

Foley Weekly Automotive Report - September 8, 2021

Article By:

Ann Marie Uetz

This report helps automotive suppliers inform their legal and operational decisions to help address challenges and opportunities. Contact your Foley relationship partner, or [John R. Trentacosta](#) or [Ann Marie Uetz](#), to follow up.

Key developments

- **U.S. new light vehicle sales in August** fell to an estimated SAAR of [just under 13 million units](#) to [13.1 million units](#), representing the lowest sales pace in 15 months.
- **Full-year 2021 U.S. new light vehicle sales** are forecast to reach **15.7 million units**, down from a previous projection of **16.5 million units** by [LMC Automotive](#), due to low **U.S. new vehicle inventory at or below the one million mark** persisting for the near-term.
- **U.S. fleet sales** reached an [estimated](#) 1.2 million units for January – August, **41% lower than for the same period in 2019** and 6% higher compared to the same period in 2020.
- **Supply shortages**, including **semiconductors, wire harnesses, plastics and glass**, are [expected](#) to result in **elevated prices for U.S. new vehicles** into next year.
- The **global auto industry has lost over 7 million units of planned production** as a result of the chip shortage, according to estimates from AutoForecast Solutions, as quoted in [The Detroit News](#).
- [Production downtime](#) will impact the **majority of GM's North American plants** the week of September 6, due to “continued parts shortages caused by semiconductor supply constraints from international markets experiencing COVID-19-related restrictions.”
- **Ford** [will extend](#) downtime into a **third week for the F-150 side** of its **Kansas City Assembly plant** this week, and operate with reduced shifts at its **Dearborn Truck** and **Kentucky Truck** plants.

- **Electric vehicles and low emissions technology:**

- The **Alliance for Automotive Innovation** [announced](#) its [EV Infrastructure Guiding Principles](#) for the purpose of advancing consumer acceptance and adoption of electric vehicles in the U.S.
- Prices for **lithium-based chemicals** used in electric vehicle batteries have [more than doubled](#) since December 2020 and, according to **IHS Markit**, projected demand for lithium will more than double between 2021 and 2025.
- **Honda and GM** will share certain [electric vehicle parts development costs](#); the collaboration will standardize key components such as motors, batteries, and inverters for select vehicles in an effort to achieve cost savings.
- At an investor briefing on batteries and carbon neutrality, **Toyota** [announced](#) plans to **spend nearly \$14 billion on battery development through 2030**, including solid state batteries and next-generation lithium ion power packs.
- **Hyundai** [announced](#) plans to develop **hydrogen fuel cell versions** of all its commercial vehicle models by 2028, and a “next generation fuel-cell system” will be introduced in 2023.

Market Trends and Regulatory

- The new president of the **AFL-CIO** [stated](#) that “**everyone should be vaccinated**” against **COVID-19**, and it’s “the only way we’re going to bring back the economy.” The new president of the UAW has said the union encourages vaccines, but they should remain voluntary.
- A survey of 961 employers conducted in August by consultant Willis Towers Watson [found](#) that **52% of U.S. employers are planning or considering requirements for a COVID-19 vaccine by year-end**.
- **Volkswagen** asked the U.S. Supreme Court to [reverse an Ohio ruling](#) that would allow the state to sue the automaker for anti-tampering law violations related to its 2015 “clean diesel” emissions-cheating scandal.
- **U.S. port congestion** is [expected](#) to persist deep into 2022, according to leaders of several of the nation’s busiest ports.
- Companies, including Intel, Nvidia and Advanced Micro Devices, [predict](#) **potential supply shortages and elevated prices for substrates**, which are typically a low-margin outsourced semiconductor component.
- A [survey](#) by Morning Consult conducted last month for the American Hotel & Lodging Association found that **60% of respondents intend to postpone business travel plans**. [Several companies](#) are **delaying a return to business travel** due to increasing COVID-19 cases.

-
- **South Korea** [passed a bill](#) to require a **reduction of GHG emissions** by 35% or more from its 2018 levels by 2030, with the intent to reach **carbon neutrality by 2050**. Over 100 countries have pledged to achieve net-zero emissions, and it's estimated that over a dozen countries have legislated such a target.
 - A recent [report](#) from the Climate Crisis Advisory Group predicts that **net-zero goals are insufficient to avoid climate risks** associated with 1.5 degrees Celsius of warming, and that prioritization should be placed on achieving a **net negative emissions position**.
 - **U.S. traffic fatalities increased by an estimated 10.5% in the first quarter of 2021**, despite a reduction of 2.1% in the number of miles driven compared to the same period last year, according to [new data](#) from the National Highway Traffic Safety Administration.

OEMs/SUPPLIERS

- **Toyota** experienced [supply chain bottlenecks](#) that resulted in a 40% global production cut for September, after rising COVID-19 cases in nations including **Vietnam** and **Malaysia** impacted its ability to secure parts such as **wire harnesses** and **semiconductors**.
- **Stellantis** [will acquire](#) F1 Holdings Corp, the parent company of First Investors Financial Services Group, for an estimated \$285 million, with the intention of creating its own **financing arm for the U.S. market**.
- **Ford** has [stopped production](#) through the end of this week at its Mustang plant in **Flat Rock**, Michigan, due to a gas leak that has resulted in the evacuation of hundreds of residents near the facility.
- The **J.D. Power 2021 U.S. Initial Quality Study** lists **Ram** as the [highest-ranking brand](#) in overall initial quality for the first time, followed by Dodge, Lexus, Mitsubishi and Nissan. **Infotainment remains the most problematic category**; six of the top 10 problems industrywide are infotainment-related.

Connected/Autonomous Vehicles and Mobility Services

- Autonomous truck startup **Gatik** raised \$85 million in a [Series B funding round](#) led by the venture arm of **Koch Industries**. Gatik has been operating pilot programs for Walmart in Arkansas and Louisiana, and in Ontario, Canada, for Loblaw Companies Limited.

Electric Vehicles and Low Emissions Technology

- **Daimler Trucks** and **Volvo Trucks** [will deliver](#) 100 Class 8 battery-electric trucks to Schneider Electric and NFI for use in Southern California.
- South Korea-based **SK Innovation** [will invest](#) 1.2 trillion won (\$1.04 billion) in a **new battery plant in China**; no details were provided about the new site. The company has manufacturing

operations in the U.S., Hungary, China and South Korea.

- **Nikola** [announced](#) an agreement to build **Bosch** fuel-cell power modules for two of its hydrogen-powered trucks; assembly is expected to begin in 2023.
- Electric vehicle charging company **Wallbox** [plans to build](#) a \$44 million, 130,000-square-foot manufacturing plant in **Arlington, Texas**. This is the Spanish company's first U.S. manufacturing site, and production could begin by June 2022.
- **Tesla** is [reported](#) to have stopped a production line at its Shanghai plant for several days last month due to the chip shortage.
- Solid-state battery developer **Solid Power Inc.** [plans to expand](#) its factory outside Denver to increase production for the purpose of delivering test cells to **Ford** and **BMW** early next year.

© 2025 Foley & Lardner LLP

National Law Review, Volume XI, Number 251

Source URL: <https://natlawreview.com/article/foley-weekly-automotive-report-september-8-2021>