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## **Hachigo: Honda stays realistic on EVs, AVs**

The CEO taps the brakes on high expectations for high technology, joining a small but growing chorus of executives who aren't sold on the rapid rollout of electric cars and autonomous driving vehicles.

TOKYO — Honda CEO Takahiro Hachigo is tapping the brakes on high expectations for high technology, joining a small but growing chorus of auto executives in sounding a reality check on aggressive visions for the rapid rollout of electric cars and autonomous driving vehicles.

"The hurdles to battery electric vehicles and complete autonomous driving are still quite high," Hachigo said in an interview last month at Honda Motor Co.'s global headquarters here.

When it comes to electrification, Hachigo said, Honda will focus on gasoline-electric hybrids, not full EVs, through 2030. And with self-driving cars, Honda will prioritize incremental advances that offer real-world safety at affordable prices, rather than fancy functions and costly lidar systems.

To hear Hachigo tell it, Honda isn't trailing rivals, it's just more realistic.

"I don't know whether other manufacturers are becoming too optimistic or not, but apparently the approach in going about these regulations differs from one company to another," he said.

Indeed, Hachigo said Honda already has many of the technologies ready to go, including its own hands-off autonomous system for highways. But Honda remains cautious about deployment of automated driving as well as electric cars.

"EVs will not be mainstream," the Honda CEO said, adding that more advanced autonomous driving, such as Level 3, will require more expensive advanced driver-assistance systems.

"So, we will be cautious in trying to identify what vehicle model will be optimal."

Hachigo's comments come as other players temper expectations in an industry grappling with regulatory and technological developments in electrification, autonomous driving and connectivity.

For instance, General Motors' self-driving unit Cruise, in which Honda has a \$2.75 billion minority stake, said in July it was backing off plans to deploy autonomous taxis by the end of this year.

In October, Apple Inc. co-founder Steve Wozniak said he had "given up" on ever seeing the realization of Level 5 autonomous driving in his lifetime. Apple was rumored to be working on a self-driving car project, but Wozniak said it's harder to achieve than once thought.

At last month's Tokyo Motor Show, Toyota Executive Vice President Shigeaki Tomoyama said his company, among those with a conservative approach, isn't adjusting its plans for rolling out the new technologies. But that is because Japan's biggest automaker — even with a \$10 billion r&d budget — always saw the path to commercialization as long and challenging, he said.

"There are many manufacturers and ventures reviewing their timelines because they think it will take a little more time," Tomoyama said. "But from the start, we assumed it would take time."

Indeed, despite consuming billions of dollars in investment and luring new rivals from Silicon Valley and China, the nascent technologies offer little potential for profitability anytime soon.

Honda is particularly circumspect about the looming shift.

The company that brought the first hybrid car to the U.S. has only meager EV ambitions, even as competitors rush plans for full EV lineups and sales goals for hundreds of thousands of cars.

Honda is taking reservations for its new ultracompact E battery-powered city car in Europe, and deliveries begin next summer, but there are no plans to bring it stateside. For now, Honda's EVs are being positioned as little more than compliance cars.

"I do not believe there will be a dramatic increase in demand for battery vehicles, and I believe this situation is true globally," Hachigo said. "There are issues with infrastructure and hardware.

"There are different regulations in different countries, and we have to abide by them. So, it's a must to continue r&d," he said. "But I don't believe it will become mainstream anytime soon."

Honda wants to derive two-thirds of its global sales from electrified vehicles by 2030. And in October, it said it will electrify its entire European lineup by 2022, three years ahead of its original plan. But the vast majority of those electrified vehicles will be hybrids, not full EVs, Hachigo said.

Honda's goal is cutting actual carbon emissions, he said, not putting out EVs just to have EVs.

### **Autonomous driving**

In autonomous driving, Honda announced plans in 2017 for lane-changing autonomous highway driving by 2020 and Level 4 self-driving by 2025. But it has offered few updates since.

Indeed, Hachigo said last month the carmaker has no horizon for introducing Level 3 automated driving, which allows the car to drive itself under certain circumstances as long as the driver is ready to take over.

"I don't have any timeline or vehicle model in mind," the Honda boss said.

Instead, the company will continue adding functionality to its Honda Sensing system, a suite of safety features such as lane-keep assist, blind-spot warning and automatic emergency braking.

Honda has developed automatic lane-change and hands-off steering technologies, Hachigo said. But the company is still evaluating how to commercialize the systems.

"We have established these technologies, but at the same time, you have to think about what the social demand is and what legal environment we have to operate in," Hachigo said. "Now is the time for us to ponder how we can introduce these services to the market."

### **Going it alone**

Even though there is a global trend toward corporate tie-ups to share the burden of soaring r&d costs for these technologies, Hachigo said Honda will stick to its go-it-alone approach.

To help master the new technologies, Honda last month folded three affiliated parts companies into Hitachi Automotive Systems to form a megasupplier.

But Hachigo said Honda itself will keep clear of capital exchanges in favor of loose partnerships. Honda teams with GM, for example, on electrified drivetrain components and hydrogen fuel cell systems.

Honda remains stubbornly individualistic as Japan's last nonaligned automaker, despite its middling size on the global stage. In the home market, there are now just two other camps of automakers: Nissan and Mitsubishi in one; Toyota, Subaru, Mazda and Suzuki in the other.

Honda sold 5.3 million vehicles worldwide in the last fiscal year, roughly half as many as the 10 million-plus moved annually by the Renault-Nissan-Mitsubishi alliance or Toyota and its partners. But Hachigo insisted independence is paramount in maintaining Honda's DNA.

"We do not have any intention of having a capital tie-up," Hachigo said. "The reason is, once we have a capital tie-up, that other party will have some voice in our management, which means in some instances, we may not be able to move in the direction we want."