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2020 Automotive Recovery & 2021 Automotive Economic Policy Overview

Kristin Diczek

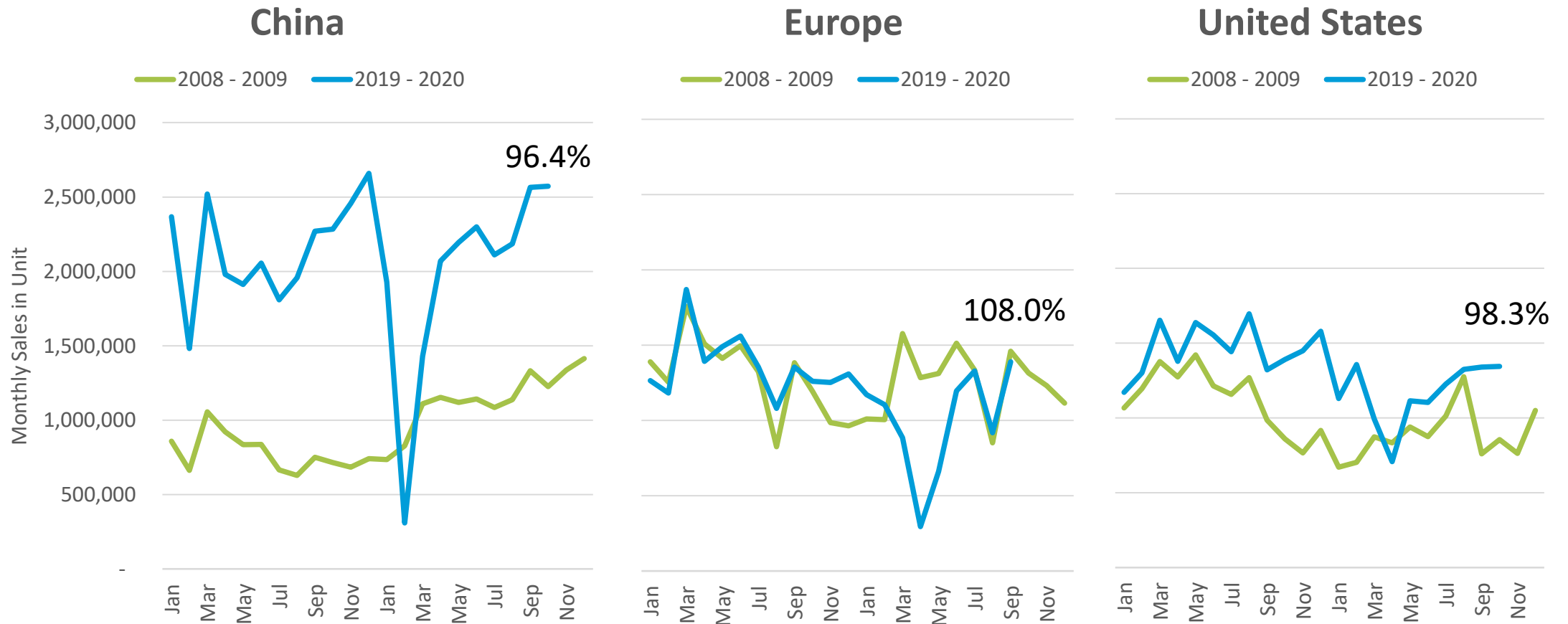
Vice President

17 November 2020

2020 Automotive Recovery (so far)

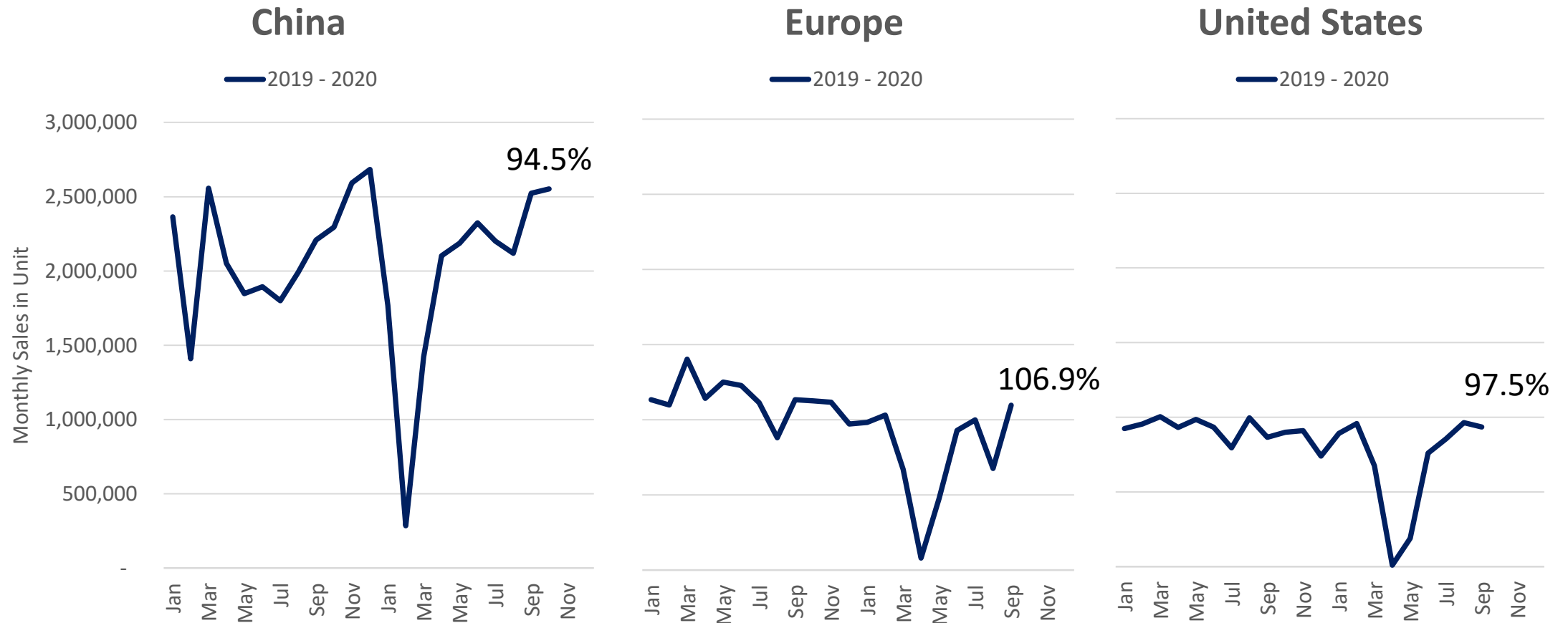
Motor Vehicle Sales: Pre COVID-19 Pandemic to Date

