

VW in talks to buy Huawei's autonomous vehicle unit

Article

The news: While **Volkswagen**, the world's second-largest carmaker, has dipped its toes in the EV space with a few electric cars, a new report reveals it could buy **Huawei's** autonomous driving unit, raising the stakes in the automotive industry.

Why it's worth watching: The shift to EV has focused largely on converting fleets into electric vehicles, as well as developing the supporting charging and service infrastructure. VW

seems to be looking at incorporating autonomous technology into its various brands, [per TechCrunch](#).

- [Autonomous driving](#) and [autopilot](#) features pioneered by carmakers like **Tesla** have received a lot of flak, mostly due to driver abuse as well as for their inability to sense pedestrians or cyclists.
- Huawei's autonomous unit falls under its "smart vehicle solution" business, and while many speculated on Huawei's entry into EVs, the company has maintained it wants to be a parts supplier, like **Bosch**.
- Huawei's AV tech was showcased in a mass-produced [Arcfox](#) sedan, which used the tech giant's chipset and in-car OS.
- If acquired, Huawei's technology will bolster VW's larger smart car and EV strategy. The company recently partnered with [Argo AI](#) in a joint effort with **Ford**.
- VW has long had autonomous vehicles on its radar. Its **ID.Buzz** concept car, a remake of the popular Microbus, was conceptualized as a [self-driving](#) vehicle. Production versions of the ID.Buzz are expected to [debut](#) in March.

The opportunity: VW adding AV features across its various lines at the same time it plans a transition to EVs puts pressure on the entire industry to look beyond their EV plans and accelerate wider AV feature adoption.

- If successful, VW can develop and mass produce AV features across its various brands, including **Audi, Bentley, Skoda, Seat, Porsche, and Lamborghini**.
- VW's brands cover the gamut of pricing and vehicle types, which can go a long way in standardizing autonomous technology across the industry, making them competitive to EV buyers.

The big takeaway: Traditional automakers are clawing for every advantage in the upcoming shift to EVs. For companies like VW, adding more advanced AV technology to their upcoming EV offerings at scale would disrupt the market, provided they can manage vehicle pricing and address AV safety issues.

Forecast Sales of Vehicles by Autonomous-Driving (AD) Features, 2020, 2025 & 2030

% of total vehicle sales

2020	
Level 2 entry	23%
Level 2 advanced entry	1%
Total	24%
2025	
Level 2 entry	47%
Level 2 advanced entry	12%
Level 3 highway pilot	4%
Total	63%
2030	
Level 2 entry	39%
Level 2 advanced entry	17%
Level 3 highway pilot	5%
Level 4 highway pilot	3%
Total	64%

Source: McKinsey, "Private Autonomous Vehicles: The Other Side of the Robo-Taxi Story," Dec 1, 2020

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