

BIZ INSIGHT

How close are we to seeing an electric vehicle revolution?

WHEN DISCUSSING alternative technology for the future, one should remember that it's not as easy for everyone to adapt to changes as one might assume. It's like being the owner of a mobile phone for many years or buying a colour TV during the black-and-white era in the 1970s. However, you can't deny the future when it sits right in front of you, when these technologies change the ways of the world.

The electric vehicle is another choice that still boggles the mind. Will this environmentally friendly technology have a substantial impact on the automobile industry or start another oil crisis?

Sliding oil price

Filling the petrol tank can be a pain in the wallet, but the drop in the oil price has brought some relief to drivers. It is assumed that cheaper fuel will put pressure on the sale of electric cars, as petrol engines become cheaper to run. However, in 2015 sales of electric vehicles grew by 60 per cent worldwide and battery prices fell 35 per cent. Most consumers may consider the relative cost of refuelling just a minor factor; but demand for electric cars will likely depend on improvement of how such cars perform and battery costs.

The growth of electric cars has been tremendous but there is plenty of room for growth, as they have only 0.01 per cent of the global car market. It is projected that by 2020, various electric vehicles will cost less and perform better than their petrol rivals. Battery prices account for at least one-third of the cost of building an electric car and as demand for them rises, battery prices will fall. Battery power can also cut the cost of running a vehi-

cle. Generally, the cost of recharging an electric car for 140km can be as little as US\$2 (Bt70).

In the long run, a breakthrough in battery chemistry or other technology will occur.

Like regenerative braking, it will need to cut the cost of making electric cars a realistic mass-market prospect. Over the past few years "clean" sources of power such as wind and solar energy have boomed. Electric cars will reduce the cost of battery storage and help stock power from these new sources.

Moving towards a cleaner grid, electric vehicles and renewable power create a mutually beneficial circle of demand.

Still, it's hard to predict the future of electric cars, and it may not be what oil markets expect. Currently, there are less than a million plug-in cars for every billion vehicles on the road – just .01 per cent of the global car market. So the question then is: How will electric cars affect demand for oil?

In regard to investment opportunities in electric cars, the positive trend and significant industry growth will interest investors who prefer long-term prospects. That being said, investors should be concerned about the many factors that power electric vehicles beyond the silver lining – such as government support for the adoption of such cars in various countries and developing easier access to recharging infrastructure.

Investment contains risk. Therefore, investors should thoroughly study prospectuses, product features, returns conditions and risks before making a move.

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