Volvo to add in-car sensors to prevent drunk driving

Swedish carmaker Volvo hopes to reinforce its reputation for safety-first driving by installing cameras and sensors in its cars from the early 2020s, monitoring drivers for signs of being drunk or distracted and intervening to prevent accidents.

The safety features, detailed at a briefing in Gothenburg on Wednesday which fleshed out plans outlined earlier this month, mark another step by Volvo towards its pledge to eliminate passenger fatalities.

Development of technology that would support such manoeuvres has accelerated in the past year as the industry increasingly focuses on autonomous cars.

Volvo is building a driverless highway autopilot car with Swedish autoparts maker Veoneer as it aims to achieve a third of its sales from self-driving cars by 2025.

But CEO Hakan Samuelsson told Reuters it would take another 5 to 10 years before there was a mass takeup of such vehicles, creating a viable market to sell cars with additional safety features such as camera monitoring in the meantime.

"These active safety technologies are there from 2021... smart sensors, smart speed limiters, smart distraction sensors, smart intoxication sensors. That will come," he added.

Head of R&D Henrik Green said cameras will be installed on all Volvo models built on its SPA2 platform for larger cars, starting from the XC90 SUV in the early part of the next decade, before being added to smaller cars built on its CMA platform. (RTRS)

In this file photo, Ben Lieberman poses for a photo at his home in Chappaqua, NY. Lieberman, whose 19-year-old son died in a crash involving distracted driving, is urging support for a legislative proposal that would make Nevada the first state in the US to allow police to use prototype technology to find out if a person was using a cellphone during a car crash. (AP)

From California to Oslo

Foreign subsidies fuel Norway's e-car boom

OSLO, March 21, (RTRS): On the outskirts of Oslo, a row of Fiat 500es imported from California stand parked in the snow outside the Buddy Electric dealership, part of a global flow of pre-owned electric cars to Norway powered by green subsidies elsewhere in the world.

The company's production manager, Tor Einar Hanssen, said it had sold about 110 in the past year and a half, making a small profit on the cars, most of which had been used for a few years by US leasing companies.

"They're surprisingly good in cold weather," he said.

A gleaming blue Fiat 500e is on sale for 129,000 Norwegian crowns ($15,000) with 24,000 km (15,000 miles) on the clock. It costs about 20,000 crowns($2,300) to import and adapt each Fiat, Hanssen said.

On US used car websites, similar Fiats in California are advertised for about $10,000.

Norway has the world's highest rate of electric car ownership in the world, partly thanks to long-term perks such as free or discounted road tolls, parking and charging points, which boost the appeal of second hand models unwanted elsewhere.

The government also exempts electric vehicles from taxes on traditional vehicles that are very high in a country which does not have its own fossil fuel car industry to lobby against them. Rebates offered by other countries are another part of the equation.

In California, residents who own a new battery electric car for at least 30 months can get a rebate of up to $4,500, said John Swanton, of the California Air Resources Board.

Trade

The Fiats show how varying incentives around the world to promote electric cars, spurred by efforts to combat climate change and limit air pollution, can affect trade flows.

They can also distort national goals for shifting from fossil fuels, although US exports to Norway of 4,232 used electric cars in the past two years are tiny compared with US sales. The state of California alone aims to have five million zero-emission vehicles on its roads by 2030.

The issue has a bigger impact in some European countries, which may be over-estimating the greenness of their domestic car fleets due to exports to Norway, where top plug-in cars include Nissan Leafs, Volkswagens, BMW and Tesla.

"We're getting a certain amount of vehicle electrification for free, paid by other countries," said Lasse Fridstroem, a senior research economist at the Norwegian Centre for Transport Research.

"But perhaps it won't last," he said of the used e-car imports. He and some car dealers say demand for electric cars elsewhere in Europe is picking up, and that Norway could swing to be a net exporter of used electric cars in coming years.

At the moment, long waiting lists for new electric cars in Norway mean that people who obtain a new model in high demand, such as a Tesla Model 3 or Hyundai Kona, can potentially re-sell it above list prices that are already higher than elsewhere.

Part of the reason is a bottleneck in new e-car imports. This is caused, to some extent, by incentives for car makers to sell electric cars in the European Union, of which Norway is not a member, even if they are immediately exported to Norway.

To tackle this issue, from January 2019, sales of new cars in Norway are included in a broader EU calculation of the greenness of each manufacturer's European-wide car fleets, a target the carmaker must meet to avoid large penalties.

This could reduce Norway's demand for imports but may also mean its EU neighbours record fewer sales.

Last year, plug-in electric cars accounted for 31.2 percent of new car registrations in Norway, the highest in the world, and the share rose to 34.2 percent when including second-hand imports, according to the Norwegian Road Federation (OFV). The two figures surged to 40.7 and 43.5 percent in February 2019.

