

Starting up

- Do you see many electric cars on the roads in your city?
- Why do you think people choose an electric car instead of a petrol or diesel?
- What reasons are there for not buying an electric car?

Reading 1

Are these statements true or false, according to the article?

- 1 The CEO of Peugeot says that the quality of electric vehicles must be improved.
- 2 Peugeot is changing the location of offices to reduce costs.
- 3 Peugeot has made serious losses in the past year.
- 4 Peugeot's main competition in the electric car market is Fiat Chrysler.
- 5 Carlos Tavares says that he wants his company to be ready for the future.

Vocabulary 1 – adjectives and noun pairs

A Complete the table with words from the article.

adjective	noun
1 affordable
2	agility
3 capable
4 electrified
5 profitable
6	resilience
7	robustness

B Match the definitions with the words you wrote in A.

- a the quality of being able to produce income
- b the quality of being cheap enough for most people to buy
- c the quality or ability to do something
- d the process of changing something so that it uses electric power
- e strong and healthy
- f able to move quickly and easily
- g able to become strong and successful again after a difficult situation or event

Peugeot boss urges radical steps to cut price of electric cars

Carmakers need to take ¹**radical** steps to lower the price of electric vehicles by cutting costs across offices, dealerships and suppliers, according to the chief executive of Peugeot owner PSA.

Carlos Tavares said bridging the gap between the cost of developing electric vehicles and selling them at a profit, which is currently only possible through ²**subsidies**, must be the priority for carmakers.

“**Affordability** will be the challenge for the next five years in terms of costs,” he told the Financial Times. “Those breakthroughs need to come from real estate, distribution costs, sourcing all the components of cost structure will have to be combined to bring this affordability.”

Carmakers and consumers in the EU benefit from about €12,000 in subsidies for each electric car through ³**incentives** and other measures, he said.

“This is the gap that we need to close if we want to offer this to the biggest possible number of citizens, which means all sorts of cost reduction needs to be addressed to face this challenge,” Mr Tavares said.

PSA, which moved its headquarters from the Champs-Élysées to the outskirts of Paris to save money several years ago, intends to make even more radical moves by scaling back an office network vacated during the pandemic as staff worked from home.

“We are going to shrink our real estate footprint,” Mr Tavares said. “This will represent a benefit for employees. They will spend less money on transportation to go back and forth, and will have a better work-life balance.” PSA would maintain office spaces for teams to meet when necessary, he added.

This change would enable the company to maintain its profitability, while ramping up sales of battery and hybrid vehicles to meet new emissions rules.

Mr Tavares’ comments come the day after PSA ⁴**bucked** the industry-wide coronavirus ⁵**malaise** to post a profit for the first six months of the year. It booked a net profit of €595m for the half, across a sector where most major players expect to make losses.

Like all carmakers operating in Europe or China, PSA is boosting its electric vehicle capabilities in expectation of a demand ⁶**boom** later into the decade.

The company on Tuesday unveiled a new platform that will be the base for all its models from 2025 onwards. This will underpin vehicles that can travel up to 650km on a single charge.

PSA’s pending ⁷**merger** with Fiat Chrysler, which will create the world’s third-largest carmaker by revenues, may result in the Italian-American brand shifting its vehicles on to PSA’s systems. This would be similar to the move by Opel-Vauxhall after PSA’s 2017 takeover.

“As we are two companies coming together, the assets of the two families will be available,” he said, adding that electrification of FCA’s largely North American vehicle line-up would depend on the speed of regulations in the US.

The FCA merger was agreed in December but faces close scrutiny from European competition authorities.

Although Mr Tavares has said he will be watching the cash position of the newly merged group closely, he said it was “not the right moment” to discuss FCA’s planned €5.5bn special ⁸**dividend** to shareholders in order to equalise the value of the two groups.

He added: “I would be arrogant if I was going to predict the future right now. The only thing we can do is to make our companies more agile, more robust and more resilient.”



