



CENTER FOR
AUTOMOTIVE
RESEARCH

Automotive Industry Trade Update - What Lies Ahead?

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THE CENTER FOR AUTOMOTIVE RESEARCH (CAR)

Automotive industry contract research and service organization (non-profit) with more than 30 years experience forecasting industry trends, advising on public policy, and sponsoring multi-stakeholder communication forums.



RESEARCH

Independent research and analysis on critical issues facing the industry.



EVENTS

Industry-driven events and conferences that deliver content, context, and connections.

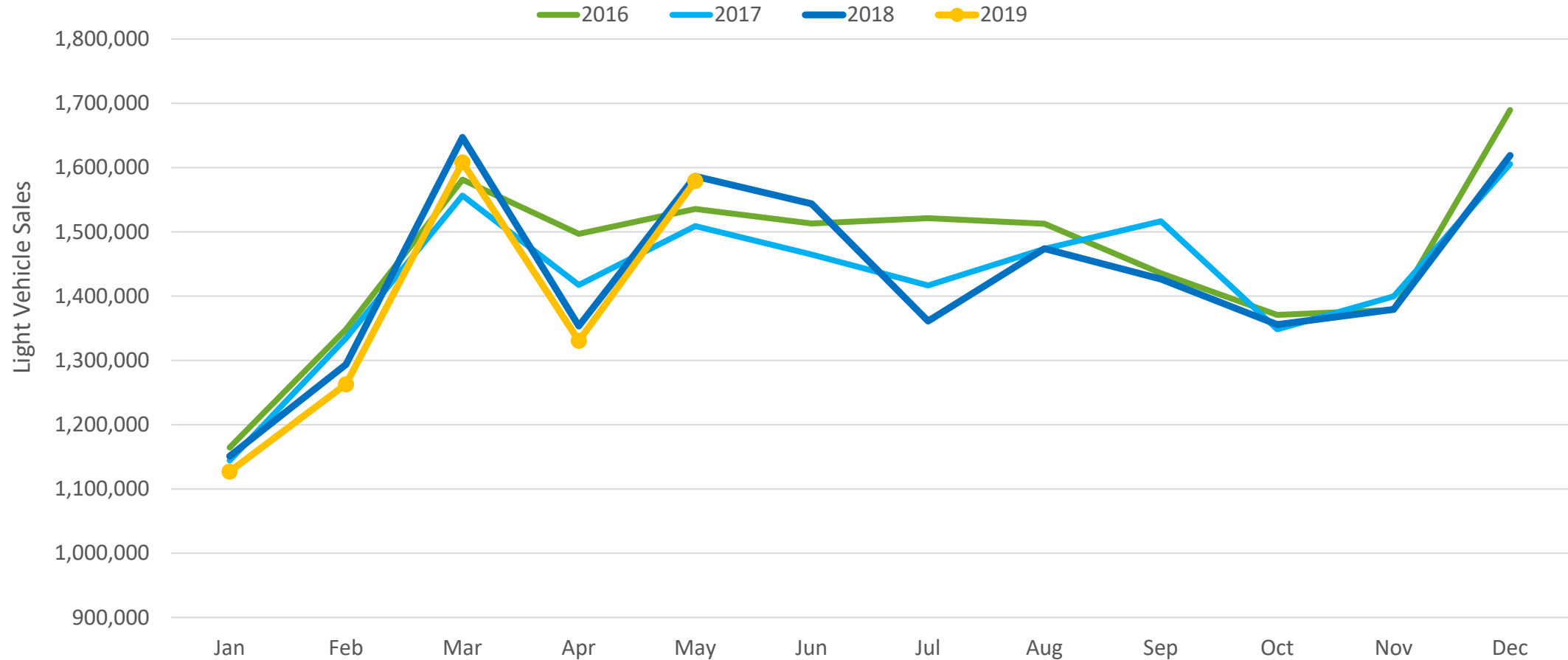


CONNECT

Consortia that bring together industry stakeholders to participate in working groups, networking opportunities, and access to CAR staff.

