

Foley Automotive Report - 22 February 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

- Recent [analysis](#) from **Foley & Lardner** partners addresses the potential impact of the USMCA's panel on **Automotive Rules of Origin** to North American manufacturers.
- **U.S. new light-vehicle prices increased 12.2%** and **used vehicle prices increased 40.5%** in January 2022 compared with January 2021, according to the most recent [Consumer Price Index](#). As a result of persistent **inventory shortages**, [The Wall Street Journal](#) also noted that certain vehicle models are experiencing significant value increases, instead of depreciating after purchase.
- **New-vehicle inventory** reached [1.08 million units](#) at the end of January, representing a **37 days' supply** industrywide.
- **U.S. fleet sales** were [estimated](#) at over 97,000 units in January, representing a decline of 36% compared to the same period last year.
- The **Center for Automotive Research** [commented](#) that the **Ambassador Bridge** traffic blockade could contribute to decisions by automakers to source certain parts locally. **Toyota** and several automakers [reported](#) February 16 that production levels had normalized after [protests](#) against COVID-19 restrictions halted bridge traffic for nearly one week.
- The **EPA** is [expected to reissue](#) a waiver under the Clean Air Act allowing **California** to pursue its own tailpipe greenhouse gas emission standards and ZEV mandates.
- The industry continues to see partnerships for autonomous trucking technology: **Knight-Swift Transportation** [will incorporate](#) technology from autonomous-trucking company **Embark** into

its fleet. **Waymo** and **C.H. Robinson** will collaborate on multiple [autonomous trucking pilots](#) in **Texas**. Waymo also recently announced an extension of its [partnership](#) with **J.B. Hunt Transport**, focused on autonomous freight operations in **Texas**.

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

- The Biden administration [announced](#) details for awarding federal funds to states as part of the **\$5 billion program** to build a **national network of EV charging stations**, as part of the 2021 infrastructure legislation. **Michigan** is expected to receive [\\$110 million over a five-year period](#) to develop EV charging stations, beginning with \$16.3 million this year.
- **Nissan** [will invest](#) \$500 million to transform its Canton, Mississippi plant into a “center for EV manufacturing and technology,” and the site will produce two new EVs beginning in 2025.
- **Ford** [started deliveries](#) of its new all-electric **E-Transit cargo van** for customers including **Walmart**. The E-Transit van is the automaker’s second all-electric vehicle, following the launch of the Mustang Mach-E.
- **GM** [plans to resume](#) **Chevy Bolt** electric vehicle production the first week of April, following a shutdown that began in the third quarter [last year](#) following a product recall.
- **Stellantis** [will recall](#) nearly 20,000 **Chrysler Pacifica Hybrid** minivans from the 2017 and 2018 model years due to potential fire risks.

Market Trends and Regulatory

- Korean brands earned three of the top four rankings in **J.D. Power’s** [most recent U.S. Vehicle Dependability Study](#), and Japanese brands dominated **Consumer Reports’** [10 Top Picks of 2022](#).
- The **National Highway Traffic Safety Administration** issued a final rule [allowing](#) adaptive driving beam (ADB) headlights on new vehicles. New ADB lights are expected to first be used in higher-cost vehicles, with market penetration increasing as the price of the technology declines.

OEMs/Suppliers

- **Ford** and **GM** [warned dealerships](#) they could lose future vehicle inventory as a result of charging consumers more than the manufacturer’s suggested retail price.
- **Toyota** [lowered](#) its fiscal year sales forecast to 8.25 million vehicles from a previous projection of 8.55 million vehicles, due to supply constraints caused by the **chip shortage** and **COVID-19 cases**.

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- **Honda** reported double-digit net profit declines in its October-December earnings results, and [remarked](#) on the challenge of projecting sales volumes amid the chip shortage.
 - **BMW** [acquired](#) a majority stake in its **Chinese joint venture**, BMW Brilliance Automotive, in a move that is intended to increase profits. China recently phased out restrictions that had prohibited foreign manufacturers from majority ownership in joint ventures.

Connected/Autonomous Vehicles and Mobility Services

- Intel's **Mobileye** [will partner](#) with **Benteler EV Systems** and **Beep** to launch autonomous electric shuttles in the U.S. in 2024.
- **Jaguar Land Rover** [will partner](#) with **NVIDIA** to develop software-based technology for its vehicles beginning in 2025.
- **GM** and its autonomous technology business unit **Cruise** [formally petitioned](#) the National Highway Traffic Safety Administration (NHTSA) to build and launch the Cruise Origin, which has been **designed to operate without a human driver**.

Electric Vehicles and Low Emissions Technology

- *Recent transactions—*
 - **BorgWarner** [will acquire](#) Tianjin, China-based **Santroll Automotive Components**, a carve-out of Santroll's eMotor business, in a deal valued at over \$220 million.
 - **American Axle** [will invest](#) \$15 million in **Autotech Ventures**, a Silicon Valley venture capital firm focused on electrification and mobility companies in applications including global ground transportation.
 - **GM** [will double](#) investment in its **Climate Equity Fund** to \$50 million. The automaker established the fund eight months ago, in an effort to help close equity gaps in the transition to electric vehicles.
 - **Cellink**, a California startup that has developed a new method of connecting battery cells and packs, [raised](#) \$250 million of **Series D venture funding** in a deal led by Whale Rock Capital Management, and investors including **Robert Bosch Venture Capital**, **BMW i Ventures** and **Lear**.
- China-based Apple manufacturing partner **Luxshare Precision Industry** is forming a joint venture with **Chery New Energy** to develop electric vehicles. A number of electronics manufacturers and technology companies have announced plans to enter the EV market, including [Foxconn](#) and [Baidu](#).
- **Ford** is [reported](#) to be considering ways to separate its electric vehicles operations, such as creating a distinct EV business internally.

- **Toyota** [will invest](#) \$90 million in two components plants in **West Virginia** and **Tennessee**, in order to expand production of **hybrid transaxles** and related parts.
- **Ford** and **Volvo** will work with battery recycling startup **Redwood Materials** in California to [collect and recover materials](#) from end-of-life electric and hybrid batteries.
- Australian company **Tritium DCFC Ltd.** [plans to build](#) electric-vehicle charging stations at its first U.S. manufacturing facility in **Tennessee**.
- **Burning electric vehicle batteries** may have prolonged a [fire aboard a cargo ship](#) carrying thousands of cars, including Porsches and Bentleys. (*The cause of the fire was not identified at the time of this news update.*)
- Due to numerous [infrastructure challenges](#), **light vehicles** are not expected to be a significant market opportunity for **hydrogen** in the near future.

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National Law Review, Volume XII, Number 53

Source URL: <https://natlawreview.com/article/foley-automotive-report-22-february-2022>