

PROMOTING ETHICS IN PUBLIC LIFE

National Legal and Policy Center



Taxpayers' \$1.4B 'Investment' in Nissan EV May Make Volt Look Good by Comparison

Submitted by [Paul Chesser \(bios/paul-chesser\)](#) on Fri, 04/06/2012 - 14:00

While [General](#)

[Printer-friendly](http://nlpc.org/print/3923) [Email to friend](mailto:nlpc@nlpc.org)

[Motors](#)

<http://nlpc.org/category/keywords/general-motors>

[Chevy Volt](http://nlpc.org/category/keywords/chevy-volt)

assembly workers are [sidelined for five weeks](#)

[http://www.plugincars.com/chevy-volt-production-](http://www.plugincars.com/chevy-volt-production-suspended-5-weeks-due-lower-expected-demand-13561.html)

[suspended-5-weeks-due-lower-expected-demand-](http://www.plugincars.com/chevy-volt-production-suspended-5-weeks-due-lower-expected-demand-13561.html)

[13561.html](http://www.plugincars.com/chevy-volt-production-suspended-5-weeks-due-lower-expected-demand-13561.html)) (and more this summer) because

demand for its strongly hyped [electric car](#)

<http://nlpc.org/category/keywords/electric-car> is weak, the prospects for its chief

rival – [Nissan's Leaf](#) (<http://nlpc.org/category/keywords/nissan-leaf>) – are shaky at

best.



Nissan North America, Inc. – a subsidiary of its Japanese parent – is the beneficiary of a \$1.4 billion Advanced Technology Vehicle Manufacturing [oan](https://lpo.energy.gov/projects=nissan-north-america-inc) (<https://lpo.energy.gov/projects=nissan-north-america-inc>) from the U.S.

[Department of Energy](http://nlpc.org/category/keywords/department-energy) (<http://nlpc.org/category/keywords/department-energy>), to

convert a plant in Smyrna, Tenn. to produce the Leaf and batteries for it.

The project's promoters say the alterations will lead to 1,300 new jobs,

enabling Nissan to produce up to 150,000 Leafs and 200,000 battery packs

per year, which will lead to the all-important avoidance of 204,000 tons of

carbon dioxide emissions – or so they say.

But there's just one problem: Sales of the Leaf are not much better than the Volt's have been, and lately have been much worse. [In 2011](#)

[http://www.bloomberg.com/news/2012-01-04/gm-s-chevy-volt-misses-2011-sales-target-as-](http://www.bloomberg.com/news/2012-01-04/gm-s-chevy-volt-misses-2011-sales-target-as-safety-probe-goes-on.html)

[safety-probe-goes-on.html](http://www.bloomberg.com/news/2012-01-04/gm-s-chevy-volt-misses-2011-sales-target-as-safety-probe-goes-on.html)) Chevrolet sold 7,671 of its plug-in Volt, whose range

is extended with the help of a small gasoline tank. Nissan sold 9,674 of the

purely electric Leaf last year. So far through the end of March this year GM

has delivered 4,095 Volts, while only 1,733 Leafs have been sold.

So if demand isn't strong enough to keep a GM line running to build the

Volt, how can the current level of sales for the Leaf justify the enormous

plant investment Nissan is making in Tennessee? [USA Today reported](#)

[http://content.usatoday.com/communities/driveon/post/2012/03/electric-cars-chevrolet-](http://content.usatoday.com/communities/driveon/post/2012/03/electric-cars-chevrolet-volt-fisker-karma-nissan-leaf/1)

[volt-fisker-karma-nissan-leaf/1](http://content.usatoday.com/communities/driveon/post/2012/03/electric-cars-chevrolet-volt-fisker-karma-nissan-leaf/1)) a few weeks ago that as gasoline prices reach \$4

per gallon, electric vehicles still “face dark days.” Industry expert LMC

Automotive predicts EV sales will remain below 1 percent through 2017.