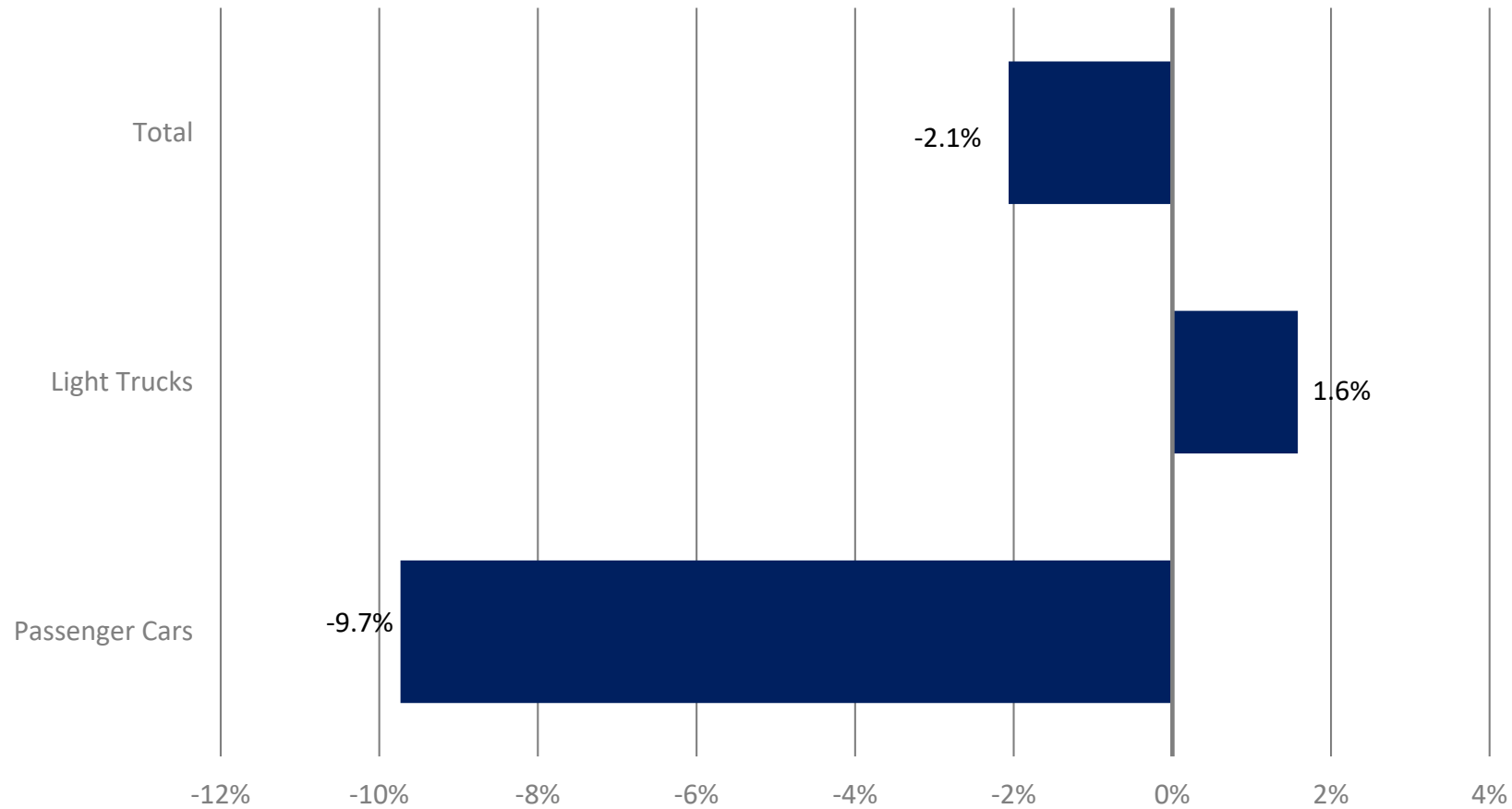
U.S. Light Vehicle Monthly Sales

January 2016 – May 2019



U.S. Light Vehicle Sales

Percent Change (YTD) Through May: 2019 vs. 2018



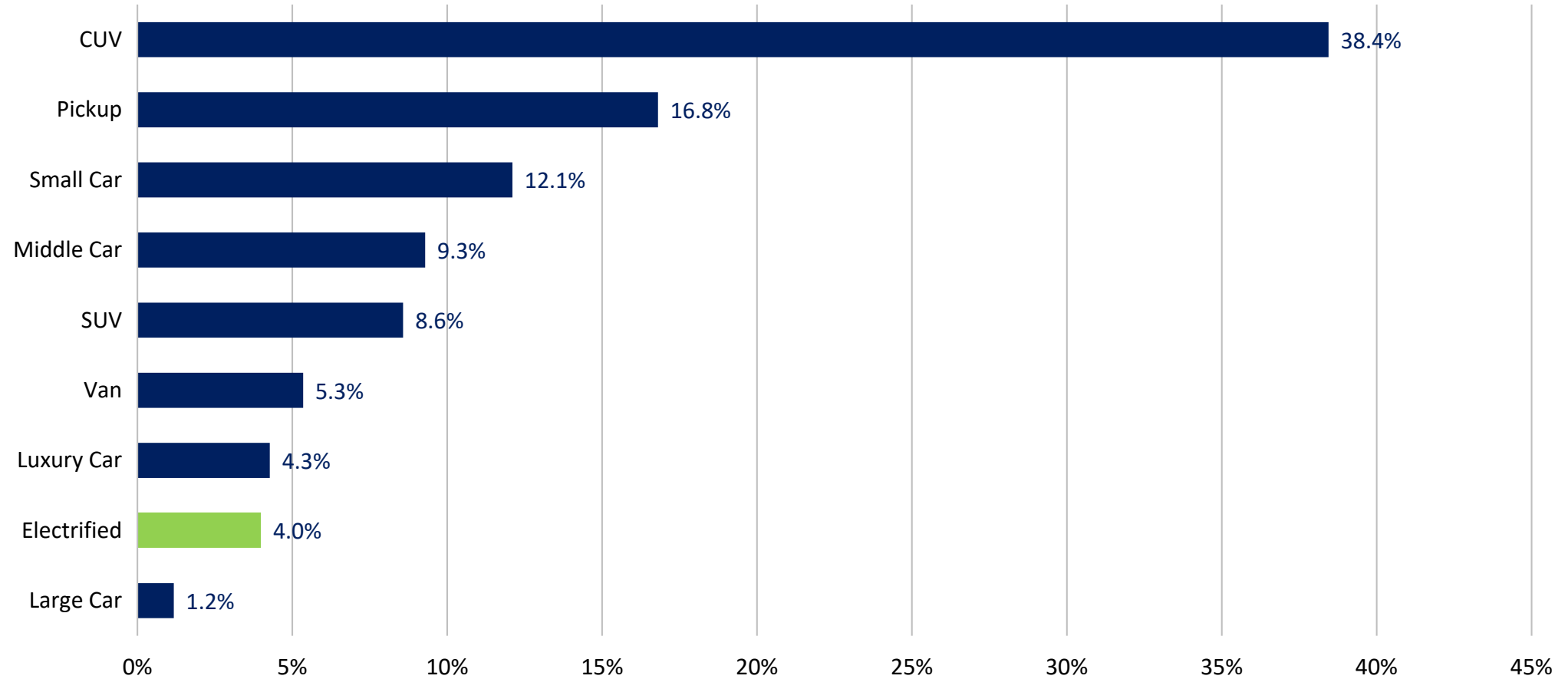
6,886,775	Total
-145,128	
100%	

4,841,084	Truck
+75,425	
70.3%	

2,045,691	Cars
-220,553	
29.7%	

Market Share: Segment Breakdown

U.S. Light Vehicle Sales 2019 YTD Through May

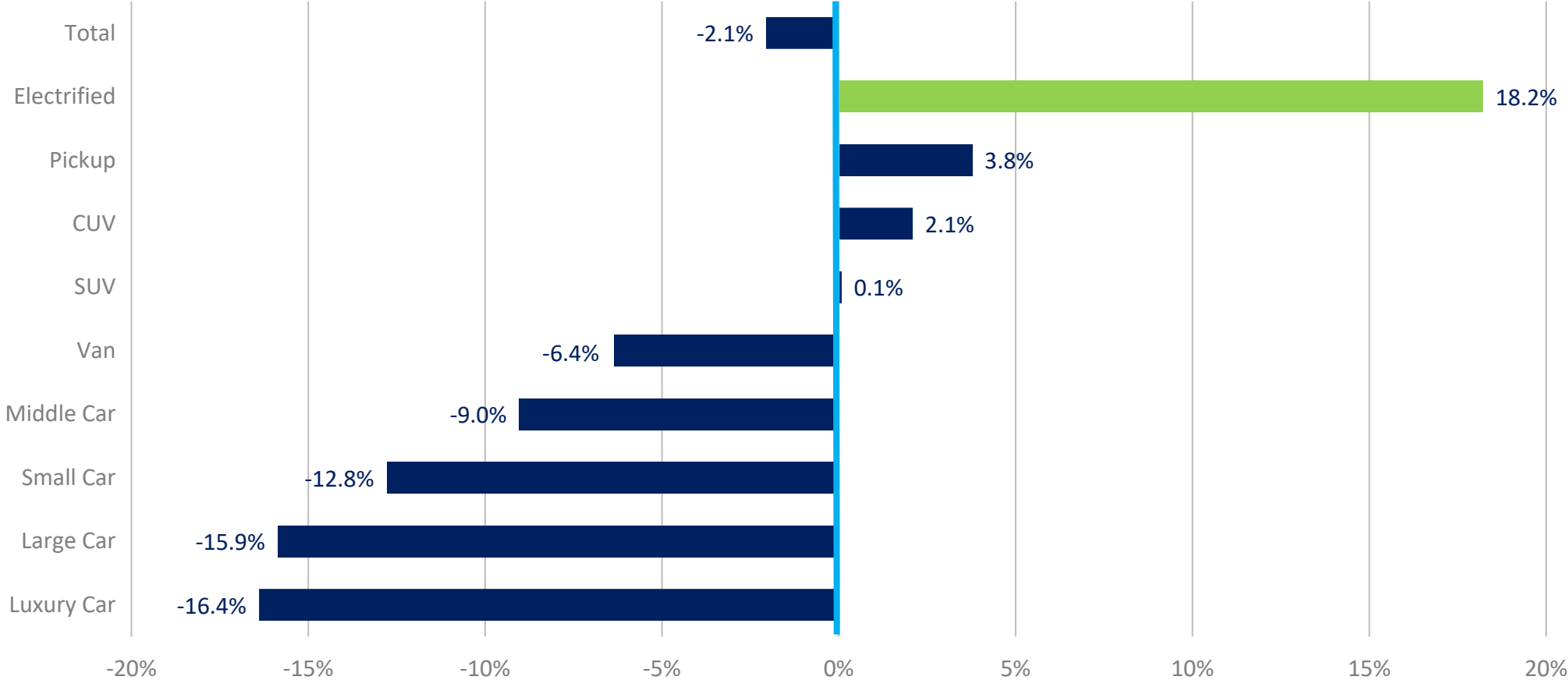


Note: Electrified Segment consists of BEVs, HEVs and PHEVs; all other segments are sales exclusive of Hybrid models

Segment Breakdown: U.S. Light Vehicles Sales

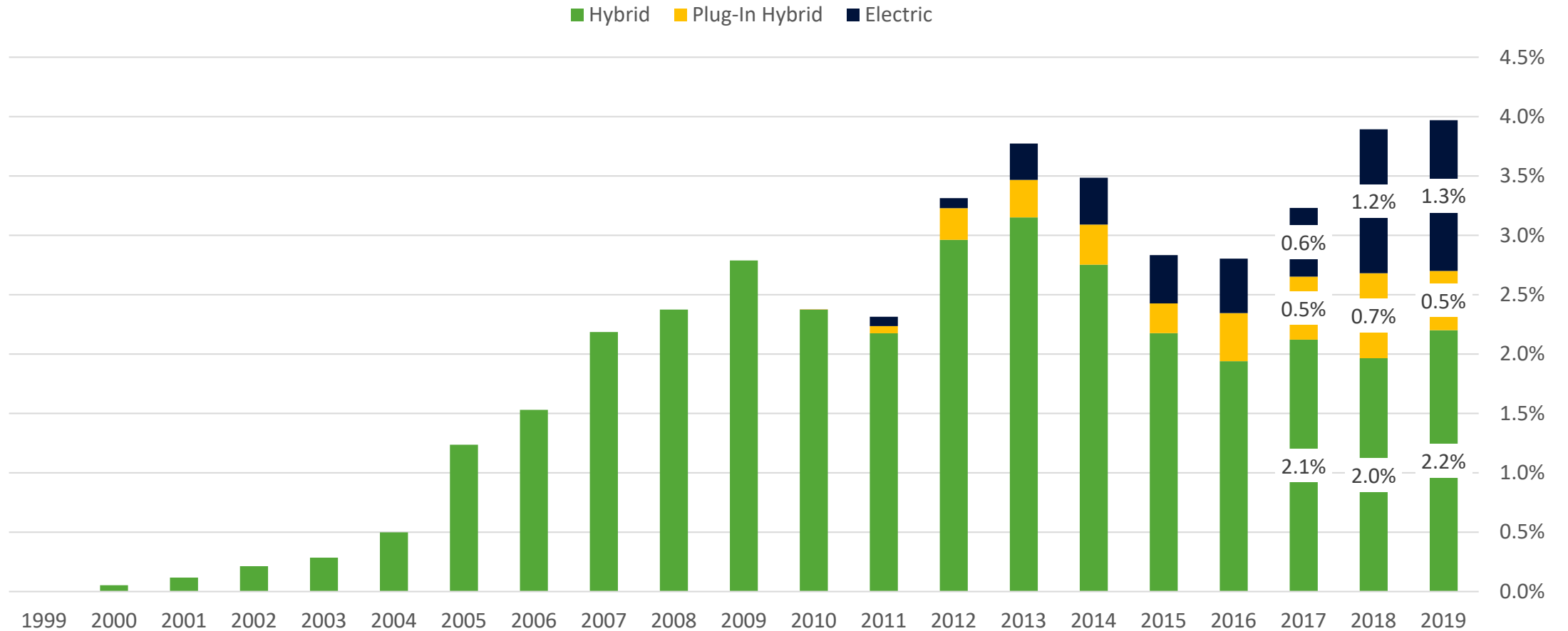
Percent Change

2019 YTD vs. 2018 YTD Through May



Note: Electrified Segment consists of BEVs, HEVs and PHEVs; all other segments are sales exclusive of Hybrid models