Imported

Statistics Norway said 11,913 used electric cars and vans were imported last year, up from 9,063 in 2017 when it started to compile data of the second-hand trade.

They came from countries including Germany, the Netherlands, Sweden, Britain and South Korea, bringing some of the benefits of cleaner air and less noise intended for their citizens to Norway, where the environment is already far cleaner than in many other countries.

Trod Sandven, a Jaguar Land Rover dealer in Bergen in west Norway, bought 250 new Kia Soul cars last year in countries including Germany. After registering them for a day so that they counted towards manufacturers' green goals under the EU rules, he exported them undriven to Norway to sell as "second hand".

"They're brand new, with the plastic still on the seats. The only thing we do is the paperwork," said Sandven. He said he received no German subsidies, since that would require owning the cars for several months in Germany.

"Now it's changing again, now we are exporting cars to other countries," he said. "Norway is crowded with used electric cars and Europe is screaming for electric cars. It's changing every year."

Stockholm tightened subsidy rules last July after finding that about 10 percent of all electric and plug-in hybrids were exported within five years. Eighty percent of those exports ended up over the border in Norway.

"It is problematic that some of the used electric vehicles, that have been subsidized by Swedish tax payers, are exported," said Jakob Lundgren, spokesman for Sweden's Environment Minister Isabella Lovin.

Under the new system from July 2018, Swedes have to own a new electric car for six months before receiving a 60,000 Swedish crowns ($6,398.50) rebate. Previously, they got a 40,000 crown discount on buying the car.

Lundgren said there were no data yet to show if the rule change had made an impact.

With just five million people, Norway bought 46,143 new battery electric cars in 2018, making it the biggest market in Europe ahead of Germany with 36,216 and France on 31,095, according to the European Automobile Manufacturers' Association.

German cabinet approves 1.7 percent 'spending' increase without new debt

Berlin spends more on infrastructure, education, defence

BERLIN, March 21, (RTRS): The German cabinet on Wednesday passed a draft budget for 2020 that calls for a 1.7 percent spending increase and relies on ministries to cut costs to avoid incurring new debt in light of an economic slowdown in Europe's largest economy.

Finance Minister Olaf Scholz's fiscal room for manoeuvre is getting tighter because tax revenues are likely to come in lower than expected this year as exporters are hit by weaker foreign demand, trade disputes and Brexit uncertainty.

"We cannot find funding for everything we want, but we can finance a lot," Scholz told reporters in Berlin, adding that his plan envisaged increased investments of nearly 40 billion euros in 2020 in areas such as infrastructure, education and housing.

With solid public finances and a vibrant domestic economy, Germany will be well-placed to withstand a weakening world economy, rising trade barriers and the risk of a no-deal Brexit, Scholz said.

Chancellor Angela Merkel's cabinet earlier on Wednesday approved Scholz's draft budget plan for 2020 and financial planning until 2023.

Upswing

The German economy has been enjoying an unusually prolonged upswing since 2010 and the federal government has managed to increase spending without incurring new debt since 2014.

"Reliability also means to pledge that we won't take on new debt in economic good times," Scholz said.

Scholz said he had not made any provisions for costs related to a possible merger of Deutsche Bank and Commerzbank in his budget plans.

The German government would keep itself informed about the merger talks, but any decision would need to be taken by the banks themselves, Scholz said, reiterating that Germany needed a strong banking sector.

The government holds a Commerzbank stake of more than 15 percent following a bailout during the financial crisis. Scholz and his deputy, Joerg Kukies, are widely seen as having pushed for a merger.

The draft budget foresees spending of 362.6 billion euros ($411.80 billion), but sources have said ministries will have to identify total spending cuts of 625 million euros each year, with programme delays and other measures to contribute additional savings.

Military spending is slated to rise further to 45.1 billion euros in 2020, but the mid-term financial planning does not provide enough money to reach the NATO target of spending 2 percent of economic output on defence in the coming years.

The increase means that the share of German defence spending will rise to 1.37 percent of gross domestic product in 2020 from 1.25 percent in 2018 and 1.3 percent this year.

Defence Minister Ursula von der Leyen told reporters that military spending was rising at more than twice the rate of the overall budget, a signal that Germany remained committed to the NATO spending target.

But she said the failure to budget bigger increases in coming years meant the ministry would have to fight again next year to ensure that defence spending continue to expand as a share of the overall economy to move toward the NATO target.

US Ambassador Richard Grenell this week took aim at the German government for failing to boost spending faster to meet the NATO target by 2024.

