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Toyota & BMW Shake Hands



The Japanese auto major, Toyota and the Bavarian auto giant, BMW have entered into a partnership in which the two companies will be jointly conducting research on new battery technologies and green vehicles and BMW will be supplying diesel engines to the Japanese auto company. In addition to the extensive battery research on the lithium-ion storage technologies, the companies will also be discussing on environmental technology projects. The Toyota-BMW deal seems to be a win-win strategy for both the companies. Toyota doesn't have a good line-up of diesel engines with itself. With the BMW partnership, Toyota will be sourcing the BMW diesel engines and increase its presence in the diesel dominated markets like Europe and India.

BMW has a strong engine portfolio but is slightly lacking in expertise on future green technologies and also advanced battery technologies. With Toyota already having significant experience in this line, BMW can take advantage of this expertise to develop better cars for the future. Also, Toyota sourcing diesel engines from BMW will help the Bavarian company to increase its economies of scale by reducing the cost per single engine manufactured. It is expected that Toyota will be sourcing the 1.6-liter and the 2.0-liter engines from BMW starting 2014. This is the first time; Toyota is sourcing engines from any outside supplier. Earlier, Toyota used to supply diesel engines of 1.6-liter capacity to BMW for its MINI from 2002 to 2005.



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