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Select Committee on

Energy Independence and Global Warming

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Mr. Chairman and Members of the Committee:

I thank you for this opportunity to appear before you today to present Nissan's views on gasoline prices and fuel economy and how it relates to energy independence and global warming.

At Nissan, we have a culture of establishing very challenging yet achievable goals. Mr. Chairman, I believe you would understand that culture well. You have asked me to address 3 significant and complex issues and do so in 5 minutes!

In our most recent business plan announced last April, we put forward three commitments that we want to achieve by 2012. One of them is to lead the automotive industry in zero emission vehicles worldwide. Central to that commitment is our investment in the electric vehicle.

If ever there was an industry where the word "globalization" was meaningful, that would be the automotive industry. Growth in car sales is occurring in virtually every country across all continents. This is a new and recent development. The desire for mobility is universal. In the United States, there are 800 cars per 1,000 inhabitants; 600 in Western Europe and Japan, but the same ratio in China or India reveals fewer than 50 vehicles per 1,000 people. At Nissan we have recognized the need to find solutions to cope with this apparent contradiction between the predicted global growth in car sales and energy independence and global warming.

Mister Chairman, I believe you have recognized these trends and see the issues before us are global. Coping with global warming and energy independence goes well beyond what a single company can do. It is together, by collectively pooling ideas and investments from the private and public sectors that actionable, meaningful solutions will emerge.

Nissan's views led us to intensify our research and development. We invested in technologies that would improve the efficiency of the internal combustion engine in all its forms. Our engineers are optimistic and while some innovations are significant, they are not sufficient to meet the rapidly evolving needs of our customers.

In the United States, in the face of rapidly escalating energy prices, consumers are shifting abruptly from trucks to crossovers and from large cars to smaller ones, from V8 engines to V6s and now four cylinder ones. Fuel efficiency is at the top of customers' concerns.

Higher fuel prices, coupled with environmental concerns, mean consumers are more willing to consider new forms of powering vehicles. This means an interest in diesel

engines, flex fuels and biofuels. But at Nissan, we believe a more radical change, a breakthrough technology like the electric car is needed.

Electric vehicles will not only have zero tailpipe emissions but they will offer more flexibility in determining the source of energy to power them. Today, oil is the major source of energy to power a car. With electric cars, the electricity needed to charge their batteries can come from multiple sources, including, in the best of all worlds, renewable ones such as the wind or the sun or water. Clean coal furnaces and nuclear power would also be effective in combating CO2.

Electric vehicles have always been limited by their battery as its size, driving range, cost and charge time made electric vehicles unacceptable to consumers. Nissan has been working on lithium ion batteries since 1992. We have created a separate company which will be responsible for the manufacture and sale of batteries. We are satisfied with our advances and believe we have the technical visibility today to bring these vehicles to market in short order.

Our goal is to bring to market in the United States a fully electric automobile before the end of 2010. At first, the number of vehicles will be relatively small but we plan to have a truly mass market vehicle available in the US by 2012. These electric vehicles will be cars the consumer will be happy to drive. They will have a range that will get them comfortably to work and back home with all the comfort and features they are used to today. They will handle highway speeds and permit the driver to comfortably merge into highway traffic. The acceleration will surprise many and make the vehicles fun to drive. As the market grows, different types and sizes of vehicles will be launched.

Nissan looks forward to working with Congress, regulators and government agencies in making this technological breakthrough reality. The electric vehicle will transform the value chain of our industry as we know it today; in partnership with private industry, public policy will need to address the new infrastructure requirements and we will need to work together in adapting the rules that govern the use of automobiles to this new reality and create the conditions of success.

Mr. Chairman, I thank you and the committee for the opportunity to testify today. I am happy to answer questions.