

Foley Automotive Report July 26, 2022

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

Key Developments

- **Foley & Lardner** partners will cover federal legislative and regulatory developments impacting autonomous and electric vehicles, as well as semiconductor and other supply chain challenges, at the **OESA Mobility Supplier Forum** on August 25, 2022, at SRI International in Silicon Valley. OESA members and guests can register [HERE](#) to attend.
- S&P Global Mobility [projects](#) that **2022 global light-vehicle production** will reach **80.8 million units** while noting a near-term recovery of demand in Greater China is balanced against broader indications of “deteriorating economic conditions.”
- **U.S. new light-vehicle inventory** was estimated at 1.12 million units at the end of June, representing a 38 days supply, according to an analysis from [Cox Automotive](#).
- As part of an effort to mitigate cost burdens, [Reuters](#) reports **Toyota** will postpone plans to unilaterally request lower prices from suppliers this year.
- **Volkswagen Group** [announced](#) the departure of CEO Herbert Diess following a vote by the supervisory board. Diess will be replaced by Porsche CEO Oliver Blume.
- **Bosch** [intends to invest](#) 3 billion euros in its semiconductor business by 2026, in areas including testing, research and production.
- The **U.S. Senate** may vote [this week](#) on legislation to provide funding for the domestic **semiconductor industry**, as part of a broader package intended to increase the nation’s competitiveness with China.
- **Electric vehicles and low emissions technology:**

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- A **Foley & Lardner** [blog post](#) shares key takeaways involving the upward trend of **hydrogen fuel cell patent applications**.
 - **Ford** may eliminate 4,000 to 8,000 salaried workers to position the company for the transition to electric vehicles, according to unconfirmed reports in [The Wall Street Journal](#) and [Bloomberg](#).
 - According to an [analysis](#) by the **Center for Automotive Research**, automakers have announced **\$24 billion in EV-related investments in the first five months of 2022**, which is nearly double the amount for the same period last year.
 - **Ford** [announced](#) details of its **battery capacity plan**, including that it has secured 100% of the battery cell capacity required to achieve a production target of 600,000 EVs in 2023, and 70% of the required capacity to produce 2 million EVs by 2026.
 - BloombergNEF predicts **global battery prices will rise this year for the first time in over a decade**, increasing slightly to an average of \$135/kWh from \$132/kWh in 2021, according to data excerpted in [Utility Dive](#). The increase results from supply chain challenges, as well as inflation and rising commodity costs.

Market Trends and Regulatory

- [GM](#) and [Ford](#) petitioned **NHTSA** to obtain temporary exemptions for the inclusion of certain types of controls in **automated driving system-equipped vehicles** intended for limited uses such as ride-sharing and delivery services.

OEMs/Suppliers

- **Continental** [will invest](#) over \$40 million to build a hydraulic hose plant in San Luis Potosi, Mexico, with the intent to begin production in 2024.
- The **global semiconductor shortage** is described as “more acute” in **China** because the nation relies “almost entirely” on chips imported from Taiwan, Europe, and the U.S., according to a report in [Reuters](#).
- **Stellantis** [will terminate](#) a joint venture with Chinese automaker **GAC** (which has been producing Jeep vehicles) due to a decision to pursue an “asset-light” approach in the nation, as well as a “lack of progress” with previous plans to pursue a majority share in the venture.
- Semiconductor manufacturer **SkyWater Technology Inc.** [announced](#) plans to invest \$1.8 billion for a chip research and fabrication facility in Indiana. SkyWater serves a range of markets, including the automotive industry.

Connected/Autonomous Vehicles and Mobility Services

- ABI Research projects **last-mile delivery revenue** will increase from \$70 million in 2022 to

\$670 million in 2030, according to estimates excerpted in [Material Handling & Logistics](#). Growth opportunities are expected for autonomous delivery vehicles as companies increase scale amid growing customer interest in low-touch, quick delivery.

Electric Vehicles and Low Emissions Technology

- The **U.S. Postal Service** [announced](#) at least 40% of its new Next Generation Delivery Vehicles (NGDVs) and commercial off-the-shelf (COTS) vehicles will be **BEVs**, representing a significant increase from previous targets outlined in its multi-billion-dollar initiative to replace its fleet.
- **Amazon** began deliveries using [custom electric delivery vans](#) from **Rivian** in over a dozen cities, with the goal to use the vehicles in over 100 cities by year-end.
- **Walmart** [signed an agreement](#) to purchase 4,500 electric delivery vans from **Canoo**, with the option to purchase up to 10,000 units. Walmart is scheduled to receive the first deliveries of Canoo's Lifestyle Delivery Vehicle in 2023.
- **Panasonic** [will invest](#) up to \$4 billion to build a new EV battery plant in De Soto, Kansas, which will employ up to 4,000 workers. The company received a total incentive package [valued](#) at \$829.2 million.
- **Redwood Materials** [plans to invest](#) \$3.5 billion in a new battery materials factory outside of Reno, Nevada. The company has EV battery partnerships with automakers including [Volkswagen](#) and [Toyota](#).
- **GM** is [partnering](#) with **EVgo** and **Pilot** to install 2,000 fast chargers at up to 500 Pilot and Flying J locations, and the first chargers will be operational early next year.
- Federal Highway Administration officials and emergency responders quoted in [Transport Topics](#) highlighted the need for increased training to effectively extinguish **EV battery fires**.
- [The Wall Street Journal](#) reports warehouse developers are experiencing more **requests to install charging stations at distribution centers**, signaling growing interest in electrification among logistics companies.
- [The New York Times](#) featured a number of companies which are beginning to increase production to expand the testing process for **next-generation battery cells** designed to improve charging speed and vehicle range.
- The **U.S. Energy Department** intends to provide a [\\$2.5 billion conditional loan](#) to a joint venture between **GM** and **LG Energy Solution** to help fund upcoming battery cell manufacturing facilities in Ohio, Tennessee and Michigan.

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