

Foley Weekly Automotive Report - November 30

Article By:

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Key Developments

- **U.S. new light-vehicle sales in November** are forecast to reach a **SAAR of 13.6 million units**, according to estimates from [J.D. Power and LMC Automotive](#).
- Light-vehicle production declined by 20% in **Mexico** last year, and could [fall by an additional 5% this year](#), according to the **Mexican Automotive Industry Association**.
- In a [statement](#) last week by the COVID-19 Joint Task Force, **disclosure of vaccination status is still voluntary for hourly union employees of Ford, GM, and Stellantis**.
- **Canada** signaled [potential disagreement](#) with the U.S. over the interpretation of the USMCA's rules of origin for vehicle components, and **Mexico** may [pursue an arbitration panel](#) over auto content rules.
- **Electric vehicles and low emissions technology:**
 - As part of its [Ambition 2030](#) strategy, **Nissan** will invest \$17.6 billion in electric vehicles and battery development over the next five years and set a goal to achieve 50% of its global sales from electric vehicles or hybrids by fiscal year 2030.
 - **LG Energy Solution** [secured \\$1.36 billion](#) to fund the expansion of its North American battery production capacity; the location of the potential expansion was unclear. LG has a battery cell plant in Holland, Michigan.
 - **Solid-state battery technology** faces a number of [technological hurdles](#), which are expected to result in difficulty achieving mass market adoption this decade.
 - **Rental car companies** expect to [increase electric vehicle options](#) in their U.S. fleets, while noting challenges such as higher upfront costs, as well as the need to increase access to vehicle charging.

Market Trends and Regulatory

- The [World Health Organization](#) assigned the Greek letter **omicron** to a **new SARS-CoV-2 “variant of concern”** that originated in South Africa’s Gauteng province. It will be a number of weeks before researchers understand the potential impact on therapeutics and vaccines. Global markets fell sharply on Friday in response to the update, but [recovered some of the losses](#) on Monday. Several countries [imposed travel bans](#) on a number of southern African nations, and countries including [Japan](#) and [Israel](#) banned foreign visitors.
- In commentary prepared for an appearance at the Detroit Economic Club, **Commerce Secretary Gina Raimondo** [urged Congress](#) to support domestic semiconductor manufacturing by approving \$52 billion in funding for the **CHIPS Act**.
- Beginning in January, the Biden administration [will require](#) **COVID-19 vaccines** for essential, nonresident travelers crossing U.S. land borders.

OEMs/Suppliers

- Low vehicle inventories have recently contributed to higher profit margins for automakers and dealerships. However, several **tier one suppliers** are [experiencing decreased profitability](#) due to light-vehicle production reductions, as well as limited visibility into production shutdowns.
- In a recent [interview](#), **Mazda** emphasized its commitment to the U.S. market, discussing its upcoming CX-50 crossover vehicle and joint-venture plant with Toyota in Huntsville, Alabama.

Connected/Autonomous Vehicles and Mobility Services

- **Hyundai** plans to test a Level 4 autonomous vehicle in Seoul next year as part of its upcoming “RoboRide” mobility service.
- **Baidu** [received approval](#) to charge fees for its Apollo Go robotaxi service in Beijing, and the company plans to expand to additional cities in China next year.

Electric Vehicles and Low Emissions Technology

- **Rivian** [will postpone](#) deliveries of its **R1S SUV** by four to six months, from a previous target of January 2022.
- **Tesla** intends to invest up to 1.2 billion yuan (\$188 million) to upgrade equipment and optimize production lines at its Shanghai facility; the site is [reported](#) to be approaching its capacity limits. Separately, CEO Elon Musk [indicated in a tweet](#) that Tesla’s **Model S Plaid** sedan could launch in China next year.
- Australia-based **Vulcan Energy Resources Ltd.** will supply lithium hydroxide for **Stellantis’**

EV batteries in Europe beginning in 2026, as part of a five-year agreement [announced](#) this week.

- Sales of **fuel-cell heavy trucks in China** [reached 435 units in January-October](#), and consultancy Roland Berger predicts the market could surpass 50,000 units by 2030 if fueling infrastructure improves and vehicle costs decrease.

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