



Automotive Industry Weekly Digest

20 September – 24 September 2021





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[Policy Highlights] Chinese authorities in favour of merging smaller EV players

China's Ministry of Industry and Information Technology (MIIT) is encouraging mergers and reorganisations in the new energy vehicle (NEV) segment especially for smaller players amid the increasing number of such companies in the country, reports China Daily. Xiao Yaqing, Minister of Industry and Information Technology, said that the sector is very technology-heavy, and resources should be market-oriented as much as possible to avoid dispersion.



Outlook and implications

There has been rapid growth in the number of electric vehicle (EV) startups in China aiming to try their luck in the substantially growing NEV segment in the country. Most of these startups had to shut down their businesses owing to a lack of funds for development or manufacturing of models, so mergers seem to be an appropriate step in order to promote healthy and high-quality development of this segment.

[Policy Highlights] South Korea announces KRW12-tril. budget to promote e-mobility

The South Korean government has passed a bill that sets the year 2050 as the target for carbon neutrality in the country. This new bill, called the 'Climate Crisis Response Act', mandates a 35% reduction in greenhouse gas emissions by 2030 compared with 2018 levels. According to a report filed by electrive, the country's National Assembly has also earmarked KRW12 trillion (USD10.3 billion) in 2022 for the e-mobility sector. The budget covers incentives for both battery electric vehicles (BEVs) as well as hydrogen fuel-cell electric vehicles (FCEVs), in addition to the installation of electric vehicle (EV) charging stations across the country. The government has also pledged financial support in order to lower the number of combustion engine vehicles and reduce the number of coal-based thermal power plants across South Korea.





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Outlook and implications

The latest development is in line with the South Korean government's aim to improve air quality in the country by bringing down particulate levels, increasing the adoption of alternative-powertrain vehicles, fostering hydrogen-related businesses as future growth drivers, and reducing the country's heavy reliance on imported oil. The government aims to have 7.85 million alternative-powertrain vehicles on the country's roads by 2030, in line with its vision to become fully carbon neutral by 2050. The government, working with the industry, had previously announced its strategy to slash the prices of EVs in the country by 2025 through innovation. IHS Markit expects annual production of alternative-powertrain vehicles in South Korea to grow to about 1.20 million units by 2025, up from around 485,400 units in 2020.



[OEM Highlights] Chevrolet boosts interior, technology for 2022 model-year Silverado

IHS Markit perspective

Implications For the 2022 model-year, Chevrolet has redesigned the Silverado truck's interior, has added the new ZR2 off-road package, and has made minor engine and exterior updates. The new truck goes on sale in the second quarter of 2022. This is a mid-cycle update, but appears poised to elevate the technology areas not addressed with the 2019 model year introduction of this generation.

Outlook The current Silverado arrived in late 2018 for the 2019 model year and has been competing with the Ram 1500 for second place behind the Ford F-150 since. Before this, the Silverado was fairly consistently the second-best-selling pick-up in the US. The 2022 model year redesign addresses criticisms of the current model and promises to move the truck ahead of its competitors for user experience and driver assist technology. In the highly competitive pick-up market, consumers will have the opportunity to weigh in starting in the second quarter of 2022

For the 2022 model-year, Chevrolet has redesigned the Silverado truck's interior, has added the new ZR2 off-road package, and has made minor engine and exterior updates.

Chevrolet continues an approach of offering multiple trim levels for the Silverado with distinct characteristics and advantages, and had teased out the intent to create a Silverado ZR2 earlier this year. The ZR2 expands the product line-up's breadth of "off-road capable" pick-up trucks. Kelly MacDonald, director of Chevrolet truck marketing, said the 2021 model will make up 60% of sales in the current line-up, during a virtual product briefing for media and analysts which IHS Markit attended; with a take-up rate that high, it is possible that the ZR2 will ultimately pull customers from other trim levels rather than directly leading to notably increased overall volume, although MacDonald also said the off-road capable versions of Silverado are bringing in new buyers. The Custom Trail Boss and LT Trail Boss, both models that receive a factory two-inch suspension lift, will continue, giving Chevrolet three variants of lifted truck. The ZR2 is meant to sit above the Trail Boss models, with Silverado-first multimatic DSSV spool-valve dampers and uniquely tuned springs for maximum front and rear suspension travel (versus the Trail Boss arrangement); front and rear e-lockers; off-road chassis and suspension calibrations; a skid plate package; and a steel front bumper designed for increased clearance as well as off-road strength and durability; and standard 420-hp V.2-litre V8. The front bumper also has removable end caps, for easier replacement if damaged. Along with the improved off-road performance, the ZR2 benefits from the updated interior and technology. The suspension tuning for ZR2 also enables one-pedal rock crawling, reflecting an interesting transfer of engineering developed for the electrified vehicles and translated to an entirely different purpose.



