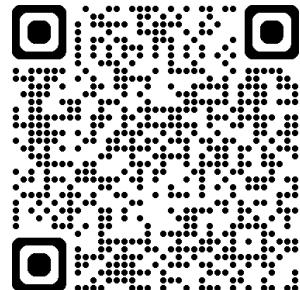


Japanese automakers hitch EV hopes to mini cars



<https://www3.nhk.or.jp/nhkworld/en/news/videos/20250912204725008/>

Automakers are trying to jump start the electric car market in Japan where uptake of EVs has been slow. The latest effort is focused on one of the country's most popular form of transport: mini vehicles.

Yuko Fukushima joins us now to explain this development in the EV market. So, Yuko, I understand a new model just went on sale.

That's right. Honda has started selling its first passenger EV in the lightweight mini car segment or kei cars as they are known in Japan. Honda says the N one E has a range of 295 kilometers off one charge. It costs from around \$14,500 factoring in government subsidies. The launch follows the company's rollout of mini electric vehicles for commercial use. The maker says the idea is to use the kei car segment to gauge Japan's EV demand.

We wanted to use a popular category as part of efforts to promote the use of electric vehicles. We hope the public will recognize our efforts toward achieving carbon neutrality.

So, what exactly is a kei car? Well, it is a compact vehicle category unique to Japan. The body is smaller than a normal passenger car and so is the engine displacement. Under 660cc. Those compact specs mean it is cheaper to run and taxes on the car are lower than for standard passenger vehicles. Now those features help make it a popular mode of transport, especially in areas with narrow roads which is a large part of the country. Industry data shows that kei cars accounted for more than one third of all new vehicles sold in Japan in the fiscal year through March. Nissan motor and Mitsubishi motors already make electric kei cars. Launched in 2022, their models are selling well. Well, the steady home of mini car sales has attracted the attention of foreign car makers. China's electric vehicle giant BYD plans to start selling mini EVs in Japan in the later half of next year. I talked to analyst Goishihara Taiji at Deloitte Tohmatsu consulting. He has been keeping close tabs on the push to electrify kei cars. I started by asking him, who are the potential buyers?

Based on the JD powers survey, 91% of kei EV owners have a detached house and also 65% of kei EV owners have more than 2 cars which means, basically, they are not using the EV as a main car but as a second car for a short distance such as going to the supermarket or dropping off their family at the nearest station.

Well Japan's battery EV market is still tiny, less than 2% of registered passenger cars last month. Although not included in this chart, the share for kei EVs is only a fraction of that. Given that these kei cars are already pretty price competitive, do you think that these kei EV cars will be able to compete with these small cars already there?

The existing battery kei EV, which is Sakura by Nissan, pricewise is competitive. They can get subsidies from the country and the prefecture. With those subsidies, kei EV is priced competitively or slightly higher than conventional engine cars.

Why would they choose EVs? The price is pretty much the same.

So currently EV cars, including kei cars are purchased by what we call innovators or early adapters. The majority still don't buy battery EV cars, but they are buying conventional engine cars.

So, plenty of room to grow, but Goishihara believes there will be some time before the sales of EV cars gain traction.

Before 2030 it is difficult to be so popular. The current EV car usage is quite limited so they cannot be the first car. Only 35% of households have more than 2 cars. The other 65% of households do not have a second car so it is difficult to be a main car for the EV car.

Goishihara says 2 things need to happen before EVs take off in Japan: driving ranges that match those of combustion engine cars and more charging stations. Achieving that, he says, then battery cars both big and small could have a bright future.

Now discuss the questions with a partner.

1. Would you consider purchasing a kei EV? Why or why not?
2. If EVs are priced similarly to gasoline cars, what factors would influence your decision to buy one?
3. Do you think government subsidies should continue to support kei EVs? Why or why not?
4. What could car companies do to make kei EVs more appealing to customers?
5. What are pros and cons of kei EVs?