Why would this be? Because even with billions of dollars in “investment” from the government to help [Ford](https://lpo.energy.gov/projects=ford-motor-company) ([https://lpo.energy.gov/projects=ford-motor-](https://lpo.energy.gov/projects=ford-motor-company)

[company](https://lpo.energy.gov/projects=ford-motor-company)), Nissan, [Fisker](http://nlpc.org/category/keywords/fisker) (<http://nlpc.org/category/keywords/fisker>), [Tesla](http://nlpc.org/category/keywords/tesla)

<http://nlpc.org/category/keywords/tesla>), and [The Vehicle Production Group](https://lpo.energy.gov/projects=the-vehicle-production-group-llc)

<https://lpo.energy.gov/projects=the-vehicle-production-group-llc>) build EVs, and to

fund companies like [Ecotality](http://nlpc.org/category/keywords/ecotality) (<http://nlpc.org/category/keywords/ecotality>) to build

out a charging network [at places like Cracker Barrel](#)

[http://nlpc.org/stories/2011/11/03/country-cookin%E2%80%99-can%E2%80%99t-](http://nlpc.org/stories/2011/11/03/country-cookin%E2%80%99-can%E2%80%99t-overcome-lengthy-ev-charging-times)

[overcome-lengthy-ev-charging-times](http://nlpc.org/stories/2011/11/03/country-cookin%E2%80%99-can%E2%80%99t-overcome-lengthy-ev-charging-times)), the technology is impractical for most

people. Besides the obvious [range anxiety](#)

<http://nlpc.org/stories/2011/11/10/nissan-leaf-fails-real-life-test-miserably>) experienced by EV drivers, because the batteries don't maintain their charge long enough, there's the problem of lengthy times required to "fill up" again. Even the extremely expensive (\$40,000 each) and hard-to-find "fast-chargers" (440 volt) take 30 minutes to get a Leaf going again for any reasonable distance, and most chargers require four to five hours to re-boost.

At least the Volt has a small gas engine that extends its range, although its (highly subsidized) \$41,000 retail cost is still a lot to overcome for most consumers. But the Leaf is all-electric – no juice, no go, which may be a big reason the Volt has inched past it in sales recently. One EV enthusiast [had to stop and recharge his Leaf four times](http://nlpc.org/stories/2011/12/29/taxpayers-leaf-four-recharging-stops-needed-go-180-miles) <http://nlpc.org/stories/2011/12/29/taxpayers-leaf-four-recharging-stops-needed-go-180-miles>) to travel 180 miles last year. Besides the facts that range is reduced even more [by using heating and air conditioning](http://nlpc.org/stories/2011/11/10/nissan-leaf-fails-real-life-test-miserably) <http://nlpc.org/stories/2011/11/10/nissan-leaf-fails-real-life-test-miserably>), or by driving on inclines, there is the issue that you [can't even depend on its battery gauge](http://nlpc.org/stories/2011/11/17/hollywood-liberals-love-ev-everyone-use-not-so-much) <http://nlpc.org/stories/2011/11/17/hollywood-liberals-love-ev-everyone-use-not-so-much>) (the equivalent of a fuel gauge in a gas-powered car).

"I am ready to turn over a new Leaf – my own," [wrote](http://www.jewishjournal.com/rob_eshman/article/my_2011_nissan_solynadra_20111026/) http://www.jewishjournal.com/rob_eshman/article/my_2011_nissan_solynadra_20111026/ Rob Eshman, editor-in-chief of The Jewish Journal of Greater Los Angeles.

While Nissan CEO [Carlos Ghosn](http://nlpc.org/category/people/carlos-ghosn) <http://nlpc.org/category/people/carlos-ghosn> (pictured) would obviously love to see sales of the Leaf take off, he has said (in so many words) that government subsidies [are the reason](http://nlpc.org/stories/2011/10/24/nissan-exec-promises-record-sales-long-government-incentives-continue) <http://nlpc.org/stories/2011/10/24/nissan-exec-promises-record-sales-long-government-incentives-continue>) for his pursuit of EV technology, rather than successes based upon qualities such as value, styling, safety rankings, or popularity with the purchasing public.