China leading, Europe lagging, U.S. outlook varying by region

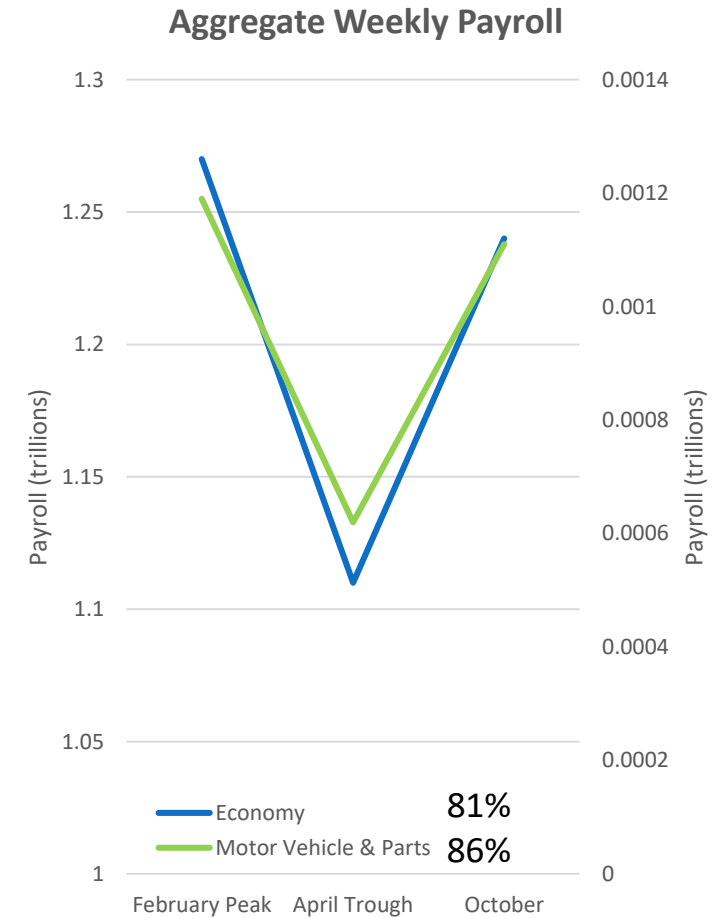
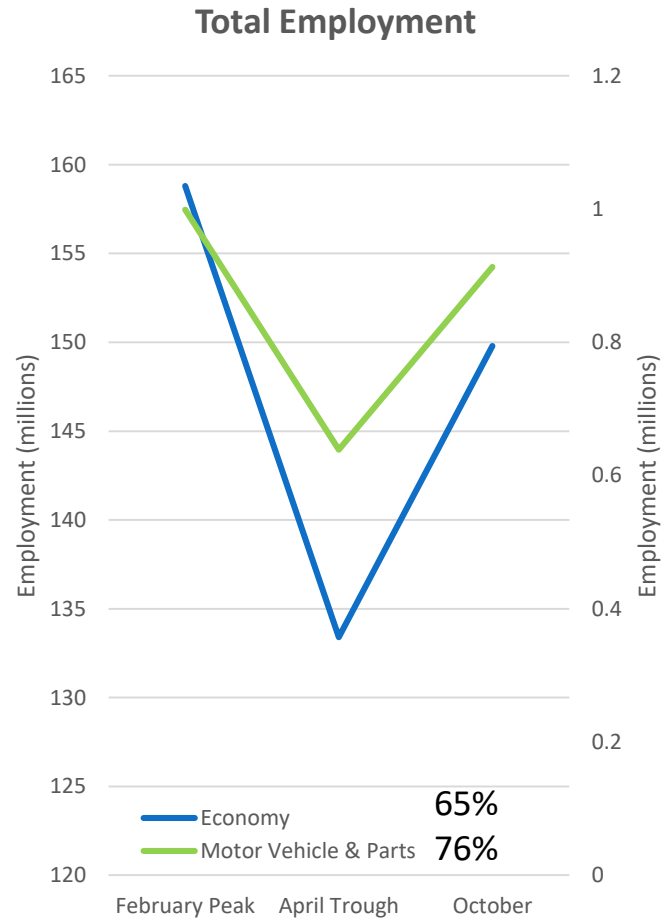
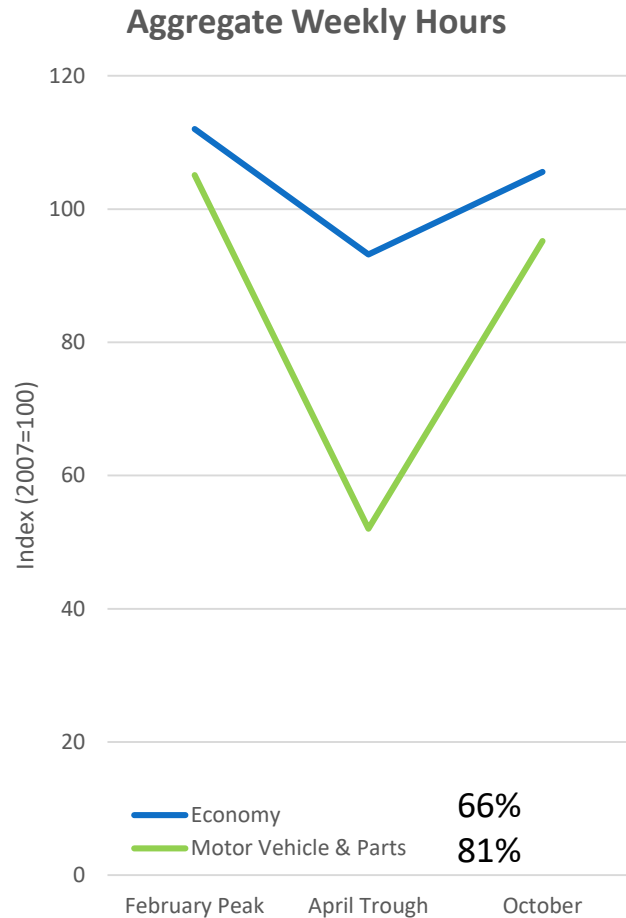