New 2022 Chevrolet Silverado ZR2
Photo courtesy of Chevrolet



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2022 Chevrolet Silverado ZR2
Photo courtesy of Chevrolet

New technology is a key element of the Silverado update, and extends from the user experience to driver assist technologies. As GM promised earlier, the Silverado is one of the products to offer Super Cruise hands-free driver assist technologies, and it gets the expanded capability teased in July. With the Silverado application, the technology is now capable of use while towing and of fully executing automatic lane changes; the second-generation version of Super Cruise introduced on the Cadillac Escalade is capable of executing lane changes, but only at the driver's request, through indicator activation. With the Silverado (and the upcoming GMC Sierra application), the system can be set to execute lane changes automatically if the vehicle is behind traffic going slower than the set cruise speed. Expanding the Super Cruise system to be able to function while towing is a critical function for deploying the technology on the full-size pick-up trucks, as towing is a significant reason for purchase. However, Chevrolet is reserving the expensive Super Cruise option for only the top-end High Country model, at least for the 2022 model year.



2022 Chevrolet Silverado LT
Photo courtesy of Chevrolet



2022 Chevrolet Silverado LT
Photo courtesy of Chevrolet

Along with adding an expanded version of Super Cruise, albeit for only one trim level, the Silverado gets a new 13.4-inch diagonal touchscreen in the centre stack, oriented horizontally and designed for visual flow between the centre stack screen and new-to-Silverado 12.3-inch driver instrument cluster, standard in trim level LT and above. The Work Truck, Custom and Custom Trail Boss continue with the current interior. The new screens reside in a redesigned horizontal instrument panel, meaning the new screens are intelligently and pleasantly integrated into the feel and function of the truck. There is also a redesigned centre console with more functionality, and a move



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to electronic shift for most models. The electronic shift sits in the centre console, rather than staying with the column-mounted shifter that Ford and Ram have already both moved away from in most trim levels. The new screens also bring direct access to Google Assistant, Google Maps and Google play. GM had announced intent to move this direction in 2019, although it is arriving in 2022 instead of 2021. The built-in Google technology does not supersede the ability for use of wireless or wired Apple CarPlay or Android Auto, and does not replace Amazon Alexa compatibility. Complementing the new technology, Chevrolet says that interior materials are improved again at all trim levels.



2022 Chevrolet Silverado High Country
Photo courtesy of Chevrolet



2022 Chevrolet Silverado High Country
Photo courtesy of Chevrolet

Along with the technology, there are some powertrain and exterior design updates. The 2.7-litre four-cylinder gasoline (petrol) engine has more torque and durability. It takes a new more rigid cylinder block casting and 30% stiffer crankshaft. Engine noise is decreased and torque production increased in the usable low-mid rpm range, Chevrolet said. Maximum torque is estimated at 420 lb/ft, a 20% increase over the previous version. The 3.0-litre turbo-diesel receives chassis changes that enable a 13,300-lb tow rating in two-wheel-drive trucks, a 4,000-lb increase. Exterior updates are intended to reinforce the truck's wide stance, Chevrolet says, and every trim level has a new front fascia and grille design. For LT and above, the daytime running lights now feature animated sequences as the owner approaches the vehicle, another trend in the industry toward using lighting as a graphic element and welcome feature, regardless of segment. However, there are no significant changes to other exterior elements.

Outlook and implications

The current Silverado arrived in late 2018 for the 2019 model year and has been competing with the Ram 1500 for second place behind the Ford F-150 since. Prior to this, Silverado was fairly consistently the second-best-selling pick-up truck in the US. The 2022 model year redesign addresses criticisms of the current model and promises to move the truck ahead of its competitors for user experience and driver assist technology. In the highly competitive pick-up truck market, consumers will have the opportunity to weigh in starting in the second quarter of 2022.