U.S. Electrified Light Vehicle Sales by Propulsion Technologies 1999 – 2019 YTD Through May

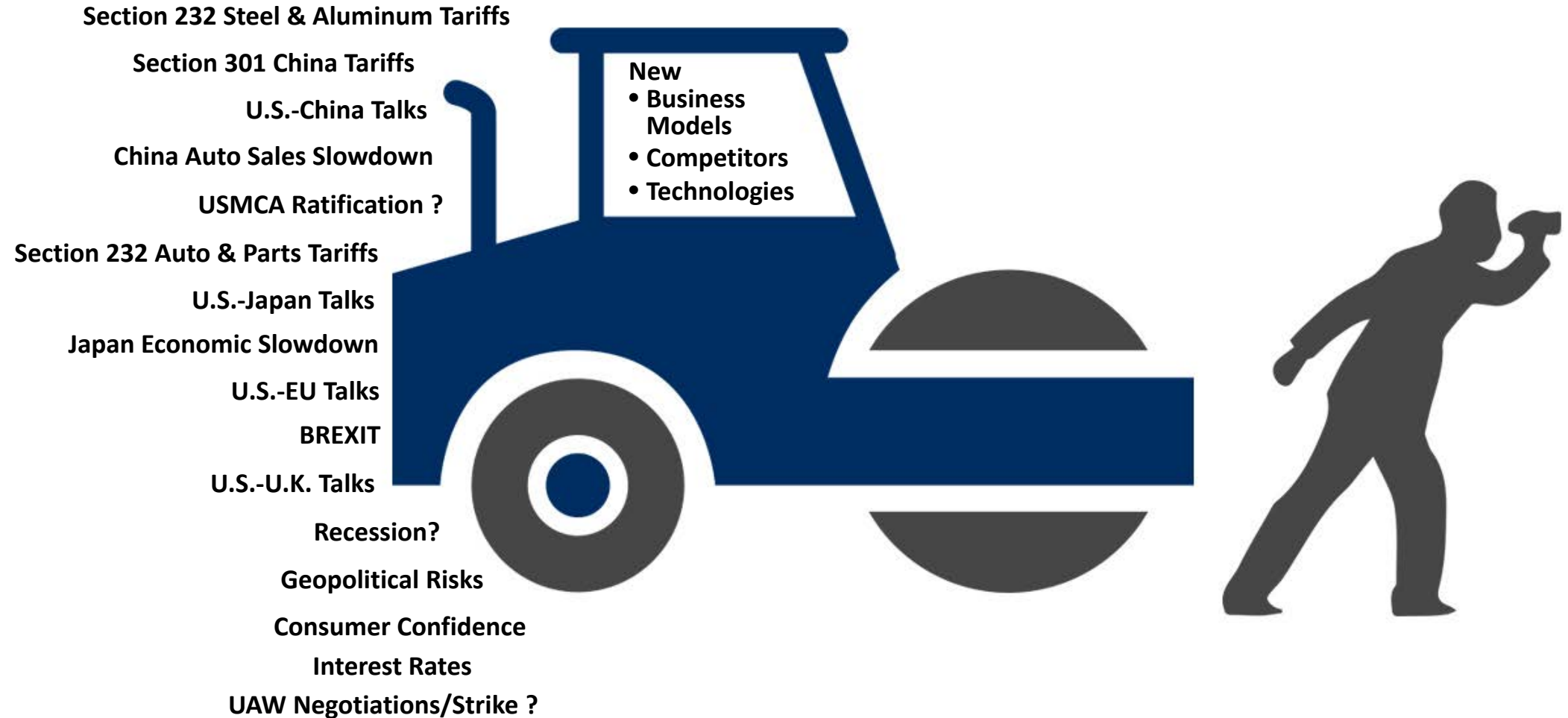


Note: Electrified vehicles consist of BEV, HEV and PHEV

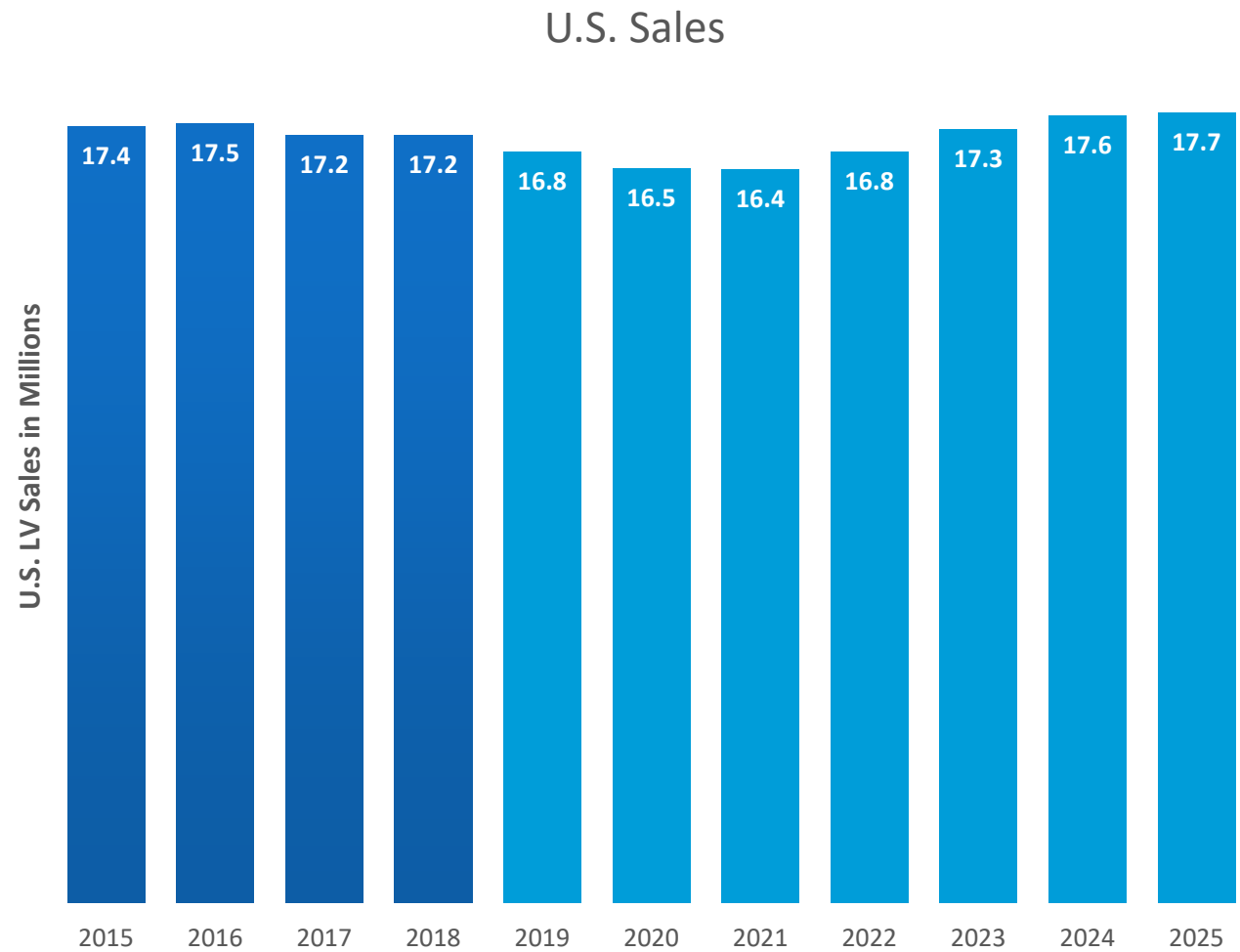
Positive Factors in the CAR Forecast:

- Projected moderate U.S. economic output growth in 2019
- Historically low U.S. unemployment rates
- Relatively low oil prices continue through 2020
- Underlying nominal wage growth continues
- High levels of consumer confidence were reached in Q4 2018, and
- Solid new housing starts and home prices rebounding to pre-recession levels