MV Production: Pre COVID-19 Pandemic to Date

China, Europe, and the U.S. production has mostly (or entirely) recovered

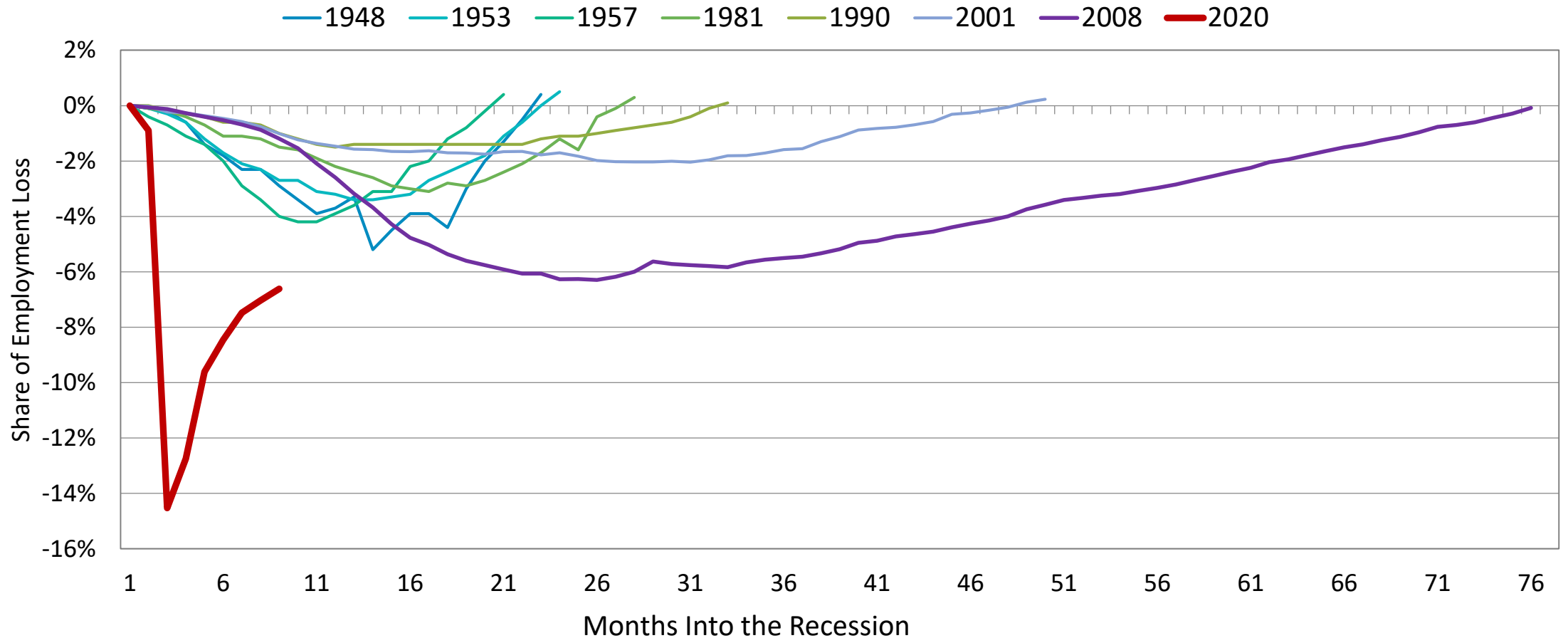


Motor Vehicle & Parts Aggregate Weekly Hours, Employment, & Payroll Are Recovering Faster Than The Overall Economy



If past recessions are any guide, the overall U.S. employment recovery could take a while.

