



A Revolution in This Established Sector Marks The End of The Road For Blue-Chip Stocks!

Description

The automotive industry is going through a revolution as the shift to electric cars turns the world upside down.

The pace of change poses a major challenge to some of the biggest blue-chip companies on earth. Some will adapt, others could be driven off the road.

Electric wonderland

Not everybody believes in the electric car revolution. Sceptics point out that the two million electric cars sold in 2016 are a fraction of the 88 million global total. Electrics make up just 0.2% of cars on the road.

The revolution has a long way to go, but the International Energy Agency says it is picking up speed.

It predicts that between nine and 20 million electric cars could be fizzing around by 2020, and between 40 and 70 million by 2025.

In Norway almost one in three new cars are electric, thanks to state subsidies, showing how things speed up when governments get involved.

Plugged in

Norway wants to ban new fossil-fuel vehicles from 2025, with France and the UK aiming for 2040. Austria, China, Denmark, Germany, Ireland, Japan, the Netherlands, India, Portugal, Korea and Spain have all set targets for electric car sales, as have eight US states.

Swedish carmaker **Volvo** recently said all its vehicles will be either electric or hybrid by 2019. But what about the Germans?

Dirty diesel

Volkswagen, Daimler and **BMW** are giving it a go, making more than 100,000 purely electric cars for the first time this year plus 330,000 hybrids, according to PwC. However, they are stuck in the slow lane after choosing clean diesel technology as the fuel of the future.

They backed the wrong horse power, and that led directly to the diesel emissions scandal, as carmakers fiddled results to stay competitive.

BMW, Volkswagen and Daimler have seen more than €10bn wiped off their value since “Dieselgate” broke.

It could get worse as they face billion dollar fines for breaking US competition rules, plus billions of euros from the EU for fixing emissions and prices.

Out of gas

Bild, Germany’s biggest-selling newspaper, recently ran a headline warning of “The beginning of the end of our car industry”.

Instead, French-owned **Renault** is setting the pace, with the all-electric Renault Zoe spearheading the charge.

Germany invented the car and today its manufacturers employ 800,000 people. Cars make up one fifth of the country’s entire exports, so this is a big deal.

Electric cars have fewer parts than internal combustion engines, which also threatens German supply chains.

No direction

The Germans face another future shock, as they trail **Tesla**, Uber, **Google** and others in the race to build driverless cars. The Germans are engineers at heart, but software is the key to driverless motoring, not hardware.

The trend to autonomous vehicles could even destroy the whole notion of car ownership. Who wants to own an expensive, heavily taxed lump of metal that sits unused (and depreciating) for 95% of the day when you can whistle up a driverless car at will?

Now may be the time to drive the big German carmakers out of your portfolio before it’s too late.

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