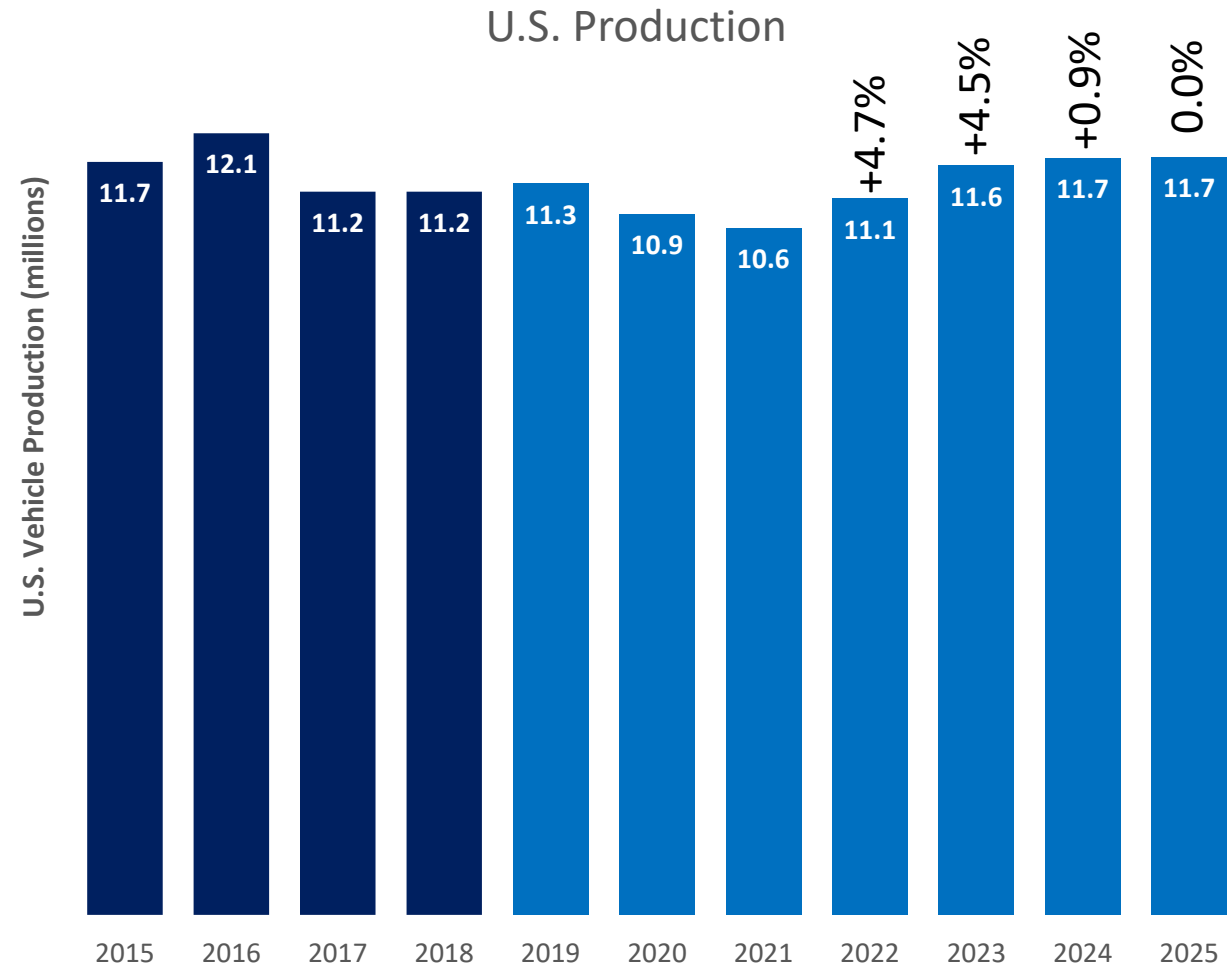
There are Some Risks to the Forecast that are Difficult to Model...



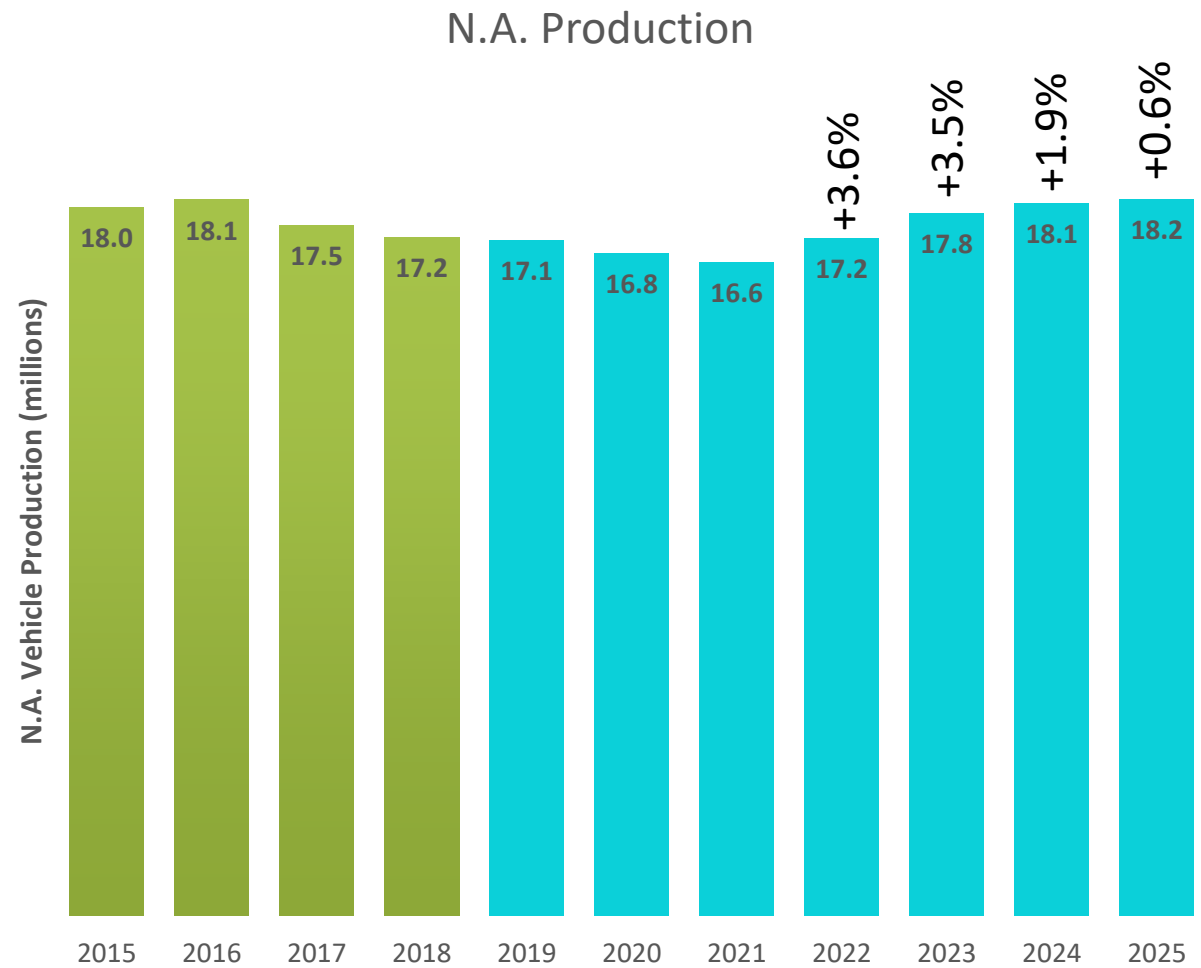
CAR's U.S. Light Vehicle Sales Forecast 2019-2025