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美国全尺寸皮卡销量

品牌	2017	2018	2019	2020	2021
福特	896,764	909,331	896,192	787,555	751,665
雪佛兰	585,862	589,532	570,888	586,676	633,500
Ram	500,723	536,980	633,694	563,676	686,528
通用	217,949	219,847	232,541	253,017	282,389
丰田	116,285	118,258	111,673	109,203	100,328
日产	52,924	50,459	31,514	26,439	36,511

来源：埃信华迈轻型汽车销售预测（2021年7月）

Although the latest Silverado and Ram were introduced at the same auto show, and it was a ground-up thorough rethink of the truck, the Silverado went on sale several months after the Ram and GM took a slower approach to rolling out all configurations for the Silverado, leaving the door open for the Ram to pull ahead. The Silverado also launched with an interior that seemed dated by comparison and a conservative look the belied GM's advances in trailering and other technology functions, and stood in contrast to the Ram's then-bold move to an optional 15-inch centre stack screen as well as a mild hybrid powertrain. The addition of the ZR2 off-road model is a clear response to market trends toward more authentic capability and looks, although Chevrolet pointed out that the trim level also intends to balance on-road manners to be comfortable taking the driver home from the trail as much as it aims to be a strong performer off-road. The ZR2 also follows a wider trend toward specialised models and the development of effective sub-brands that can be applied across model lines, as the ZR2 trim was first offered on the Chevrolet Colorado pick-up. Other examples include the sport-appearance RST and High Country treatment for Silverado and Tahoe/Suburban, as well as the AT4 trim level of several current GMC products.

[OEM Highlights] Buick launches all-new Verano Pro sedan in China

Buick has launched the Verano Pro sedan in China in five variants, priced between CNY129,900 (USD20,162) and CNY158,900. According to a company statement, there will also be a couple of GS editions which will feature exchangeable side-skirt, spoiler, lower cladding and fenders in the front and rear. The Verano Pro is powered by General Motors' (GM) all-new 1.5T turbocharged Ecotec engine and is paired with an advanced continuously variable transmission (CVT). The system generates 135 kW of maximum power and 250 Nm of peak torque at an engine speed of between 1,500 and 5,000 rpm. The vehicle features advanced safety systems such as automatic parking assist, lane keeping assist, adaptive cruise control, front collision assist, high-beam assist and pedestrian detection.



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Outlook and implications

The Verano Pro sedan is targeted at the younger generation in China and offers more personalised styling. It features Buick eConnect 3.0 connectivity system and supports massive media content, advanced navigation, OnStar real-time assist and enhanced voice recognition technology. It is a C-segment sedan based on VSS-F B/C platform in comparison to the Global Delta platform in the outgoing Verano sedan. IHS Markit expects sales of the Verano Pro sedan to be around 82,700 units this year followed by 187,500 units next year when sales of the Verano will end.



[Semiconductor Highlights] Intel, Qualcomm looking at boosting automotive semiconductor output in Europe

IHS Markit perspective

Implications	Intel and Qualcomm have each said that they are looking at boosting output of semiconductors for automotive applications in Europe.
Outlook	Both technology companies are basing their decisions on the expected needs of the automotive industry going forward, but they are also likely to be underpinned by support from the European Commission. However, the moves will do little to solve the near-term semiconductor shortages, which are not only down to capacity constraints.

Intel and Qualcomm have revealed separately that they are taking steps that should lead to an increase in output of semiconductors manufactured for the automotive industry in Europe.

In a statement released to coincide with the IAA Mobility 2021 event in Munich (Germany), Intel has revealed that it is taking steps to meet forecast demand for these components. In a keynote speech, Intel CEO Pat Gelsinger said that the company is forecasting that semiconductors will account for more than 20% of the total bill of materials (BOM) for a premium vehicle by 2030, which would be a fivefold increase from around 4% of BOM costs in 2019. Gelsinger also said that the total addressable market (TAM) for automotive semiconductors will nearly double by the end of the decade to USD115 billion, which would account for “more than 11% of the entire silicon TAM”.



To meet this expected increase in demand, Gelsinger reiterated Intel’s plans to build “at least two new leading-edge semiconductor factories in Europe with plans for future investments that could reach EUR80 billion [USD95 billion] over the next decade”. He also said that the company’s recently established Intel Foundry Services business, announced in March, is “actively engaged in discussions with potential customers in Europe – including automotive companies and their suppliers”. The senior executive added that Intel is partnering with leading businesses in the automotive sector and “committing significant resources in Europe” to more advanced semiconductor technology.

