

Honda scales back EV investment, sales targets on poor demand

Bloomberg

Honda Motor Co scaled back investment plans and lowered sales targets for electric vehicles, as consumer demand remains lacklustre and environmental regulations are weakened in major markets abroad.

The Japanese automaker will now only invest ¥7 trillion (\$48.3 billion) in EVs and software in the long term, Chief Executive Officer Toshihiro Mibe said on Tuesday, a sizable drop from



the ¥10 trillion it announced last year.

"EV investment hasn't been abandoned, just pushed back," Mibe told reporters during an annual business update.

Honda also adjusted its EV sales targets through the end of the decade based on a current downturn in demand, and a bump in the popularity of gas-electric hybrids.

It now sees hybrids accounting for 2.2 million of 3.6 million in global sales by

2030, up from the 2 million it previously saw.

EVs, meanwhile, could land closer to 20 per cent of global sales, or somewhere between 700,000 and 750,000 units, Mibe said.

\$3 BILLION HIT

Last week, Honda said it's expecting a \$3 billion hit to its annual profit as a result of President Donald Trump's tariffs. Mibe said on Tuesday that Honda's strength lies in its US production, which accounts for 60 per cent of all cars it sells in the US market.

The US is the largest market for Japan's top car-makers, which rely on factories in Mexico or Canada to build vehicles that are then sent across the border.

But Trump's 25 per cent tariffs on imported cars that took effect in April have made that an expensive, if not unfeasible option, for many foreign manufacturers.