CAR's U.S. Light Vehicle Production Forecast 2019-2025



CAR's N.A. Light Vehicle Production Forecast 2019-2025

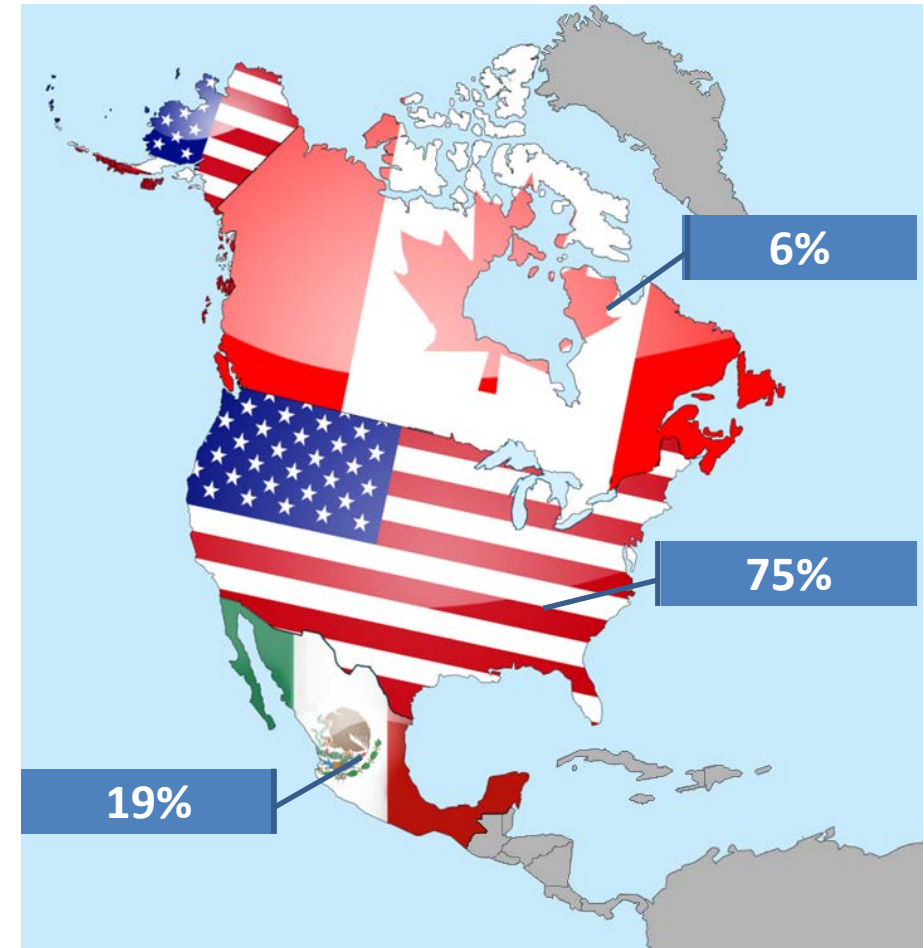


N.A. Announced Automaker Investment by Region

2009 to Q1 2019

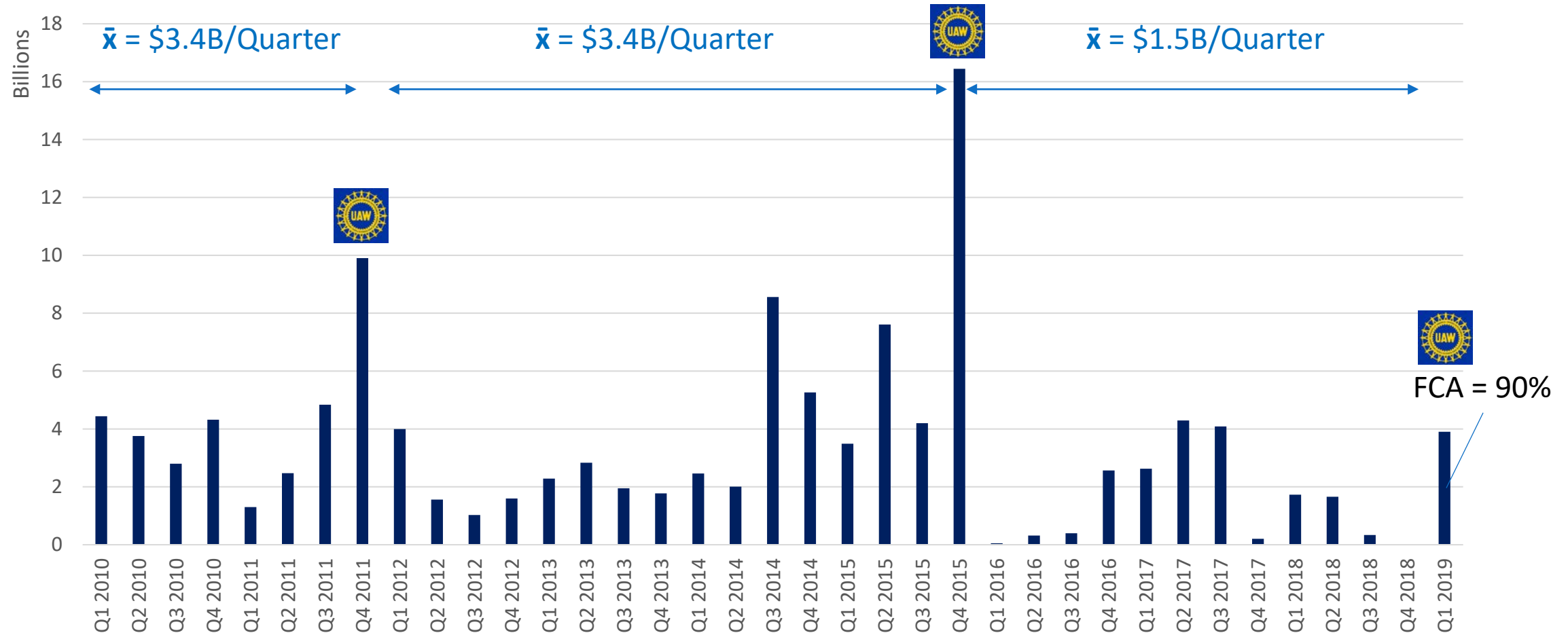
Region	Investment Amount (\$USD)
Canada	\$8.2B
United States	\$98.2B
<i>U.S. Great Lakes</i>	\$63.1B
<i>Michigan</i>	\$32.8B
<i>South</i>	\$22.3B
Mexico	\$24.8B
Total	\$131.2B

Note: U.S. Great Lakes includes: IL, IN, KY, MI, MO, and OH
 South includes: AL, FL, GA, MS, SC, TN, and TX



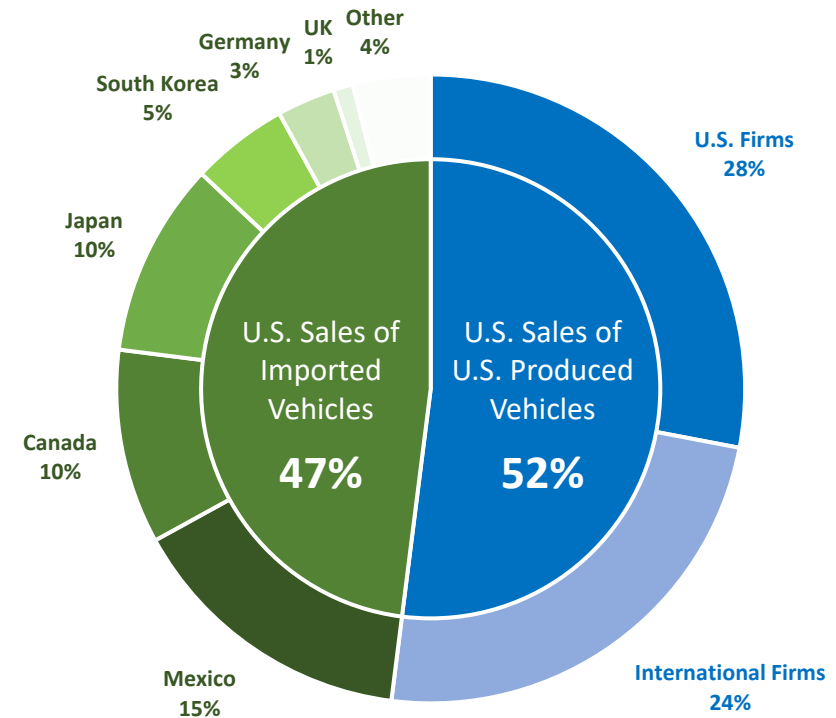
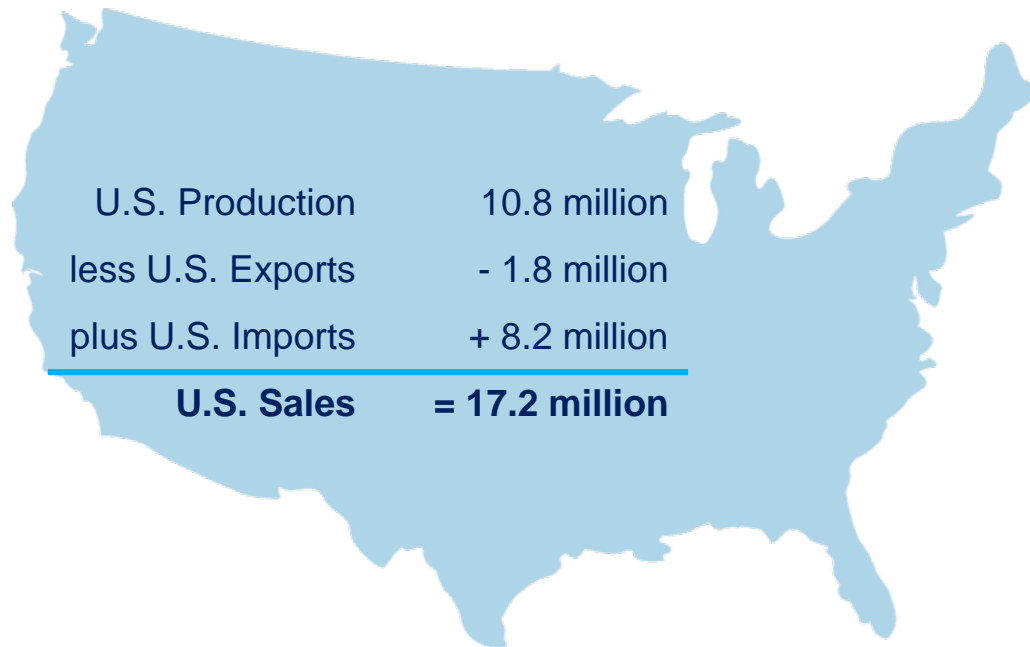
Automotive investment announcements peak every four years, & have been slower between Q4 2015-Q1 2019.