Accumulated Employment Losses as a Percent of Pre-Recession Employment



Biden Priorities



COVID-19



ECONOMIC RECOVERY



RACIAL EQUITY



CLIMATE CHANGE

48
Democrats*

35 Democrats not up for election
Flipped 2 seats (+1 net gain)

2
remaining

50

50
Republicans

30 Republicans not up for election
Flipped 1 seat

Control of the Senate will
determine how much of Biden's
agenda can get done in
his first 2 years

Top Priorities: Contain the COVID-19 Pandemic & Pass a Comprehensive Relief Funding Bill

AP

Fed's Powell: Lack of further stimulus imperils recovery

By CHRISTOPHER RUGABER October 6, 2020



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Election 2020
Virus Outbreak
Donald Trump

WASHINGTON (AP) — Federal Reserve Chair Jerome Powell warned Tuesday that a tentative recovery from the pandemic recession could falter unless the federal government supplies additional economic support.

Yet hours after Powell's remarks, President Donald Trump announced that he was cutting off talks with Democrats over a new economic aid package until after the November elections. Trump's move would mean that millions of jobless Americans and struggling businesses and states will receive no further federal support for weeks, if not months, to come, just as the economy is struggling to recover from a deep recession.

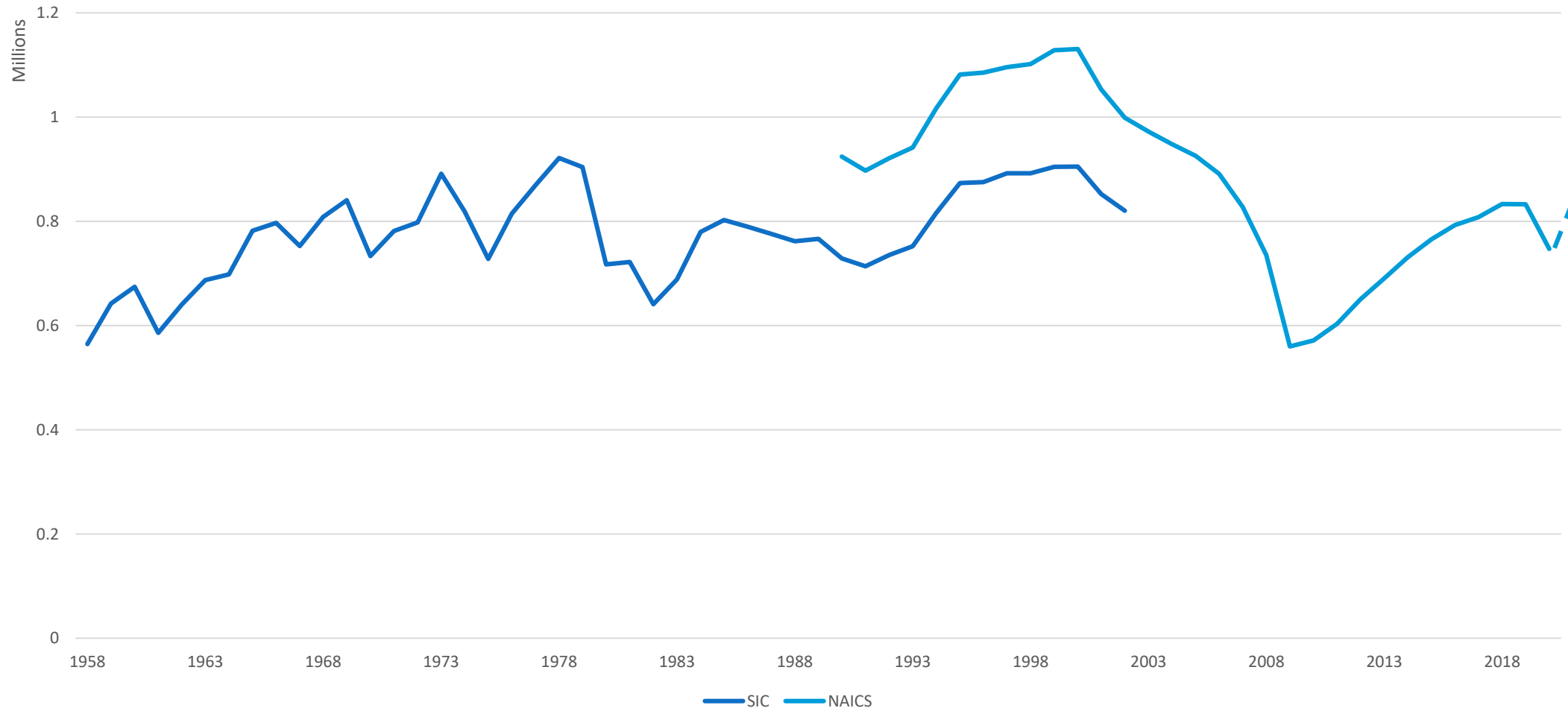


- **Auto Industry:** C...
supply chains, and...
charging stations,
century; and invest...
to join a union.



...try, domestic auto
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...rers to win the 21st
...jobs with a choice

Historical Motor Vehicle & Parts Employment 1958-2020 (October)



Core tenants of Biden's automotive policy

- Accelerate transition to a low-carbon future
- Invest more in education, infrastructure, and clean energy
 - 500K electric charging outlets by the end of 2030 (currently 87,600 chargers)
 - Federal fleet purchases of U.S.-made EVs
 - “Cash for Clunkers” program to get older polluting vehicles off the road
 - Expand EV tax credits for vehicles made in the United States and “middle class” consumers
- Reverse Trump's deregulatory actions
- More “Made in America” policies:
 - USD 400B “Buy American” program (redirected funding, not new)
 - Reshoring tax credits
 - Strengthen U.S. supply chains for critical technologies and raw materials