Reading 2

Choose the best answer to each question.

- 1 How does Carlos Tavares plan to make electric cars more affordable?
a) by asking the government for money c) by reducing the cost of production
b) by using much cheaper materials
- 2 Where does PSA plan to make more cuts immediately?
a) reducing office space c) shortening the work week
b) cutting the number of workers
- 3 How is PSA different from other carmakers at the moment?
a) It's developing battery-powered cars. c) It has a new platform for its vehicles.
b) It's profitable.
- 4 What is PSA's relationship with Fiat-Chrysler?
a) Fiat-Chrysler is selling PSA. c) Opel-Vauxhall is buying both.
b) The two companies are becoming one.
- 5 How does Mr Tavares plan to make the companies ready for the future?
a) by building up cash reserves c) by making them strong and flexible
b) by carrying out extensive market research

Vocabulary 2 – vocabulary in context

Choose the correct meaning of the bold words in the article.

- | | |
|------------------------------|---------------------------|
| 1 a) minor, small | b) extreme, large |
| 2 a) taxes | b) financial assistance |
| 3 a) encouragements, rewards | b) punishments, penalties |
| 4 a) went against | b) joined |
| 5 a) speeding up | b) slowing down |
| 6 a) big increase | b) big decrease |
| 7 a) separation | b) joining together |
| 8 a) payment | b) charge |

Grammar – passive modals

Complete the sentences using the correct form of the words in brackets.

- 1 Cost reduction needs to be addressed (need / address) to face this challenge.
- 2 Strategies (must / decide) based on long-term goals.
- 3 Government subsidies (may / reduce) in the future.
- 4 Reducing the amount of office space (should / consider).
- 5 Car prices (have / lower) so that they're more affordable.
- 6 Many office jobs (could / do) from home.
- 7 Manufacturers (would / hurt) by the reduction of subsidies.
- 8 The future (can't / predict).

Group work

Work together to answer these questions.

- 1 Carlos Tavares wants to make electric cars more affordable, which will benefit the industries and consumers. But what are the negative aspects of cheaper cars?
- 2 The merger of FCA and PSA will be carefully looked at by European competition authorities. Why? What problems can a merger cause?
- 3 The future seems very difficult to predict right now. What do you see happening in the next five years? The next ten years? The next twenty years?

Further discussion

According to Carlos Tavares, working from home can reduce office costs and transport time and improve work-life balance. Do you agree that working from home is generally good?

What are the challenges of working from home?

Level: B2**ANSWER KEY****Starting up**

Students' own answers

Vocabulary 1

A

- 1 affordability
- 2 agile
- 3 capability

- 4 electrification
- 5 profitability

- 6 resilient
- 7 robust

B

- a 5
- b 1
- c 3
- d 4

- e 7
- f 2
- g 6

Reading 1

- 1 F
- 2 T
- 3 F

- 4 F
- 5 T

Reading 2

- 1 c
- 2 a
- 3 b

- 4 b
- 5 c

Vocabulary 2

- 1 b
- 2 b

- 3 a
- 4 a

- 5 b
- 6 a

- 7 b
- 8 a

Grammar

- 1 needs to be addressed
- 2 must be decided
- 3 may be reduced
- 4 should be considered
- 5 have to be lowered
- 6 could be done
- 7 would be hurt
- 8 can't be predicted

Group work (possible answers)

- 1 Even when cars don't directly create emissions, their manufacture and distribution does. More cars on the roads means more traffic, greater cost of maintaining roads, and a continued strain on the environment.
- 2 When a company becomes very large, it may reduce the ability of other companies to compete with it. Lack of competition may encourage high prices and may also reduce innovation.
- 3 Students' own answers

Further discussion

Students' own answers; possible downsides include dealing with the distractions of home (kids, partner, house mates, etc.) and a combining of the work and home spaces. This can lead to workers feeling as though they never get away from work. It may also present problems for teams where face-to-face communication is important.

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