To this end, the company has announced plans to establish committed foundry capacity at its wafer fabrication facility in Ireland. It is also launching the Intel Foundry Services Accelerator “to help automotive chip designers transition to advanced nodes”. For this, the company is bringing together a new design team and offering both custom and industry-standard intellectual property (IP) to support the needs of its automotive customers.



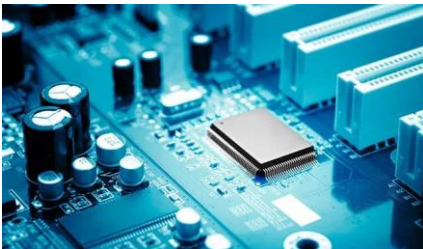
Separately, the CEO of Qualcomm, Cristiano Amon, has told Reuters in an interview at IAA Mobility that his company is open to working with semiconductor fabrication plants based in Europe if proposed incentives bring in the right partners. Amon said, “There is a very constructive dialogue taking place, by the French government, the European government, I think they have an interest in attracting foundries to Europe.” He noted that the majority of foundries that Qualcomm utilises are currently located in Taiwan, South Korea, and the United States, but that he was in full support of more facilities being opened in Europe. He added, “In the event that that happens with the leading process technology, Qualcomm is definitely going to be interested in utilizing those foundries.”

In the near term, Amon said that Qualcomm had done a lot in the past 12 months to build new manufacturing facilities with its suppliers to counter the current global semiconductor shortage, which is hitting production, stating, “We expect to enter 2022 with the majority of this problem behind us.”

Outlook and implications

The announcements and comments cited above with regard to the possibility of growing semiconductor fabrication in Europe reflect the further expansion of vehicle technology that will lean heavily on this component. Gelsinger said in his statement that the trend is being driven by what he called “the digitisation of everything”. He also highlighted “four superpowers – ubiquitous compute, pervasive connectivity, cloud-to-edge infrastructure, and AI [artificial intelligence]”, which he noted “are permeating the automotive and mobility industries”.

Amon underlined this expected growth by stating that Qualcomm has built up a USD10-billion order book for its automotive business during the past four years. Furthermore, earlier this week it revealed its latest deal to supply its third-generation Snapdragon Automotive Cockpit Platforms to Renault’s new Mégane E-Tech Electric for its new advanced infotainment system.



Investment in the semiconductor sector in Europe is being encouraged by the European Commission. Similar to the support that it has been offering for the battery manufacturing sector, it is keen to cut industries’ dependency on semiconductors sourced from Asia and the United States. The issue has come to a head as the semiconductor shortage has hit vehicle production globally and has led to a cut in forecast vehicle output in Europe.

However, although constrained capacity has been part of the issue in the recent semiconductor shortage, and is something that both companies and governments have been addressing, it has been compounded by several other factors this year. These include an earthquake in Japan, adverse weather conditions in Texas (United States), and a fire at Renesas’s facility in Japan, which is not expected to be able to fulfil shipments until late September despite capacity having been restored earlier this year. However, one of the biggest ongoing issues is the impact of the coronavirus disease 2019 (COVID-19) virus pandemic in some markets. Notably, these include Malaysia, which performs many “back-end” operations, i.e. packaging and testing of chips. As this is more labour intensive than the wafer fabrication processes, activity is more easily affected by public health measures that dent



workforce participation. The Malaysian government relaxed some of the lockdown measures that it had implemented in early June on 26 July and that allowed the automotive sector and sectors of importance to global supply chains to return to 80% operational capacity. Although this and other developments have been positive, the situation remains fragile. This is underlined by Bloomberg News reporting that Malaysian-based semiconductor packager and tester Unisem, which provides services for a range of companies and generates 12% of its revenues from the automotive sector, will close its sites in Ipoh (Malaysia) for seven days after several employees were infected with COVID-19, with three deaths. This, Unisem said in a filing with the local stock exchange, is projected to cut around 2% from its annual production. The company will subsequently limit the number of staff allowed into its facilities when they reopen. It also warned in the filing that it anticipates “that the sales and production at our Ipoh plants will continue to be adversely impacted in the coming months due to headcount limitation until such time the pandemic subsides significantly”.

In view of these developments, and the significant reduction already seen in the third-quarter light-vehicle production forecast, IHS Markit expects the fourth quarter to be as exposed to ongoing disruption and currently anticipates that this will spill over into the first quarter of 2022. However, it is hoped that the second quarter of 2022 will be the point at which there will be a stabilisation of semiconductor supply, with recovery efforts starting only from the second half of 2022.

