

Chrysler sells electric Fiats at a loss

DETROIT, USA: Chrysler stands to lose US\$10,000 on every battery-powered Fiat 500 it sells in California, according to chief executive Sergio Marchionne.



Marchionne said Chrysler's new Fiat 500e gets the equivalent of 150km on a single charge.

But the true cost of the car leaves the manufacturer with a steep loss on every sale, Marchionne noted during a speech at the Society of Automotive Engineers' annual banquet.

"We will lose US\$10,000 per vehicle. Doing that on a large scale is industrial masochism," he said.

However, Chrysler expects to sell only a few hundred electric vehicles in California to meet the western state's mandate that manufacturers must have electric vehicles available for consumers across what is the most important market for new vehicles in the United States.

Despite the heavy use of government incentives, sales of electric vehicles and "plug-in hybrids" - which can run on batteries or use their internal combustion engine - accounted for less than half of one percent of all cars sold in the US last year.

"We need to innovate," Marchionne said. "A decade ago hydrogen was the next big thing. Now it's electric vehicles, and regulators should be technology neutral," he added.

In North America, Chrysler has broken new ground in the reduction of greenhouse gas emissions by offering the first, factory-built, compressed natural gas-powered pickup trucks in North America.

Chrysler has also introduced eight-speed and nine-speed transmissions, "substantially improving both the driving experience and the fuel economy of our vehicles," Marchionne said. "More improvements in the fuel economy delivered by the internal combustion engine are coming, he added.

Marchionne also re-iterated that he believes only "five or six" very large scale car manufacturers will survive and that

"neither Chrysler nor Fiat would be able to survive on their own".

The combination of the two companies gives them the scale to carry out the investment in new vehicle lines.

"I believe that to make an adequate return, an manufacturer needs to produce at least six million vehicles a year and at least one million vehicles per platform," he said.

"We, the Chrysler Group and Fiat, have already completed the convergence of the three principal architectures that will drive more than 80 percent of our total volume," he added.

Source: AFP via I-Net Bridge

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