"It does not matter if, for example, Portugal stops the incentives, as long as other countries like the United States continue to support," Ghosn [told Reuters in October](http://www.reuters.com/article/2011/10/21/renault-dUSL5E7LK2G220111021) <http://www.reuters.com/article/2011/10/21/renault-dUSL5E7LK2G220111021>. "If countries like France, Japan and the UK support and then China, that is about to start to support, that's fine."

The Brazilian-born Frenchman, who also chairs Renault, also does not hide the fact that he supports government control of markets and its attempts to stimulate technologies, no matter the cost.

"We must diversify the energy mix used to fuel our vehicles," Ghosn [wrote last month](http://www.forbes.com/sites/joannmuller/2012/03/14/carlos-ghosn-three-ways-carmakers-can-save-the-world/) <http://www.forbes.com/sites/joannmuller/2012/03/14/carlos-ghosn-three-ways-carmakers-can-save-the-world/>) for *Forbes*. "Petroleum-based fuels now account for 96 percent of the world's automotive energy mix. By mandating targets and requirements at the level of the state, we can increase the mix of renewable fuels."

And, obviously, he believes in the state's expenditure of billions of dollars on EVs. At this week's New York International Auto Show, he [repeated his assertion](http://blogs.wsi.com/drivers-seat/2012/04/05/mr-ghosn-takes-manhattan/) <http://blogs.wsi.com/drivers-seat/2012/04/05/mr-ghosn-takes-manhattan/>) that Nissan's future depended on development of EVs, predicting to the *Wall Street Journal*, "when we get to 500,000 sales we can be profitable." He believes that goal will be attained in 2015-2016.

Meanwhile an [analysis](http://www.bizjournals.com/nashville/blog/2012/04/savings-come-slowly-for-hybrid.html) <http://www.bizjournals.com/nashville/blog/2012/04/savings-come-slowly-for-hybrid.html>) of fuel efficiency [by the New York Times](http://www.nytimes.com/2012/04/05/business/energy-environment/for-hybrid-and-electric-cars-to-pay-off-owners-must-wait.html?_r=1) http://www.nytimes.com/2012/04/05/business/energy-environment/for-hybrid-and-electric-cars-to-pay-off-owners-must-wait.html?_r=1) determined that it would take nine years before Leaf owners break even by saving money on gasoline

versus the extra cost of the EV. That is a dubious assumption, since after that amount of time all – or a lot of – the depleted battery pack will need to be replaced. Time will tell, but if like most batteries it needs entire replacement, the cost is [likely to exceed \\$30,000](http://green.autoblog.com/2011/08/03/need-to-replace-a-nissan-leaf-battery-hows-19-392-u-753-u/) (<http://green.autoblog.com/2011/08/03/need-to-replace-a-nissan-leaf-battery-hows-19-392-u-753-u/>).

Nissan [disputes that](http://green.autoblog.com/2011/09/30/nissan-addresses-leaf-battery-life-replacement-costs/) (<http://green.autoblog.com/2011/09/30/nissan-addresses-leaf-battery-life-replacement-costs/>), of course. But is it worth risking the unknown for a vehicle that is only capable of traveling much fewer miles than would an equivalent gas-powered car such as the Nissan Versa or Chevy Cruze?

Not that that matters to Ghosn, since in his view, the purpose of the automobile business is to serve the collective through the manipulations of government.

"We have a social responsibility to ensure that this industry grows sustainably," he wrote in his *Forbes* piece, "and if we uphold our responsibility, we will increase the quality of life for everyone on our planet."

Paul Chesser is an associate fellow for the National Legal and Policy Center.