Quarterly Automaker Announced U.S. Investment; 2010 to Q1 2019



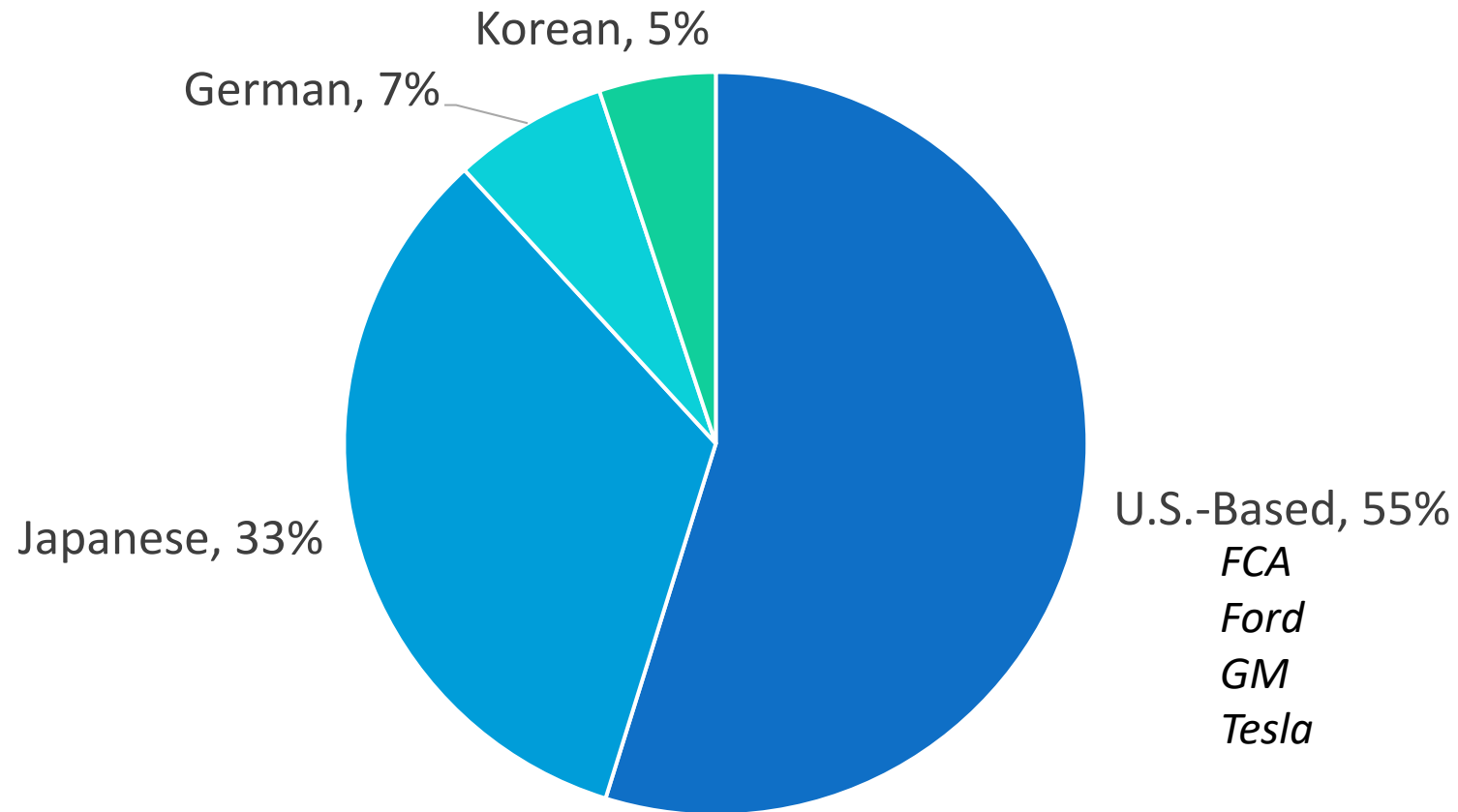
The United States cannot currently self-supply the vehicles American dealers sell to U.S. consumers.

Sourcing of U.S. Light Vehicle Sales
2018



FCA, Ford, & GM Represent 43% of Canada & Mexico Imports

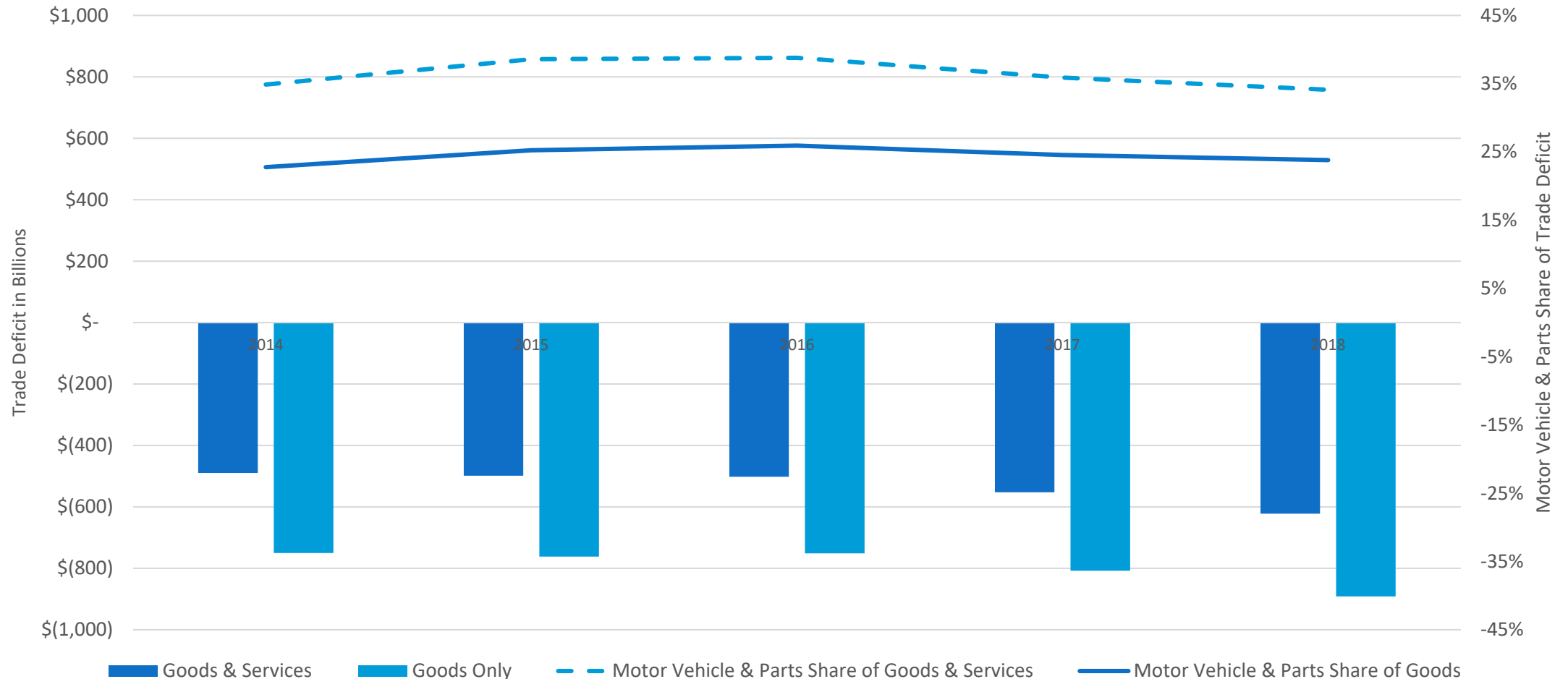
2018 U.S. production is 55% U.S.-based firms, 33% Japanese firms, 7% German firms, & 5% Korean firms.