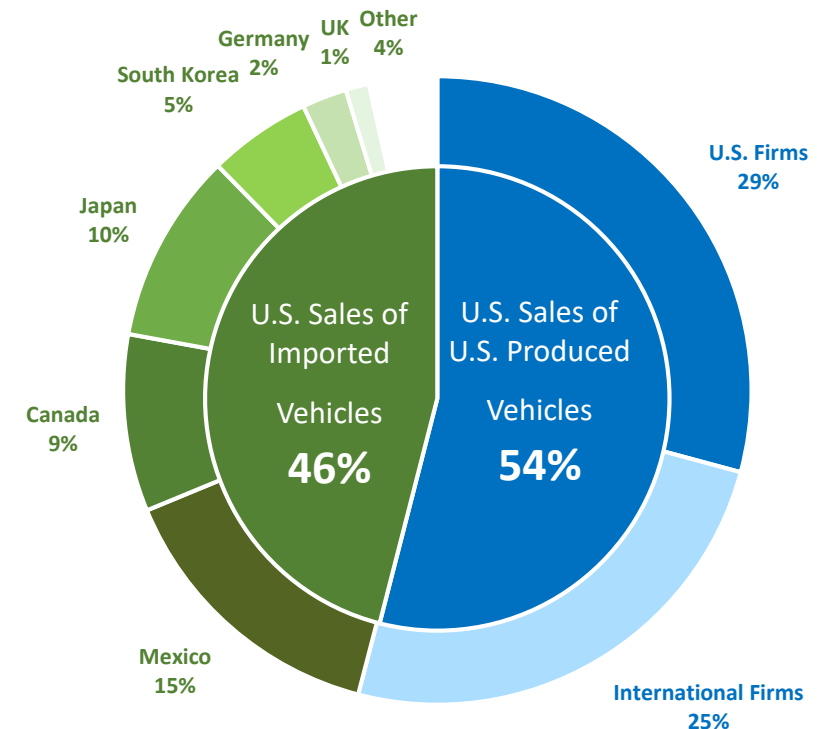
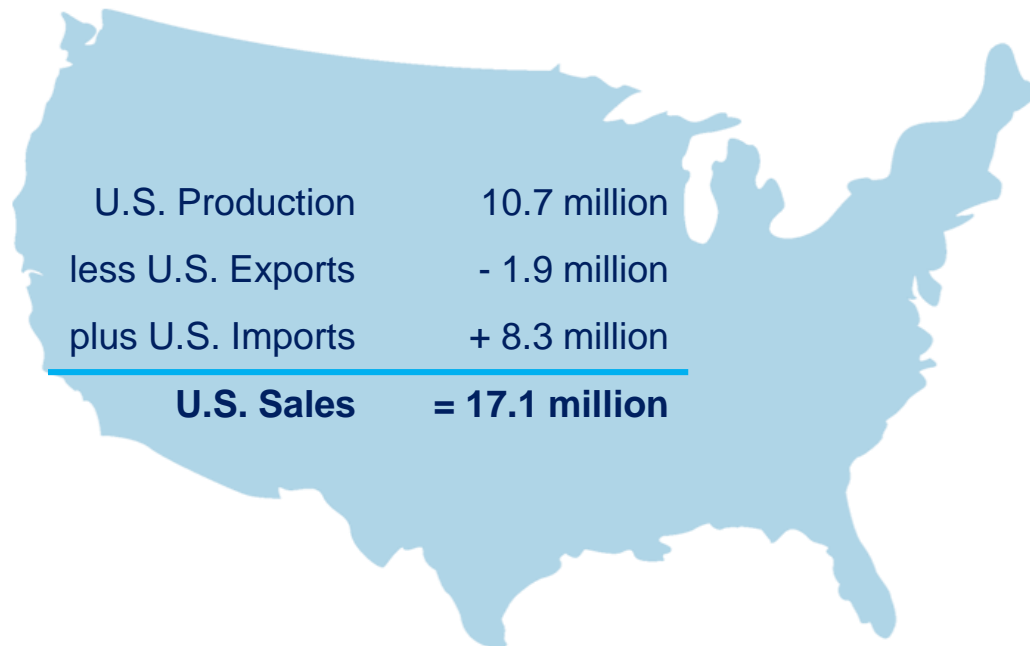
Trade Policy

Goals of Biden's trade policies

- More U.S. jobs
- Support & reform the WTO and the rules-based trading system
- Re-build alliances with trading partners like Canada, Mexico, EU, UK, Japan, and South Korea to counter China's SOE, IP violations, and market restrictions
- Re-evaluate Trump's tariffs (remove, allow greater exclusions, or even initiate new Section 301 or 232 cases)
- Strict enforcement of USMCA—especially labor provisions

