At Paris Auto Show, Gasoline Is Still King

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PARIS (AP) — Hybrids and electric cars may get top billing. But at the Paris Auto Show, conventional engines are showing they have plenty of mileage left.

New gas and diesel models have carbon emissions not far behind those of hybrids, and there's nothing old-fashioned about their small size and highly efficient internal combustion technology.

A diesel-powered Ford Fiesta and a Fiat 500 subcompact outfitted with a new two-cylinder MultiAir engine were among the conventional powertrains on display that boasted emissions very close to market-leading hybrids.

The two-cylinder 500 engine, an evolution of Fiat's MultiAir technology for gas engines that improves air flow for better efficiency, has just 92 kilograms of carbon emissions per kilometer. The Fiesta with Ford's Econetic technology produces 98 g/km.

That compares with the Toyota Prius' 89 g/km, down from 120 grams a decade ago.

Hybrids and electrics are still not driving automotive industry profits nor have they grabbed any serious market share in years of being ballyhooed as the way ahead. In fact, automakers from Fiat to Ford are looking to squeeze as much efficiency as possible out of conventional engines before making major forays into hybrid and electric engines.

Even Toyota, the industry leader in hybrid vehicles with 13 years on the road, keeps a sharp focus on conventional engine for obvious reasons: the more efficient the gasoline-powered component of the hybrid, the more efficient the hybrid.

"We don't want to give up the normal combustion engine. We will continue to develop the petrol engine, this is our philosophy," Masato Katsumata, Toyota senior vice president for research and development said on the sidelines of the Paris Auto Show.

Fiat's CEO Sergio Marchionne says there's more to be gained from tweaking conventional engines for higher efficiency.

"From my standpoint, I think the amount of work that can and should be done on the removal ... of the loss-making portions of combustion and transmissions is the biggest bang for the buck you can get out of any dollar of investment today," Fiat CEO Sergio Marchionne said on the sidelines of the Paris Auto Show on Friday.

"I run these charts in my head all the time and I ask the technical guys to tell me, 'If I spend a hundred dollars on this what do I get in exchange.' And we have done

phenomenal things in terms of improving the efficiency of the overall system, engine, transmission and the vehicle itself."

Investment in new electric and hybrid technology is inevitable, and Fiat and its U.S. ally Chrysler are making the necessary investments to "not fall behind the technology curve," Marchionne said.

Some, like the Renault-Nissan alliance, are pushing the electrification edge for all its worth, convinced that the buyers' demand has been pent up by a dearth of affordable choice.

Renault Chief Executive Carlos Ghosn told reporters in Paris that the carmaker's own surveys in the United States, Japan and Europe show that already 10 percent of car buyers say they want an electric car.

"That's massive, that's colossal," Ghosn said. "I am less and less worried, that is if I ever had any worries, about consumer demand" for electric cars. The problem is going to be whether there is sufficient capacity to supply the market."

But the fact is, in the United States only 3 percent of vehicle sales are hybrids, and even fewer are electric. PricewaterhouseCooper's Autofacts consultancy predicts that electric vehicle production worldwide is likely to hit only 1.5 million units by 2020.

The high cost of batteries, forcing up the price of electric cars, and a lack of infrastructure to extend the limited range of electrified automobiles before they need a recharge have hampered the adoption of electrified automobiles, overriding the appeal of zero emissions.

Chief executives like Marchionne see hybrids as the answer in the medium- to long-term. Unlike electric, which are 100 percent battery-run, hybrids involve some sort of fossil-fuel consumption engine that works along with an electrified powertrain.

Nonetheless, Fiat plans on selling an electrified 500, shown earlier this year in Detroit, in the United States in 2012 under its partnership with Chrysler. It has not so far announced its hybrid plans. And Ford will have five electric models on European roads by 2013, the first rolling out next year.

Peugeot and Citroen each have their own electric or hybrid cars at the show. Peugeot will soon offer a unique diesel-electric hybrid, the 3008 HYbrid crossover, while Citroen has just begun selling its C-Zero mini car.

But the reality is, in most cases, returns on those investment are a way off.

"It's the $10,000 question," said Daimler CEO Dieter Zetsche. "We are investing huge amounts of money. We won't see a return for five years, or a decade. ... No one really knows when it will come to 5 percent or 10 percent of sales driven by electric or hybrids. We have to make sure when it happens that we are there."

Daimler has been investing heavily in lithium ion batteries, which appears to be the fuel cell of industry consensus, and it also has entered into an alliance with France's Renault and Japan's Nissan that could see the automakers share technology for electric cars and batteries.

What ultimately may change the tide is not so much government regulation toward lower emissions, which can often be met with more efficient conventional engines, but generation change.

Rebecca Lindland, an auto analyst with IHS automotive, said the drivers of tomorrow, kids today too young to drive, are growing up with the perception that hybrids and electric cars have always, in their awareness, been on the market.

"They are much more receptive to these new technologies, much more open to the idea that your vehicle does not necessarily have to have a V8 engine to be fun and exciting," said Lindland said.

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