

Foley Automotive Report January 11, 2022

Article By:

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

Key Developments

- **U.S. new light-vehicle sales for full-year 2021** reached **14.9 million units**, and the **SAAR for December was 12.4 million units**, according to analysis by [J.D. Power and LMC Automotive](#), and [NADA](#). Low inventory is expected to continue impacting sales in 2022, with U.S. sales projected at **15.9 million units**.
- **U.S. fleet sales** reached an [estimated](#) 1.6 million units in 2021, **42% lower than the 2.8 million units sold in 2019**, and 4% lower compared to 2020.
- An [estimated](#) **2.3 million light-vehicle production units** were lost in North America last year due to limited semiconductor supplies and other disruptions.
- **Toyota** overtook **GM** as the [top-selling automaker in the U.S.](#) based on annual sales, as the former benefitted from earlier decisions to increase inventory of key components such as semiconductors.
- A [recent article](#) by **Foley & Lardner** attorneys discusses the impact of increased vehicle computerization and electrification on **patent infringement suits in the automotive sector**.
- **Qualcomm** announced deals to supply chips to [Volvo](#), [Honda](#), and [Renault](#), signaling its continued efforts to expand in automotive platforms.
- **Intel's** autonomous driving unit **Mobileye** [announced](#) new collaborations with **Volkswagen**, **Ford** and **Geely's** electric mobility brand **Zeekr**, for driver assist and autonomous vehicle technologies.
- **Electric vehicles and low emissions technology:**

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- **Automakers' [shift to electrification intensifies](#)**, as evidenced by a number of announcements at the **CES** conference in Las Vegas, including **GM's [debut of electric versions](#)** of its **Chevrolet Silverado pickup truck**, as well as the Chevrolet Equinox and Blazer, which all begin sales in 2023. As part of a broad partnership [announcement](#) focused on vehicle software and solutions, **Amazon** will be the first commercial customer for Stellantis' upcoming **Ram ProMaster battery electric delivery vans**, which are due to launch in 2023. Stellantis also announced that its **Chrysler** brand will have an [all-electric lineup by 2028](#).
 - Citing strong consumer demand, **Ford [will double](#)** annual production capacity for its **all-electric F-150 Lightning** to 150,000 trucks a year by mid-2023. The first deliveries are expected to begin this spring.
 - **Sony** displayed a [prototype electric SUV](#) at **CES**, and will explore a commercial launch of its own vehicles through its upcoming new unit, **Sony Mobility Inc.**
 - Shortages of raw materials are predicted to be a [risk for EV supply chains](#), particularly for companies that are not pursuing robust agreements with suppliers.
 - Guidehouse Insights [predicts](#) that annual **plug-in electric vehicle (PEV) sales** in North America will grow at a **30% compound annual growth rate through 2030**.

Market Trends and Regulatory

- **Mexico** will [pursue an arbitration panel](#) to help resolve differences with the U.S. over the interpretation of the USMCA's **rules of origin** for vehicle components.
- Six states have adopted **Advanced Clean Truck** rules that [require](#) increasing percentages of medium- and heavy-duty trucks sold to be zero-emissions beginning in 2025.
- Senate Democrats currently have [no plans to pursue floor action](#) for the \$2 trillion **Build Back Better** bill. The social spending bill, which included a provision that would offer **consumer tax credits for electric vehicles** that are **union-made in the U.S.**, may require a complete revision because it has thus far failed to receive adequate support for passage. House Speaker Nancy Pelosi said in a [recent interview](#) that "she believes a deal can still be reached."
- **GM [agreed to recognize](#) California's** authority to set vehicle emission standards under the **Clean Air Act**, in a move that makes the automaker eligible for government fleet purchases in the state.

OEMs/Suppliers

- **Volkswagen [will provide](#)** a 10% pay raise to its assembly plant workers in Chattanooga, Tennessee, due to the impact of the COVID-19 omicron variant on an already-stretched labor market. The seven-day average for newly reported **COVID-19 cases in the U.S.** surpassed 700,000 for the first time, according to data from Johns Hopkins as quoted in [The Wall Street](#)

- **Stellantis** [pushed back](#) a deadline requiring U.S. salaried employees to receive COVID-19 vaccinations, noting that the new timetable is dependent on where and how an employee is working. The automaker said that **93% of its U.S. salaried workforce is COVID-19 vaccinated**.
- **Bosch** [indicated](#) that combining **artificial intelligence** with **connected products** will assist in expanding revenue platforms across its business portfolios.
- **BMW** is working with 3D perception solution company **Seoul Robotics** to [automate last-mile fleet logistics](#) at its manufacturing facility in Munich.
- **Hyundai** is exploring ways to [introduce advanced robotic technology](#) into a wide variety of mobility systems, including cars, urban air mobility vehicles, and wearable robots such as human exoskeletons.

Connected/Autonomous Vehicles and Mobility Services

- **GM** [announced](#) its upcoming **Ultra Cruise driver assistance system**, which was developed with **Qualcomm**, and expands on the hands-free driving capabilities offered in Super Cruise. Ultra Cruise will debut on certain Cadillac models in 2023. The systems are considered Level 2 in SAE's [definitions](#) of driving automation.
- **TuSimple** [expanded its partnership](#) with **Nvidia**, and will use the company's chips for an autonomous domain controller for its commercial self-driving trucks.
- **Torc Robotics**, an independent subsidiary of **Daimler Truck**, [will open](#) its third U.S. location in Austin, Texas this year. The site will be an engineering hub to accelerate development of its self-driving truck technology.
- **Volvo** [announced](#) its autonomous driving feature, **Ride Pilot**, will first be available to customers in California before a broader launch in other markets. Ride Pilot will be available as an add-on subscription in the automaker's upcoming full-electric flagship crossover, pending internal verification and regulatory approvals.

Electric Vehicles and Low Emissions Technology

- **Magna** [announced](#) plans for a new electric vehicle center at its U.S. headquarters in Troy, Michigan, and its electric powertrain system will be ready to launch beginning in 2025.
- In a recent test, Michigan battery company **Our Next Energy** (ONE) used its technology to power a 2021 Tesla Model S for [752 miles on a single charge](#).
- **Tesla's** strategies to [succeed amid global supply chain challenges](#) include vertical integration, increasing vehicle prices to address higher costs, removing some features from vehicles, and maintaining close relationships with chip suppliers. Tesla recently indicated goals to expand

into [solar power and battery storage](#).

- **Panasonic** [will produce](#) **Tesla** battery cells using certain components from Nevada-based battery recycling company **Redwood Materials**.
- Massachusetts-based startup **Battery Resources** [will invest](#) \$43 million to open a recycling plant for lithium-ion batteries in Georgia this year.
- GM's electric delivery and logistics unit **BrightDrop** [will supply](#) **Walmart** with 5,000 electric delivery vans, and **FedEx** has expanded its order from an initial reservation of 500 to 2,000 vehicles.
- **Honda** [plans](#) to build a second all-electric vehicle plant in China, which will begin production in 2024 as a joint operation with **Dongfeng Motor Co.**
- Vietnam-based EV company **VinFast** [plans](#) to assemble battery packs with cells sourced from its supplier at an upcoming manufacturing site in the U.S. VinFast intends to select the site this year.
- In March, **Volkswagen** [will debut](#) an electric version of its 1960s-era microbus, called the ID.Buzz.

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