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

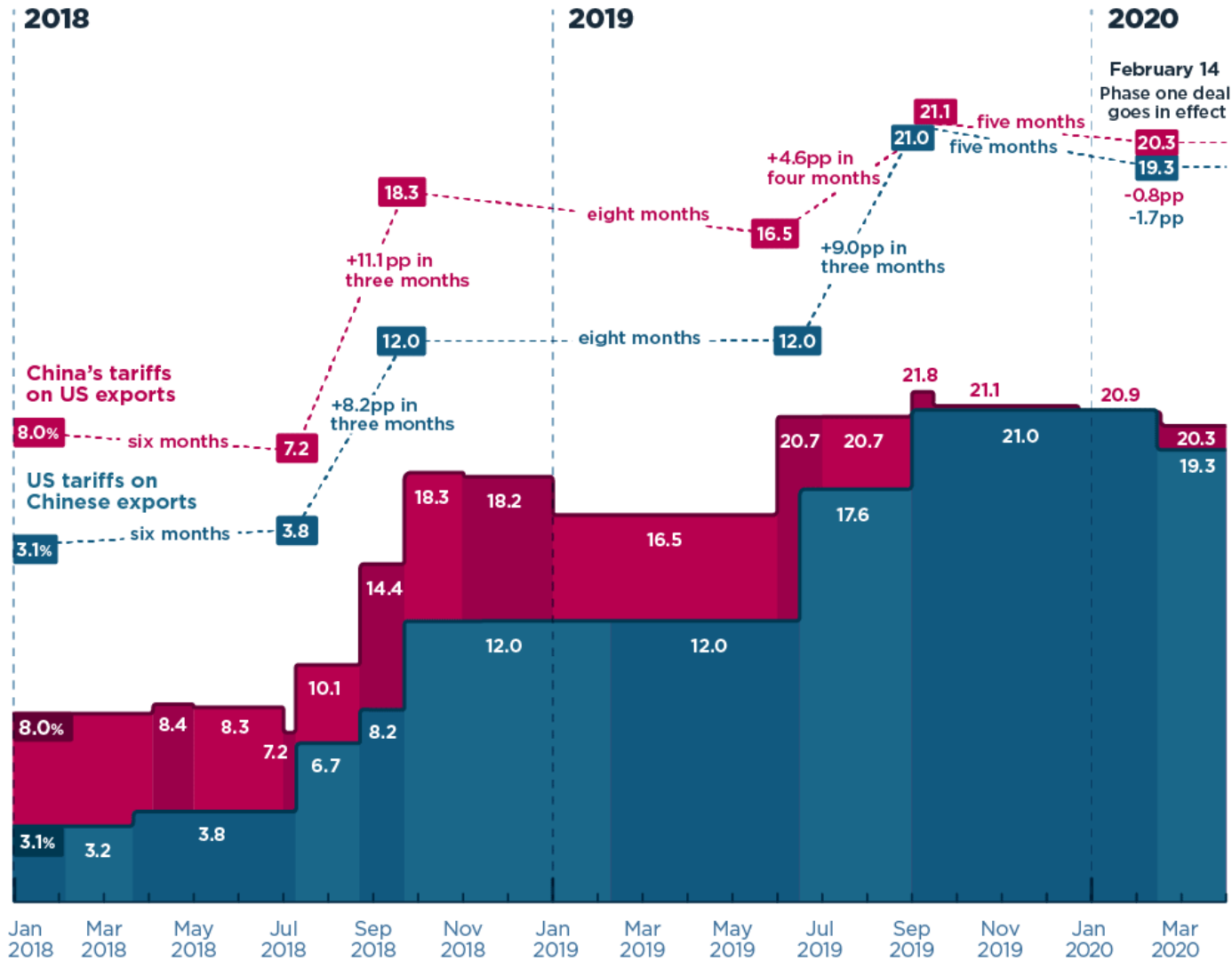
Sourcing of U.S. Light Vehicle Sales
2019



FCA, Ford, & GM Represent 54% of Canada & Mexico Imports

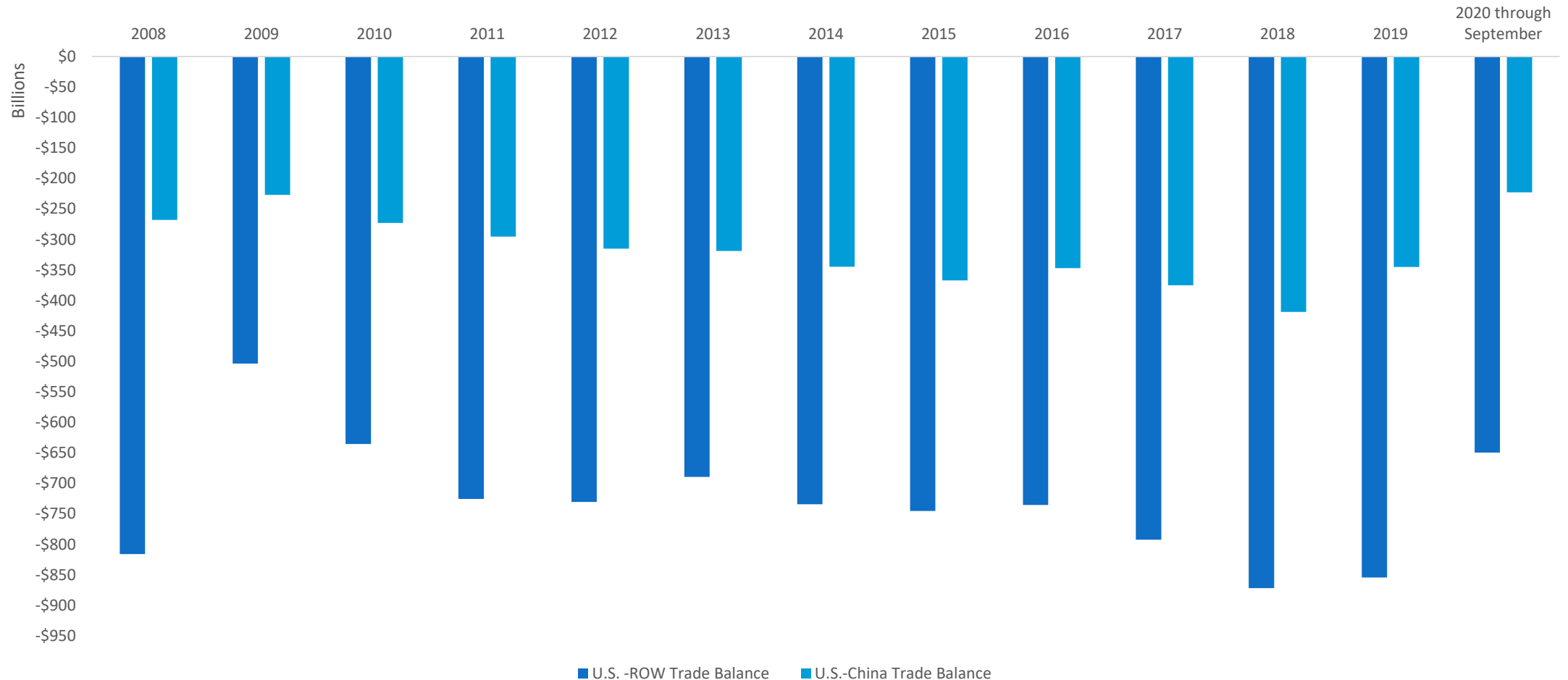
US-China Trade War Tariffs: An Up-to-Date Chart

