This report helps automotive suppliers inform their legal and operational decisions to help address challenges and opportunities.

**Key Developments**

- The fifth installment of Foley & Lardner’s Supply Chain Disruption Series provides a summary of some of the recent antitrust enforcement activity affecting supply chains, as well as strategies to minimize the attendant risk.

- U.S. new light-vehicle sales reached 7.91 million units in the first seven
months of 2022, representing a **SAAR of 13.7 million units** and a **decline of 17%** from the same period last year, according to estimates from **LMC Automotive**. Following an 11% drop in July sales results, LMC revised its **full-year 2022** light-vehicle sales forecast from 14.3 million units to **14 million units**.

- **Foley & Lardner** provided examples of litigation and proposed government regulation addressing **dealership trade practices** amid record-high vehicle prices in the wake of the economic effects of the COVID-19 pandemic.

- The **average monthly payment for a new vehicle** surpassed $700, according to estimates from **J.D. Power** quoted by the **National Automobile Dealers Association**.

- President Biden plans to sign the **CHIPS and Science Act** into law this week. The legislation passed both chambers of Congress and it includes **$52 billion to support domestic semiconductor manufacturing** as part of a broader package to enhance the nation’s competitive position.


- **GM** plans to double its **Super Cruise** hands-free driver assist technology network to 400,000 miles across the U.S. and Canada later this year.

- **Electric vehicles and low emissions technology:**
  - Automakers **expressed concern** that new material, component and assembly requirements in the U.S. Senate’s recently passed **Inflation Reduction Act** will limit the number of EVs qualifying for a **federal tax credit** of up to $7,500. The legislation would end per-manufacturer limits for the tax credit. The U.S. House hopes to **begin voting** on the climate, tax and healthcare package by the end of this week.
  - **Foley & Lardner** provided a **summary** of the key components of the U.S. EPA’s proposed rule pertaining to **new emissions standards** for **heavy-duty highway vehicles and engines**.
  - **S&P Global** provided an **analysis** of **EV battery supply chain risks** for critical commodities such as **lithium, cobalt** and **nickel**, including uncertainty whether scale can be achieved quickly enough to make EVs “affordable and profitable across mass market sectors.”
  - Potential shortages of **graphite** could begin affecting the supply chain for **lithium-ion batteries** as soon as this year, according to an update from **Supply Chain Dive**.
  - Chinese battery maker **Contemporary Amperex Technology** postponed plans to announce its first North American plant
due to tensions resulting from U.S. House Speaker Nancy Pelosi’s visit to Taiwan.

- **Ford announced** its U.S. electric vehicle sales increased 168.7% in July to reach a 10.9% share of the segment – its highest on record. CEO Jim Farley recently indicated to the *Detroit Free Press* that he believes Ford is the only automaker capable of surpassing Tesla as the top-selling EV maker.

### Market Trends and Regulatory

- New analysis from KPMG estimates **automotive semiconductor sales** could increase from approximately **$40 billion in 2019** to over **$250 billion by 2040**, with much of the growth attributed to electric and hybrid powertrains.

- **National average gas prices** continue to reflect a **downward trend**, and AAA notes that compared to one year ago, the price per gallon is currently 87 cents higher while demand is 1.24 million barrels a day lower.

### OEMs/Suppliers

- **FANUC will expand** its footprint in Auburn Hills, Michigan and invest $86 million in a new facility for manufacturing, engineering and R&D.

- **GM** and **Toyota** reported **profit declines** of 40% and 42% year-over-year, respectively, for the April – June quarter, with the results attributed to **supply chain challenges**, including COVID-19 lockdowns in China and the ongoing global semiconductor shortage.

- **Ford** reported its profit for the April – June quarter **increased by nearly 19%** year-over-year due to improved sales and inventory.

- **Stellantis** reported its profit **increased 34%** year-over-year for the first half of 2022.

- **Hyundai Motor Group** increased its **U.S. retail market share** to **third place** for the first five months of this year, based on analysis of new vehicle registration data by S&P Global Mobility. Hyundai was ranked sixth during the same period last year, and the improvement is attributed to an expanded product portfolio across the Hyundai, Kia and Genesis brands.

- **Renault** intends to **pursue plans** to split its electric and combustion-engine businesses, with more detail to be announced this fall following discussions with its partners Nissan and Mitsubishi.

### Connected/Autonomous Vehicles and Mobility Services

- Boston Consulting Group **estimates** 65% to 75% of miles traveled in large metropolitan statistical areas could be addressed by **shared autonomous electric vehicle** (SAEV) fleets, while noting there are a number of costly regulatory and technical hurdles to overcome.
Israel’s Innoviz and Volkswagen’s Cariad unit confirmed a $4 billion supply agreement for hardware and software, including lidar components, for use in the automaker’s advanced driver assistance systems and automated vehicles.

**Electric Vehicles and Low Emissions Technology**

- **BorgWarner acquired** San Diego-based Rhombus Energy Solutions for $130 million, in a deal that is expected to expand vehicle-charging capabilities.

- The governors of Michigan, Wisconsin, Illinois and Indiana established a memorandum of understanding to install EV chargers as part of the Lake Michigan Electric Vehicle Circuit Tour.

- As part of a broad overview of the EV charging value chain, Bain & Company analysis predicts the **EV charging profit pool** for the US, Europe and China will reach between €8 billion and €13.5 billion by 2030.

- **Stellantis will invest** $99 million at three plants in Michigan, Indiana and Ontario to produce a new 1.6-liter turbocharged engine which can be used in hybrid vehicles.

- **Nikola Corp. will acquire** Cypress, California-based battery supplier Romeo Power for approximately $140 million, and the deal is expected to reduce costs and accelerate product development. Nikola indicated it is on-track to deliver between 300 and 500 battery-electric Tre semi-trucks by year-end, after delivering 48 units in the second quarter.

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