[Semiconductor Highlights] OEMs look to maintain strong pricing when semiconductor crisis ends

IHS Markit perspective

Implications As the world’s carmakers continue to struggle with the impact of the semiconductor crisis in terms of keeping production lines running and meeting demand, one positive side-effect of the issue is that the pricing on new and nearly new cars has firmed up considerably.

Outlook Higher transaction prices and the eradication of discounting on some vehicles and segments has led to very strong profits for a lot of OEMs in the first half of the year. Now OEMs are looking to maintain strong transaction prices even when the semiconductor crisis begins to ease in order to maintain strong margins and vehicle residual values, which will also benefit all aspects of their businesses.

The global automotive semiconductor crisis is continuing to have a severe ongoing impact on supply chains and therefore the ability of carmakers to keep production lines open and meet customer demand. However, one positive side effect of the low supply of vehicles is a corresponding rise in vehicle sale transaction prices. Heavy discounting on list pricing has been a prominent feature of the global vehicle market for decades now, arguably most pronounced in North America, and Europe has also become a heavy discounting environment in recent years. The semiconductor issue has changed this as tight supply has firmed up pricing to the extent that in some segments and model lines, discounting has all but been eradicated. There has also been a corresponding effect on the pricing of nearly new vehicles, especially those that are offered in OEM-backed dealer approved-used schemes. This is a result of consumers looking for the next best alternative when the specific vehicle they are looking for is not available in an acceptable timeframe, or in some cases in which the dealer cannot even offer a specific timeframe due to the disruption caused by the semiconductor shortage.



Mercedes-Benz dealer forecourt
Credit: IHS Markit

Discounting has even become commonplace among premium carmakers in recent years and was a key element of the battle between the Mercedes-Benz passenger car brand and BMW to be the world's best-selling premium car brand, a position that Mercedes-Benz regained in 2016. Double-digit-percentage discounting on list prices on these brands were commonplace prior to the semiconductor issue. However, according to a Financial Times (FT) report, both brands will look to maintain the current strong pricing and put strict inventory management in place even as the supply crisis eases. It should be said that both BMW and Daimler had already made public statements that they wanted to shift the emphasis from volume towards pricing, and increase the number of more exclusive, higher price point vehicles they offer.

The semiconductor issue has certainly emphasised the validity of focusing on pricing given the strong financial results both companies posted in the first half of the year. Daimler's chief financial officer (CFO) Harald Wilhelm said, "We will consciously undersupply demand level[s] and at the same time we [will] shift gears towards the higher, the luxury end." He added, "One day or another the semis issue will be gone and we will carry on with the price, and the margin, and the mix focus". Correspondingly, BMW Group CFO Nicolas Peter said the company's plan was "clearly to maintain... the way we manage supply to maintain our pricing power on today's level." The BMW Group had an EBIT margin of 15.8% in the second quarter, roughly double its initial margin corridor target for the year, while Daimler scored a net profit of EUR5.2 billion (USD6.1 billion) for the second quarter, with an EBIT margin of 12.2% for its cars and vans division.

However, it is not just the premium automotive brands that have experienced a dividend from the semiconductor issue. The Volkswagen (VW) Group had a record 8.8% EBIT margin in the first half of 2021, while Stellantis had an EBIT margin of 11.4%, which it said was predominantly down to improved pricing. Meanwhile, Ford said it wanted to permanently keep inventories lower and encourage more build-to-order sales in the US market as a result of lessons it had learned about supply and pricing in recent months. Commenting at an investor call last month, and cited by Automotive News Europe (ANE), Ford CFO John Lawler said, "What we have learned coming out of the chip crisis is how to operate the business much better at lower stocks."

Outlook and implications

After decades of pushing volume and trying to win share at the expense of pricing, it seems the semiconductor crisis has led to a kind of epiphany for the OEMs. While there is no doubt that the likes of Daimler's Mercedes-Benz passenger car brand and BMW had already made a conscious strategic decision prior to the crisis to focus on maintaining pricing, the highly positive financial figures the carmakers have (mostly) posted in the first half and second quarter of 2021 has led them to realise that limited supply has, perhaps counterintuitively, boosted profits in many cases. A particular boon for some companies has been the impact on nearly new car prices, with the in-house financial units posting strong financial figures and boosting the overall company result due to higher



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transaction prices and the corresponding increased value of finance contracts they have on their books. The improved residual values of cars that these finance units already have on their books has also improved their balance sheets. This may also mean that OEMs in future may look to keep vehicles within their own finance units and attempt to maintain title on a greater number of vehicles for longer periods, especially as electrification increases.