Average tariff rate, percent



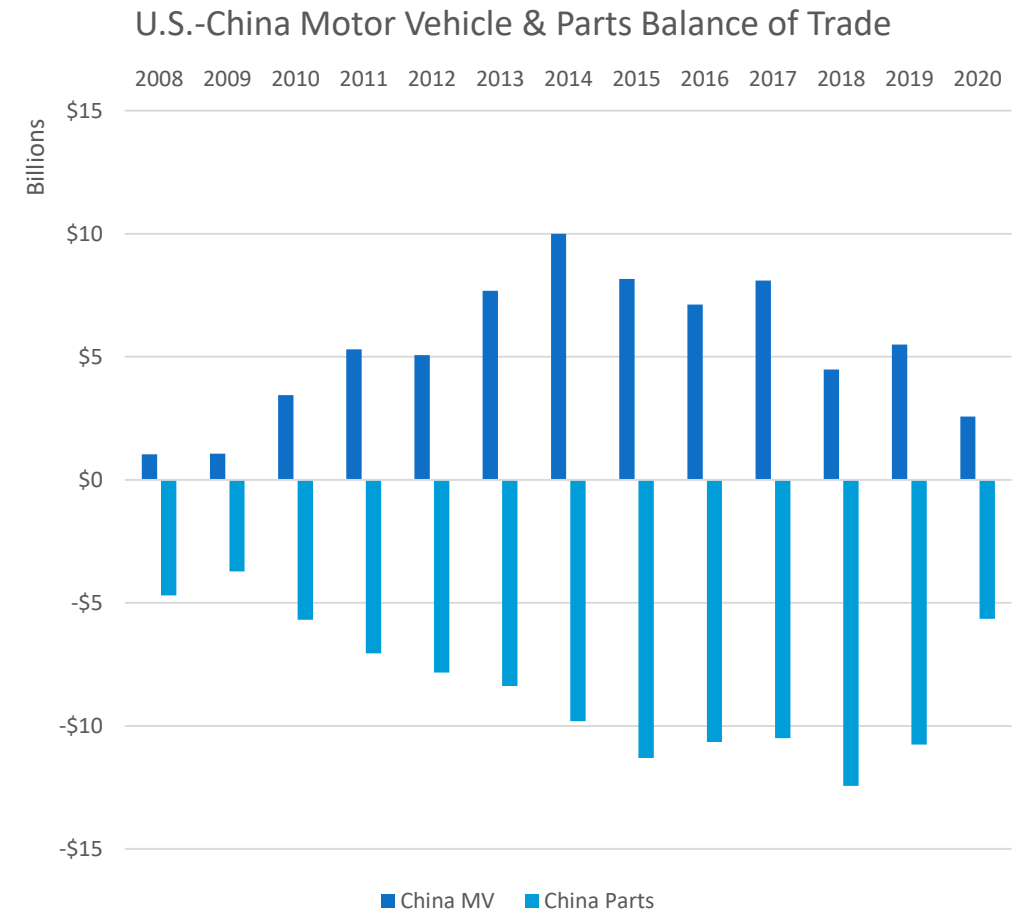
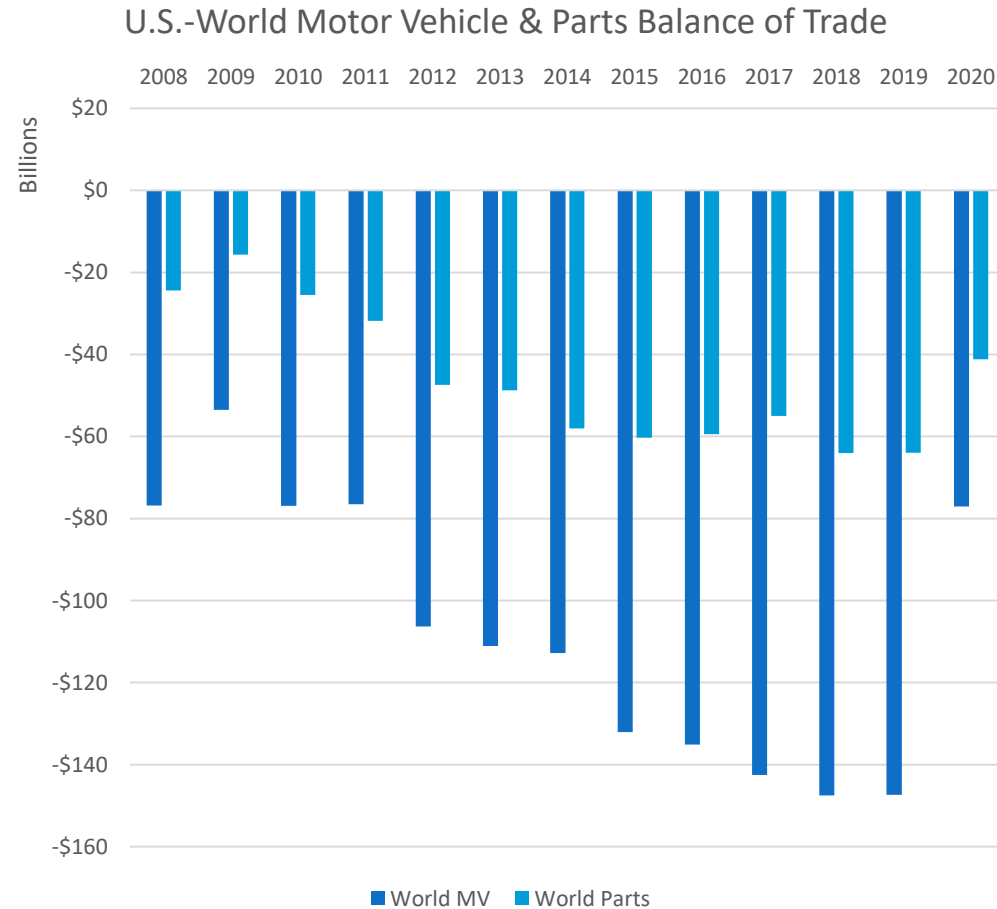
U.S. trade deficits have grown over the past 4 years