*U.S.-Based = 42% if subtract FCA

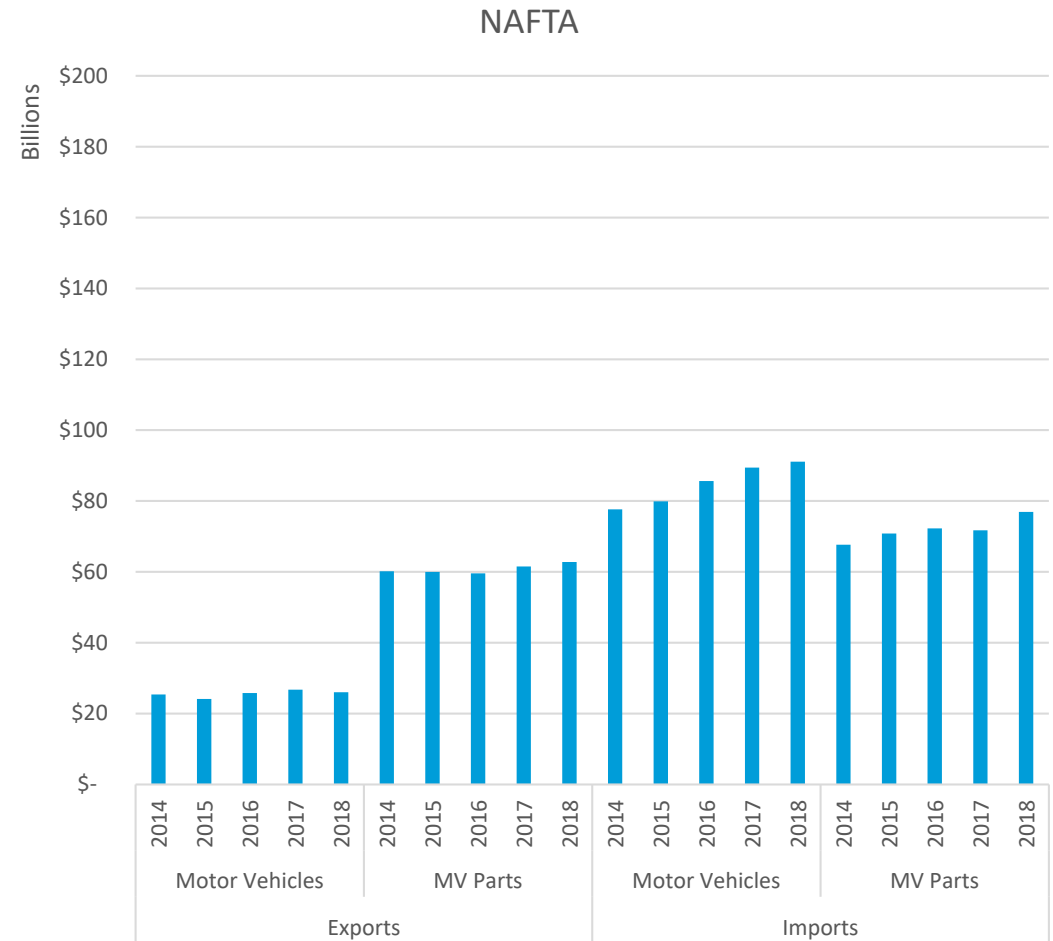
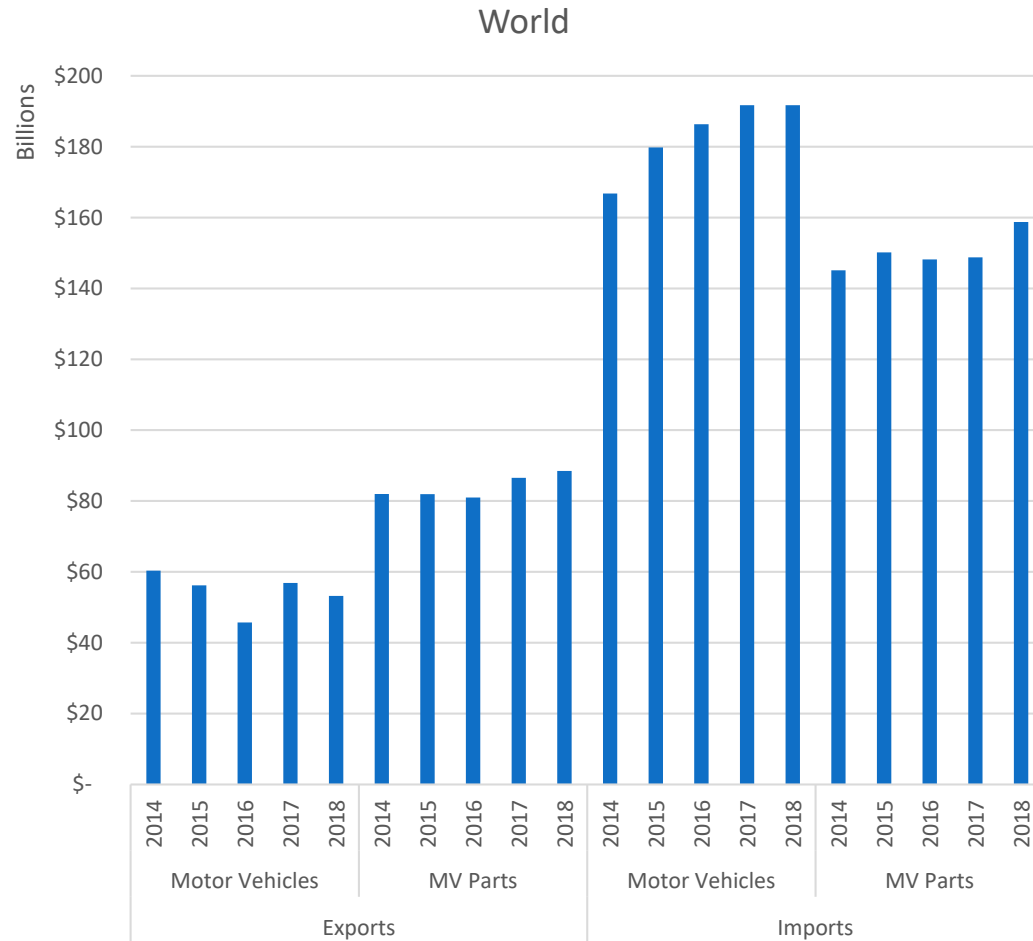
MV & parts trade comprise a large share of the U.S. trade deficit.

Nearly One-third of Goods & Services Trade Deficit and Almost One-quarter of the Goods-Only Trade Deficit

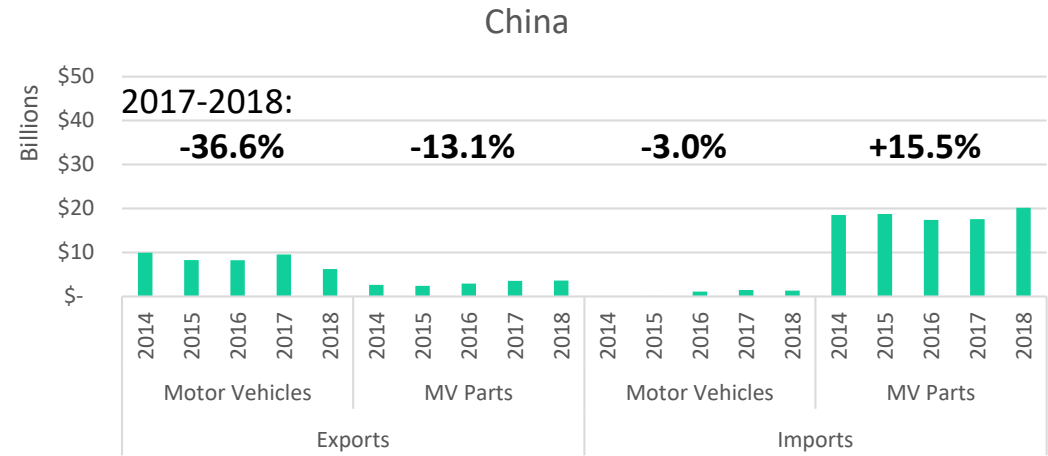
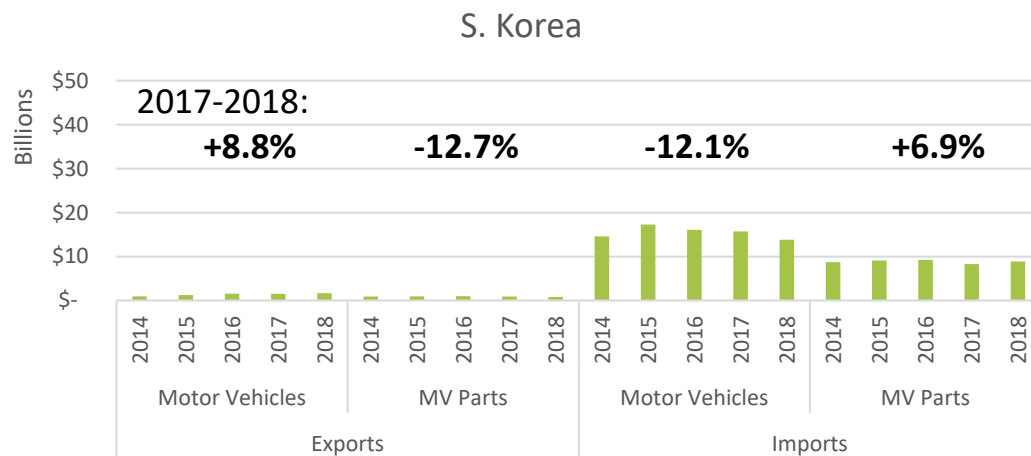
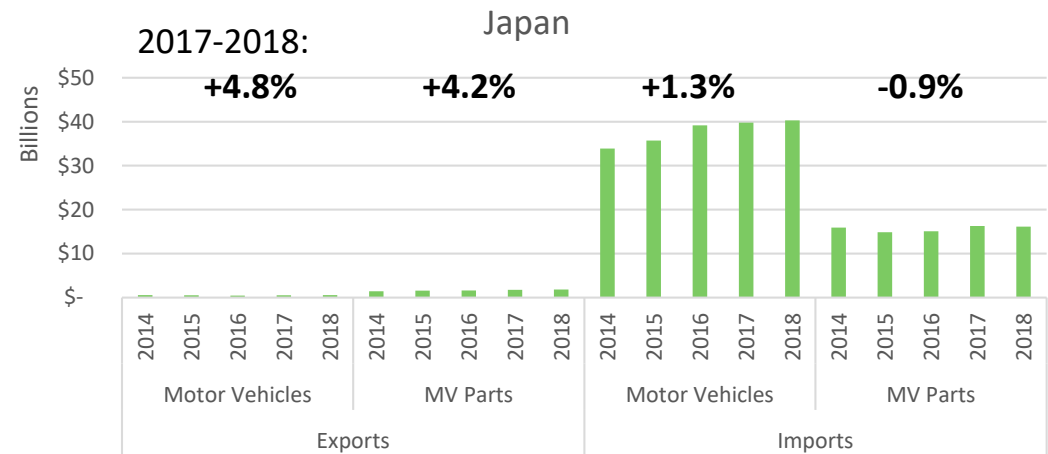
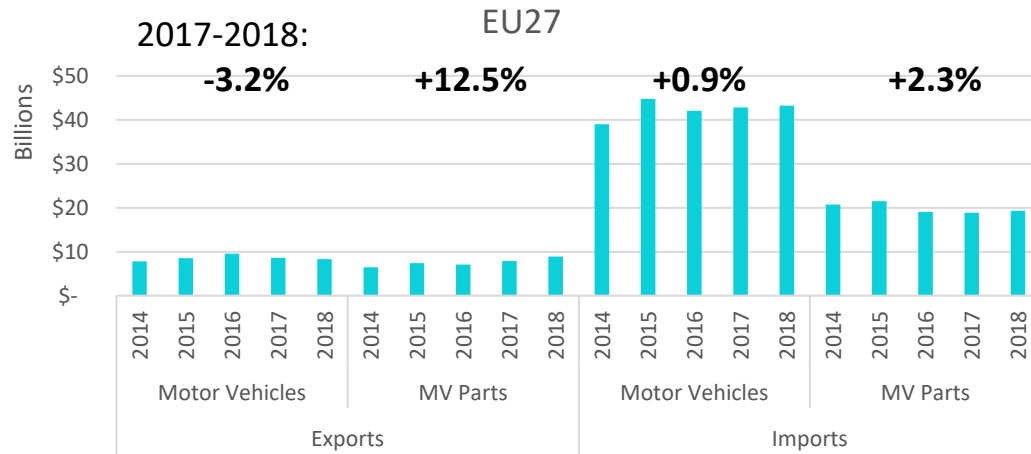