This is something that VW CEO Herbert Diess has discussed as battery pack second usage could have a profound impact on improving BEVs' residual values over their ICE equivalents. So while OEMs may be struggling to supply customers with the exact vehicle they want in a timely fashion – and this may have a longer-term impact on individual customer/brand relationships – the semiconductor shortage has certainly not presented the kind of negative financial impact to OEMs that might have been anticipated. However, it remains to be seen how long-term and deep-rooted strategic shifts on pricing and supply are when the semiconductor supply crisis begins to recede.



[GSP] Japan/Korea Sales and Production Commentary -2021.08

Japan/Korea sales

July 2021: -6.8%: 0.51 million units vs. 0.55 million units

YTD 2021: +5.1%: 3.82 million units vs. 3.63 million units

Japanese light vehicle sales decreased 3.1% year on year (y/y) in July 2021. The rise in sales in the last couple of months can be partly attributed to the low base of comparison after 2019, as customers trimmed their spending after the October 2019 consumption tax increase and COVID-19 outbreaks in early 2020 that were followed by the state of emergency announced by the government in April 2020. The recent resurgence in COVID-19 infections and the government's decision to suspend subsidies for eating out and tourism in areas experiencing outbreaks will likely weigh on consumer spending. To contain the COVID-19 virus, the state of emergency was extended two more weeks to late March, followed by another extension for some selected areas toward the end of May. The government had extended the state of emergency for most prefectures from 31 May to 20 June, followed by another extension particularly in Tokyo and surrounding areas until the end of August. Key factors that continue to keep consumers cautious and pose downside risks include weak employment conditions in the short term owing to uncertainties over new infections and slow progress with the vaccine rollout.

The Japanese near-term economic outlook still shows stagnating momentum, since the recent rise in COVID-19 cases suggests the state of emergency is more likely to expand and push out the recovery in private consumption.



Earlier this year, the economic situation showed slightly better-than-expected momentum, as some affluent families can afford durable goods such as higher priced cars instead of actively going abroad or taking long holidays to return to their hometowns. However, during the Tokyo 2020 Olympic Games in the summer season 2021, new record cases were outstanding—even without overseas spectators.

The environmental performance tax reduction support was extended again until the end of 2021. This support particularly aims to cope with effects of the COVID-19 pandemic. Moreover, the eco-car tax breaks have been extended for two more years from April 2021 to 2023, with a more stringent threshold on the fuel economy level, which might also support domestic demand for vehicles with better fuel economy.

Most domestic OEMs in Japan posted a y/y decrease in sales except Toyota in July. Sales at Toyota (including the Lexus brand) increased 7.6% y/y. Sales at Honda were down 0.2% y/y, and sales at Nissan decreased 17.8% y/y.

Owing to the post-recovery effect of the COVID-19 crisis in 2020, the Japanese market's overall domestic sales forecast in 2021 is set at 4.88 million units—up 8.2% compared with 2020.



South Korea's total light vehicle sales should decrease 15.6% y/y in June 2021, mainly owing to a higher base effect in sales in 2020 in addition to the drop in sales of most domestic OEMs except Kia, despite the increase in imported passenger vehicle sales, compared with the same month in 2020.



Most of domestic OEMs in South Korea posted y/y declines in June 2021, besides Kia. Hyundai's sales declined 22.6% y/y, and Kia's sales were up 2.4% y/y. Renault Samsung's sales decreased 21.3% y/y. Sales of foreign imported vehicles increased 26.6% y/y in July 2021.

The post-consumption tax relief already ended in 2020, but the government again decided to extend it until June 2021 to tentatively boost vehicle sales. The government then decided to further extend it until the end of 2021. Nevertheless, the prolonged effects of the special consumption tax reduction are waning and becoming less impactful in terms of sales development sustainability in the short term. The country's sales of new vehicles in 2021 will likely decrease 6.6% compared with 2020 to 1.74 million units after finishing 6.4% up in 2020 from 2019.