Balance of trade with the World & China, 2008-2020YTD

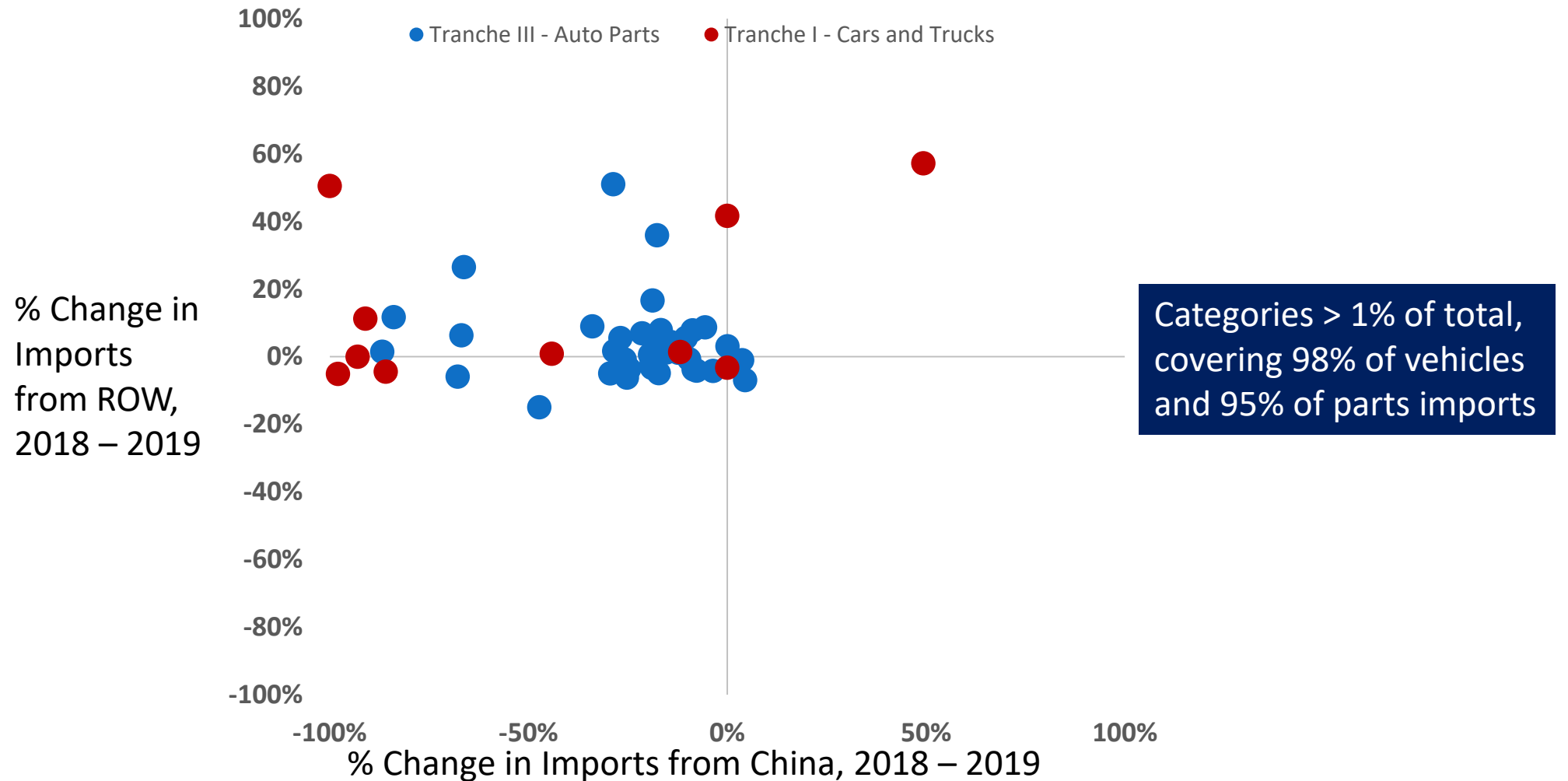


U.S. motor vehicle & parts trade balance has worsened over the past 4 years, too

Balance of trade with the World & China, 2008-2020YTD



The Consequences: Tariff Impacts on Chinese and the Rest of World Auto Imports 2018 vs. 2019



Still many open fronts





Summary