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Analysis by Julie Dautermann, Competitive Intelligence Analyst

Key Developments

- A Supplier Alert from Foley & Lardner shared key points involving the decision by Stellantis to rescind unpopular new purchase order terms and conditions.

- LMC Automotive estimates U.S. new light-vehicle sales reached 4.55 million units in the first four months of 2022, representing a decline of 16% from the same period in 2021, but up by 8% from 2020.
The semiconductor shortage has resulted in the loss of nearly 1.7 million units of global production this year, according to AutoForecast Solutions quoted in The Detroit News.

Toyota indicated high raw material costs and ongoing semiconductor shortages could reduce its next full-year profit by roughly 20%, while noting ongoing economic uncertainty made it difficult to provide a forecast.

Crain’s Detroit (subscription) reports recent earnings results from several major automotive suppliers reflect the continued impact from inflation and production volatility.

U.S. heavy-duty truck and trailer orders were down by double digits in April, resulting from manufacturers maintaining tight control over orders amid parts shortages and supply chain uncertainty.

Ford, GM and Stellantis plan to reinstate mask mandates at facilities in Michigan counties with high risk for COVID-19 transmission.

According to a recent blog post by Foley & Lardner, Mexico’s antitrust commission (“COFECE”) has recently fined “companies in the auto parts industry more than 9 million Mexican pesos for failing to notify two concentrations on time."

Bloomberg reports GM will raise wages by 8.5% at its truck plant in Silao, Guanajuato as part of a new labor agreement with union SINTTIA.

Electric vehicles and low emissions technology:

- The CEOs of automakers including Stellantis, Tesla and Volvo have warned component shortages and higher raw material prices could present significant risk to EV supply chains.

- The U.S. Department of Energy announced a $45 million program to support domestic production of advanced EV batteries. The Electric Vehicles for American Low-Carbon Living program includes investments to create batteries with faster charging times, and improved resilience and energy efficiency.

- Bollinger Motors will partner with Roush Industries to manufacture all-electric commercial platforms and chassis cabs.

- The Alliance for Automotive Innovation released a policy framework to address the reuse, repurpose and recycling of EV battery components.

Market Trends and Regulatory

Passenger car sales in China fell by 35.7% in April compared to the same period one year ago, according to estimates from the China Passenger Car Association.

The Wall Street Journal reports record-high diesel prices are straining
operational costs for trucking companies and exacerbating high transportation costs throughout supply chains.

**OEMs/Suppliers**

- Due to the semiconductor shortage, **Stellantis** and **Ford** temporarily *idled production* last week at plants in Illinois, Kentucky and Ontario. Affected models included the Jeep Cherokee, Ford Escape, Ford Edge, Lincoln Corsair and Lincoln Nautilus.

- **Stellantis** temporarily *halted production* at its minivan plant in Windsor, Ontario last week due to an *unspecified parts shortage* that was not related to semiconductors.

- **Toyota** will *reduce* production at 12 plants in Japan for up to six days in May due to the impact of **COVID-19 lockdowns in China**, and global production targets were reduced by approximately 50,000 vehicles.

- **GM** announced a partnership with **INRIX Inc.** to provide safety solutions data to the **U.S. Department of Transportation** through analytics from a cloud-based application called Safety View by GM Future Roads & Inrix.

- **Toyota** will use computer vision technology from Austin, Texas-based startup **Invisible AI** in its North American assembly plants to process body motion data for the purpose of enhancing safety, quality and efficiency.

**Connected/Autonomous Vehicles and Mobility Services**

- **Magna** announced new advanced driver assistance systems (ADAS) for the **2022 Toyota Tundra** in the North American market, including a “complete surround view system” that provides a “fly-around 3D image of the vehicle and its environment upon startup.”

- **Aurora Innovation** announced a collaboration with long-haul trucking carrier **Covenant Logistics** to “explore the integration and deployment” of Aurora’s autonomous trucking product.

- **GM** announced a partnership with open-source software solutions provider **Red Hat** to expand software-defined vehicle programs, including the automaker’s upcoming Ultifi platform.

- **Volvo Autonomous Solutions** will partner with **DHL Supply Chain** to pilot a new “hub-to-hub transport solution” in North America.

- Stellantis’ car-sharing mobility unit **Free2move** will acquire **Share Now** from the BMW and Mercedes-Benz groups, which adds service offerings in 14 European cities and 10,000 vehicles to Free2move’s existing fleet of 2,500 vehicles.

**Electric Vehicles and Low Emissions Technology**
• Battery maker **Contemporary Amperex Technology Co. (CATL)** is vetting potential U.S. sites for a new manufacturing facility, according to unconfirmed reports in **Reuters**.

• Wood Mackenzie **predicts** there will be a significant U.S. market for **heavy-duty vehicle electrification**. However, this segment will likely experience a slower ramp-up due to market barriers including lack of model availability, as well as battery capacity concerns. [Summary only, full report not publicly available]

• **Software vulnerabilities could expose EV charging stations** as a potential target for **hackers**, according to a recent report in **Automotive News**.

• **Foxconn completed** a $230 million transaction to acquire **Lordstown Motors**’ Ohio factory, and the site will become a joint venture between the two companies to produce electric pickup trucks.

• **Subaru will invest** $1.9 billion on EV battery capacity over the next five years as part of a broader investment in electrification.

• **Nissan indicated** it may add a third U.S. plant by the end of the decade, citing the importance of production localization as well as the potential need to meet future EV demand. The automaker currently has U.S. manufacturing facilities in Canton, Mississippi and Smyrna, Tennessee.

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