Japan/Korea production

July 2021: -2.8%; 0.99 million units vs. 1.02 million units

YTD 2021: +11.6%; 6.79 million units vs. 6.09 million units

In terms of forecast variance from last month, the full-year 2021 production forecast has been decreased by 0.2%. Even though production results at some OEMs such as Toyota, Honda, and Suzuki in the second quarter (April to June) were better than expected, the forecast for the second half of this year has been downgraded owing to the mixed factors of the semiconductor shortage issue and the Association of Southeast Asian Nations (ASEAN) supply chain disruption. Toyota is expected to secure enough semiconductors from Renesas, but it has been downgraded in the third quarter mainly because of the ASEAN supply chain disruption. The forecasts for Subaru, Nissan, and Honda in the second half of this year have also been downgraded because of the mixed factors. Prolonged vehicle supply constraints have caused deferred demand for popular sport utility vehicle (SUV) models, such as the Toyota Harrier, the Honda Vezel, and the Suzuki Jimny, beyond 2021 in the domestic sales market.



[Supplier Trends and Highlights] Continental launches SportContact 7 tires for performance cars

The new 7th generation provides improvements to mileage, dry, and wet braking distances, and service life



Source: Conti New SportContact 7

German automotive parts manufacturer Continental announced via press release on 8 September that it had released the 7th generation of its SportContact tire and that it would be available in the autumn of this year.

According to the press release, a total of 42 articles will be available this year in sizes 19- to 23-inches, with the product line expected to be further expanded in 2022. The company states that with the new SportContact generation, the company would be offering drivers a safe, high-performance, handling-oriented, high-mileage tires with new features such as a 10% higher mileage, an 18% reduced wet braking distance, a 6% better dry braking performance and a 17% longer service life.

According to Continental, the SportContact 7's new adaptive tread design adjusts to dry and wet roads, offering maximum driving pleasure for every vehicle. The tire's BlackChili rubber compound also has been precisely adapted to the tread design for maximum grip.

Outlook and implications

With the new SportContact 7, Continental is directly competing with other ultra-ultra-high-performance (UUHP) tires such as the Hankook Ventus S1 evo Z for supply to high-performance vehicle OEMs. According to the company, its new tires are suitable for application in the Alfa Romeo Giulia Quadrifoglio, the Audi RS series, the BMW M series from BMW, the Porsche 4 S GT as well as vehicles from Mercedes-AMG, Lamborghini, and McLaren.

The company has also planned to launch new versions of the SportContact 7 for high-range cars such as the Brabus S 65 Rocket 900 Coupé.

[Supplier Trends and Highlights] Johnson Matthey sets up new Hydrogen Technology business



The new business vertical is set up after merging its Green Hydrogen and Fuel Cells entities



Source: Getty Images/Marcus Millo

In an announcement made on 9 September by the London-based specialty chemicals company Johnson Matthey (JM), it said that it is merging its 'Green Hydrogen' and 'Fuel Cells' entities together to form a new Hydrogen Technologies business.

"The new combined business unit will accelerate JM's growth and scale-up in both markets, taking advantage of technical and manufacturing synergies, and building on its decades of experience developing and manufacturing market-leading fuel cell components," it said in its official statement released last week.

The company said that its newly formed 'Hydrogen Technologies' business will be headed up by Ralph Calmes, who is now appointed as the managing director of the new unit. "Ralph, who previously led JM's Platinum Group Metal Services business, will take up this role effective 1 October with both Eugene McKenna (Green Hydrogen) and Jo Godden (Fuel Cells) reporting directly to him," the company said, adding that he will report to the group chief executive Robert Macleod.

Commenting on taking over as the head of the newly formed business vertical at JM, Calmes said, "Hydrogen has enormous potential in the decarbonization of society. Bringing together our Green Hydrogen and Fuel Cell businesses further demonstrates JM's commitment to building the hydrogen economy and progressing towards net-zero. Our extensive knowledge in metals management, which encompasses recycling and building up steps into closed loop industries, will also enable us to leverage our world leading pgm chemistry and manufacturing experience to target rapid growth in both markets."

Outlook and implications

According to Johnson Matthey, merging both businesses builds on its leading technologies, with the global hydrogen market set to grow exponentially because of clean hydrogen's important role in decarbonization. The company estimates that the demand for green hydrogen, along with blue hydrogen, will witness almost a 10-fold growth over the next three decades. It also expects that the hydrogen fuel cell market will grow more than three-fold through to 2027. The company said that its blue hydrogen team will remain within its 'Efficient Natural Resources' sector.

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