

Toyota drops plan for widespread sales of electric car

DYLAN LOVAN Associated Press

(Reuters) - Toyota Motor Corp has scrapped plans for widespread sales of a new all-electric minicar, saying it had misread the market and the ability of still-emerging battery technology to meet consumer demands.

Toyota, which had already taken a more conservative view of the market for battery-powered cars than rivals General Motors Co and Nissan Motor Co, said it would only sell about 100 battery-powered eQ vehicles in the United States and [Japan](#) [1] in an extremely limited release.

The automaker had announced plans to sell several thousand of the vehicles per year when it unveiled the eQ as an pure-electric variant of its iQ minicar in 2010.

"Two years later, there are many difficulties," Takeshi Uchiyamada, Toyota's vice chairman and the engineer who oversees vehicle development, told reporters on Monday.

By dropping plans for a second electric vehicle in its line-up, Toyota cast more doubt on an alternative to the combustion engine that has been both lauded for its oil-saving potential and criticized for its heavy reliance on government subsidies in key markets like the United States.

"The current capabilities of electric vehicles do not meet society's needs, whether it may be the distance the cars can run, or the costs, or how it takes a long time to charge," said, Uchiyamada, who spearheaded Toyota's development of the Prius hybrid in the 1990s.

Toyota said it was putting its emphasis on that technology, an area in which it is the established leader. Toyota said on Monday it expected to have 21 hybrid gas-electric models like the Prius in its line-up by 2015. Of that total, 14 of the new hybrids will be all-new, the automaker said.

Toyota has previously said that it expects to have a hybrid variant available for every vehicle it sells. In a gas-electric hybrid like the Prius, a battery captures energy from the brakes to provide a supplement to the combustion engine, boosting overall mileage, particularly in stop-and-go city traffic.

Pure electric vehicles, like the Nissan Leaf, carry only lithium-ion batteries. Consumer demand for the vehicles has been capped by their limited range and the relatively high cost of the powerful batteries they require.

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The decision to drop plans for more extensive rollout of its eQ city car leaves Toyota with just a single pure EV in its line-up. The automaker will launch an all-electric RAV4 model in the United States that was jointly developed with Tesla Motors.

Toyota expects to sell 2,600 of the electric-powered sports utility vehicle over the next three years. By comparison, Toyota sold almost 37,000 Camry sedans in August alone in the United States, the automaker's largest market.

Toyota is also far from its plug-in hybrid sales target. The automaker planned to sell between 35,000 and 40,000 Prius plug-in hybrids in 2012 in Japan. So far it has sold only 8,400, or about 20 percent of its target.

The plug-in Prius is designed with a battery that can be charged for just over 20 km (12.4 miles) of battery-powered driving. After that, the vehicle behaves like a more traditional hybrid and relies on its gas engine for extended range.

"We believe that there is social demand for the plug-in hybrid, but our efforts to let the customers know what it is have not been enough," Uchiyamada said.

A broad industry consensus sees plug-in cars accounting for only a single-digit percentage of total global sales over the next decade. Nissan remains more bullish, forecasting that by 2020 one-tenth of all cars sold will be electric.

Globally, Nissan has sold about 38,000 Leaf electric cars since the vehicle's launch at the end of 2010.

U.S. President Barack Obama has set a goal of getting one million electric vehicles on the road by 2015, a target many analysts say will be impossible to achieve.

(Writing by Kevin Krolicki; Editing by Daniel Magnowski)

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