Von der Leyen noted that German military spending had increased by 40 percent since a NATO summit in Wales in 2014.

'Job cuts would come with or without merger'

Deutsche Bank CEO sees strong a case for merger with Commerzbank — source

FRANKFURT, March 21, (RTRS): Christian Sewing, the chief executive of Deutsche Bank, believes there is a strong case for a merger with rival Commerzbank, according to a person with direct knowledge of his thinking.

Sewing's stance sets the stage for a showdown with unions fearing massive job cuts and some sceptical investors.

The supervisory boards of both banks meet on Thursday.

Sewing sees multiple benefits of a merger, including "clear" dominance in its home market, scale, and shared technology costs, the person said.

Deutsche's CEO also believes that a combined entity would improve the cost of funding, with "the best funding ever", the person said. Jobs would be cut with or without a merger, the person said.

Deutsche Bank and Commerzbank declined to comment.

In past months Deutsche Bank's CEO has urged investors to be patient, preferring to focus on internal restructuring before taking on a big project, according to other people with knowledge of his thinking.

The latest comments also contrast with the neutral tone set in a letter to employees on Sunday after both Deutsche and Commerzbank confirmed talks. Sewing said then that many factors could still prevent a merger.

Deutsche Bank would not have entered talks if the bank expected negotiations to fail, said a second person with knowledge of Sewing's thinking.

The powerful Verdi labour union, which sits on the supervisory boards of both banks, has voiced fierce objections to a merger, saying that as many as 30,000 jobs are at risk over the long term.

Both banks currently employ 140,000 worldwide. A spokeswoman for Verdi said on Thursday that the union's position hasn't changed.

Merger

At least three of Deutsche Bank's top investors have voiced reservations about a merger, according to three people with knowledge of the matter.

Two of them are awaiting details from Sewing and his colleagues at Thursday's meeting, two of the people said.

The ratings agency Moody's said this week that a successful tie-up may lift the banks' profit but earnings would still remain below global competitors and a deal now would delay their current overhauls.

"We would view the impediments to execution on such a deal as very significant," it said.

Some German officials have pushed for a merger because they want a strong bank at home to compete with US and Chinese competitors.

However, eurozone banking watchdogs on Thursday said banks planning mergers should make sure they could be wound down in a crisis to avoid taxpayers having to pay for any bailout.

"If a bank becomes too big, complex or interconnected ... it needs to have additional capital," the ECB top watchdog Andrea Enria said, when asked in the European Parliament about a possible tie-up between Deutsche Bank and Commerzbank.

Since the financial crisis a decade ago, European banks remain relatively weak compared with their US counterparts, said John McFarlane, chairman of Barclays, and it will take a while for them to recover.

"Even if you get consolidation in Europe, take Deutsche if that ever happens, it will still be less than 10 percent of JPMorgan's market cap and still be smaller than Royal Bank of Scotland," he said.

BMW warns profits will fall due to costs

FRANKFURT, Germany, March 21, (AP): German automaker BMW said Wednesday that profits in 2019 would be "well below" last year's and that it planned to cut 12 billion euros ($13.6 billion) in costs by the end of 2022 to offset spending on new technology.

The company said profits would be eroded by higher raw materials prices, the costs of compliance with tougher emissions requirements and unfavorable shifts in currency exchange rates.

The Munich-based automaker also faces increased uncertainty due to international trade conflicts that could lead to higher tariffs.

The company forecast a profit margin of 6 to 8 percent for its automotive business, short of the long-term strategic target of 8 to 10 percent, which it said still "remains the ambition" for the company given "a stable business environment."

BMW said it had no plans for layoffs even as it outlined cost saving measures that include dropping half of its engine variants as it seeks to reduce product complexity. The BMW, MINI and Rolls-Royce brands are to get a single sales division.

Chief Financial Officer Nicolas Peter said that given the headwinds to earnings, "we began to introduce countermeasures at an early stage and have taken a number of far-reaching decisions."

The company said the measures were needed "to offset the ongoing high level of upfront expenditure required to embrace the mobility of the future."

BMW shares were down 4.9 percent to 72.02 euros in Frankfurt.

Automakers around the world have faced heavy up-front costs for new technologies expected to change how people get from one place to another in the next decade. Those include electric cars and renting cars through smartphone apps. Yet the returns from such investments remain uncertain and auto companies face competition from tech firms such as Uber and Waymo.

BMW made 7.2 billion euros ($8.2 billion) in net profit last year, down 17 percent from 2017, when it booked a gain of $1 billion from U.S. tax changes. The company faced headwinds from increased tariffs on vehicles exported to China from the United States. It also suffered from turmoil on the German auto market when companies faced bottlenecks getting cars certified for new emissions rules.