehicles remain a niche market due to higher price and lack of places to charge. Battery-only vehicles were only 0.6 percent of the market in the European Union last year. They are running from 1 to 2 percent of U.S. new-vehicle sales so far this year.

Major new models unveiled in recent weeks from Daimler's Mercedes-Benz and Volksagen's Audi brand have been expensive SUVs; Audi's e-tron starts at a German price of 80,000 euros. The starting price for Tesla's Model X is around \$80,700 while the Model S starts around \$74,500.

VW's upcoming I.D. compact could take mass-market buyers from Tesla's Model 3, a mass-market car with a base price of \$35,000 before tax credits. In reality, though, you can't order one yet for less than \$46,000.

Poetsch said the I.D. compact would be about the cost of a Golf diesel today, which is priced at 23,875 euros in Germany, according to Volkswagen's website, and goes up as options are added. The next model up the scale starts at 30,625 euros.

General Motors, Nissan and Mitsubishi already are selling mass-market electric vehicles, but they're still more costly than cars with gasoline engines, and they haven't sold in great numbers.

Higher cost is one reason consumers are not yet buying purely electric vehicles in large numbers. The lack of charging points is another, leaving many owners of electric vehicles to use them mainly in cities or for shorter trips. Volkswagen and other automakers are working together on building a freeway network of fast-charging stations to enable longer trips with battery powered cars.

Chinese automakers as well as U.S. startup companies also are getting into the electric car market. Rivian, a Detroit-area company, plans to unveil a high-end electric pickup and SUV later this month, to go on sale in late 2020. Lucid Motors, a Newark, California, startup whose leadership includes six former Tesla executives, plans to deliver its first cars in 2020 as well.

The shift to electric cars is a big one for a company the size of Volkswagen, which has over 600,000 employees and makes about 10 million vehicles a year.

It is converting three of its German plants from internal combustion to

battery car production as it pivots away from diesel vehicles in the wake of its emissions scandal. It says it will increase the number of electric models from six now to more than 50 by 2025.

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