The bulk of U.S. motor vehicle & parts trade is within NAFTA.

Almost Half of Vehicle Exports & Imports, Parts Imports; Over 70% of Parts Exports



In addition to Canada & Mexico – EU, Japan, South Korea, & China are the U.S.'s major motor vehicle & parts trade partners.



U.S. Consumer & Economic Impacts of U.S. Automotive Trade Policies

- Assume:
 - USMCA is ratified,
 - Section 232 tariffs on steel & aluminum remain in place on all current countries,
 - Section 301 China tariffs remain at current levels, and
 - Section 232 auto & parts tariffs are levied at 25% on all trading partners except Canada, Mexico, & South Korea

Impact of USMCA, Section 232 Steel & Aluminum Tariffs, Section 301 China Tariffs & Potential Section 232 Auto & Parts Tariffs



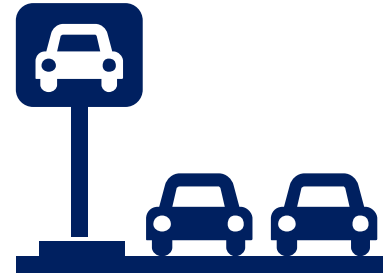
+\$2,800 average
+\$2,000 U.S.-built
+\$3,700 imports



-368,000 jobs

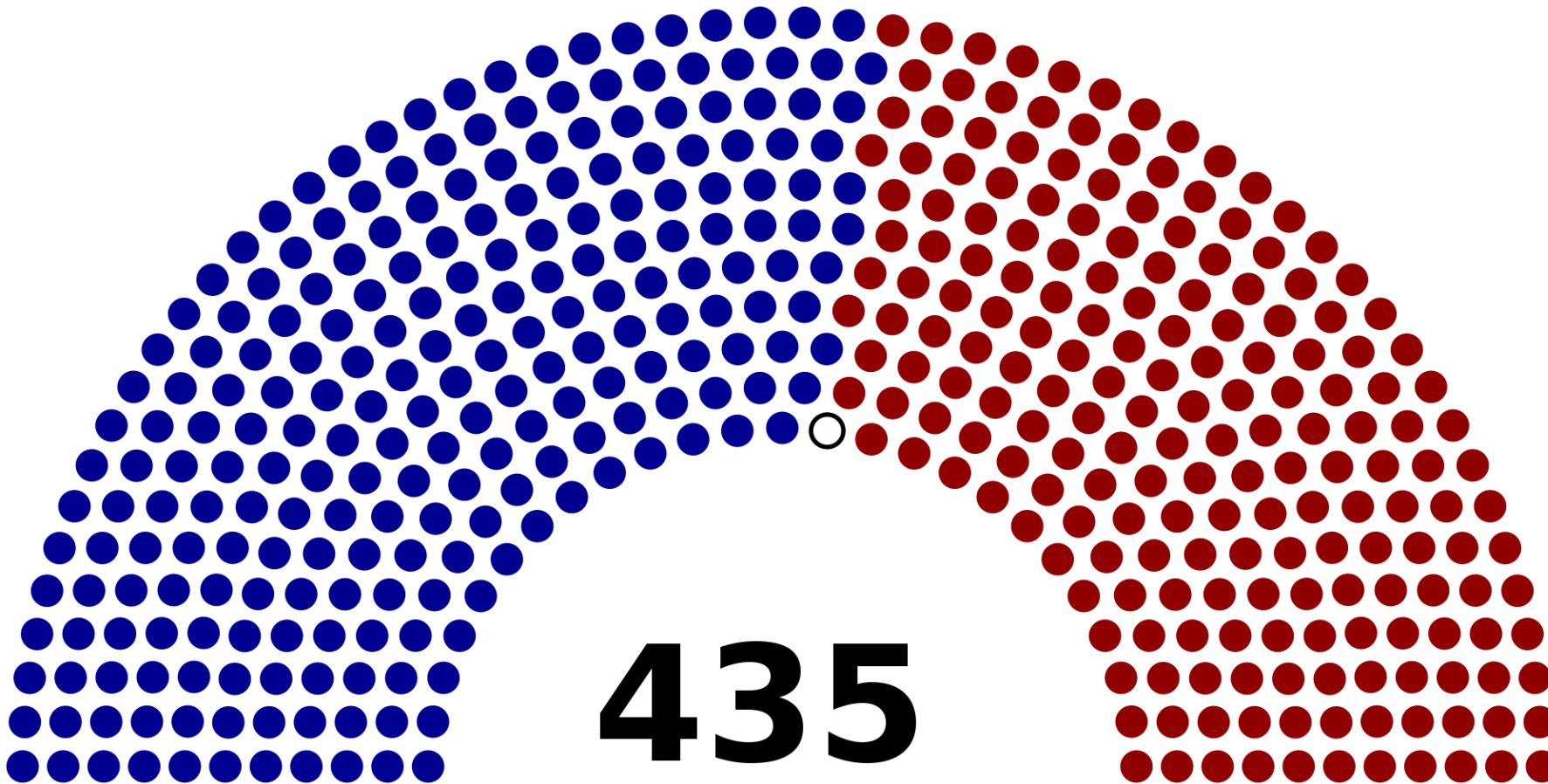


-\$30.5B GDP



-1.2M fewer U.S. sales
-\$43.5B dealership revenue
-77,000 dealership jobs

USMCA Passage is not certain.



AFL-CIO
UAW
Steelworkers
Machinists

Status of Section 232 Auto & Parts Import Tariffs

- Tariffs delayed until 13 November 2019
- Only Ford & GM are considered “U.S. firms”
- Focused on how imports harm ability to do R&D needed to support national security
- Targeted at Japan, EU, and “any other country the Trade Representative deems appropriate”
- Commerce report still has not been made public



Brief China Trade Update

U.S. raised tariffs from 10% to 25%
– includes all automotive goods

U.S. moves to impose tariffs on
nearly all Chinese imports –
including consumer goods

China retaliates with tariffs on
\$60B U.S. imports (rates increase
from 5-10% to 20-25%)

Average increase in cost due to
tariffs/U.S.-built vehicle = \$190





Thank You

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