



# The Automotive Industry in Recovery



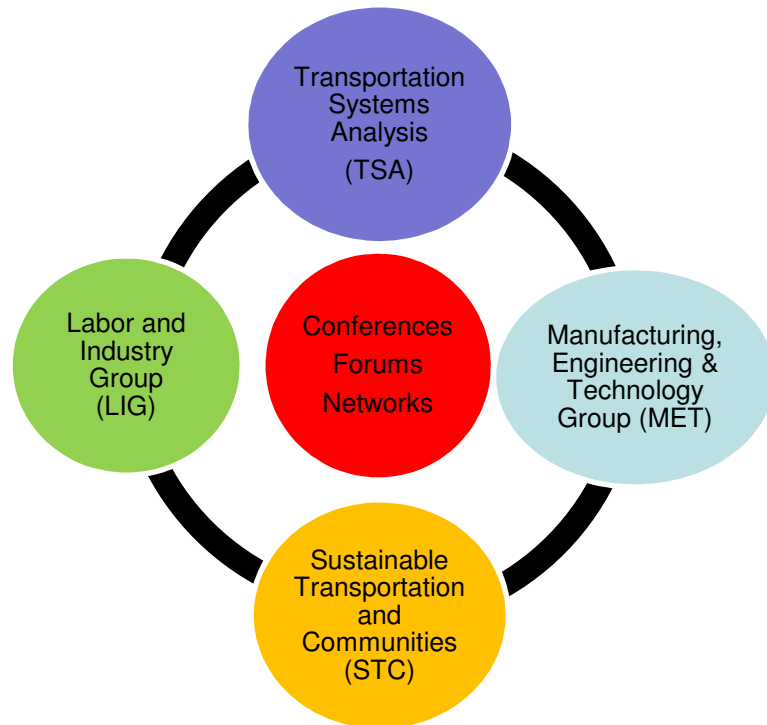
THE ENGINEERING SOCIETY OF DETROIT®  
FOUNDED IN 1895

## 2011 Economic Forecast for Design and Construction

Bernard Swiecki  
Center for Automotive Research  
Ann Arbor, MI

October 19, 2010

# Center For Automotive Research (CAR)



## Mission

*“..... To assist the global automotive industry’s competitiveness and technological advancement through unbiased research and support .....”*

**CAR is an independent, not-for-profit organization with research activities in manufacturing, economics, and transportation.**

**CAR was formerly OSAT with a 25-year history at the Univ. of Michigan prior to spinning off in 2000 and becoming independent.**

## INTERNATIONAL DISTRICT EXPORT COUNCIL CONFERENCE

# CAPITALIZING ON AMERICA'S EXPORT ADVANTAGES: GREEN & INNOVATION

Marriott Renaissance, Detroit, Michigan, USA and  
Caesars Windsor Hotel & Casino, Ontario, Canada  
October 24-27, 2010

*North America's Premier International  
Trade Event in 2010*

### The 15th Annual DEC Conference – First time in the Mid-West in years!

- World Class Speakers from Business, Government and Think Tanks
- Visit to Canada – One Conference, Two Countries
- Unrivaled Networking Opportunities
- Dozens of Trade Service Providers Exhibitor Tables
- Opportunities for New and Experienced Exporters
- Great Conference Hotel Rates



U.S. Commercial Service, Your Global Partner in Exporting!



See side 2 for details

### Marketing Partners



## Keynote Speakers

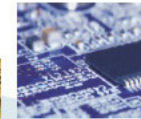
- **Nicola Arena**, Chairman & CEO, Mediterranean Shipping Company (USA)
- **Miranda Ballentine**, Director of Sustainability, Wal-Mart
- **Terence P. Begley**, CEO, Corporate Banking, The PNC Financial Services Group
- **Scott Bozek**, Consul for Commercial Affairs, U.S. Consulate General, Commercial Service, Toronto
- **Dr. Ed Catmull**, co-founder of Pixar Animation Studios and President of Pixar and Disney Animation Studios
- **Susan M. Cischke**, Group Vice President, Sustainability, Environment and Safety Engineering, Ford Motor Company
- **Michael Ducker**, COO, Executive Vice President and President, International, FedEx Express
- **Daniel Griswold**, Director of the Center for Trade Policy Studies, CATO Institute
- **Fred Hochberg**, Chairman & President of the Export-Import Bank of the United States
- **David Kappos**, Director of the US Patent and Trademark Office
- **Fred Keller**, CEO, Cascade Engineering
- **Suresh Kumar**, Assistant Secretary of Commerce and Director General, U.S. and Foreign Commercial Service
- **Gary Locke**, U.S. Secretary of Commerce
- **Michal Lorenc**, Online Sales and Operations Manager, Google
- **Chip McClure**, Chairman, CEO and President, Arvin Meritor
- **Joy Nott**, President of the Canadian Association of Importers and Exporters
- **Frank Reynolds**, Author, *Managing Exports: Navigating The Complex Rules, Controls, Barriers and Laws*
- **Francisco J. Sánchez**, Under Secretary of Commerce for International Trade, U.S. Department of Commerce, International Trade Administration
- **Senator Debbie Stabenow**, Member President's Export Council
- **Leocadia I. Zak**, Director, United States Trade & Development Agency

Among many others yet to be announced ...



*"Whether you are new to exporting or an experienced pro, this is the trade event of the year. This conference helped me boost my company's international sales during tough economic times. And the networking is great."*

— Terry, past attendee



## Opening Night – October 24, 2010

- Networking Reception
- Live Motown Entertainment

## Trade & Green Day – October 25, 2010

- Export Opportunities and Trends in Green Technologies
- Corporations of all sizes share their experiences of how they have used green solutions to add "green" to their bottom lines
- The emergent green supply chain
- A private tour of the famous Ford Rouge facility



## Trade & Canada Day – October 26, 2010

- Visit to Canada including a private briefing by the Canada Border Services Agency and a networking reception with hundreds of Canadian businesses. Featured speakers include a senior executive from RIM, maker of the BlackBerry, senior Canadian government officials and an expert panel exploring trends and opportunities in the Canadian market.



## Trade & Innovation Day – October 27, 2010

- Boosting Exports Using Innovative Finance Techniques
- What's New in Protecting Intellectual Property Rights?
- How to use Innovation to create value in your organization

### Plus:

- Panel Discussion on Doing Business in the Middle East
- Exclusive appointments with U.S. Embassy Specialists from around the world to assist you with your export activities
- ... and much more

### Early registration for the full conference:

\$495 (by Sept. 10, 2010); \$550 General.  
Single day tickets available.

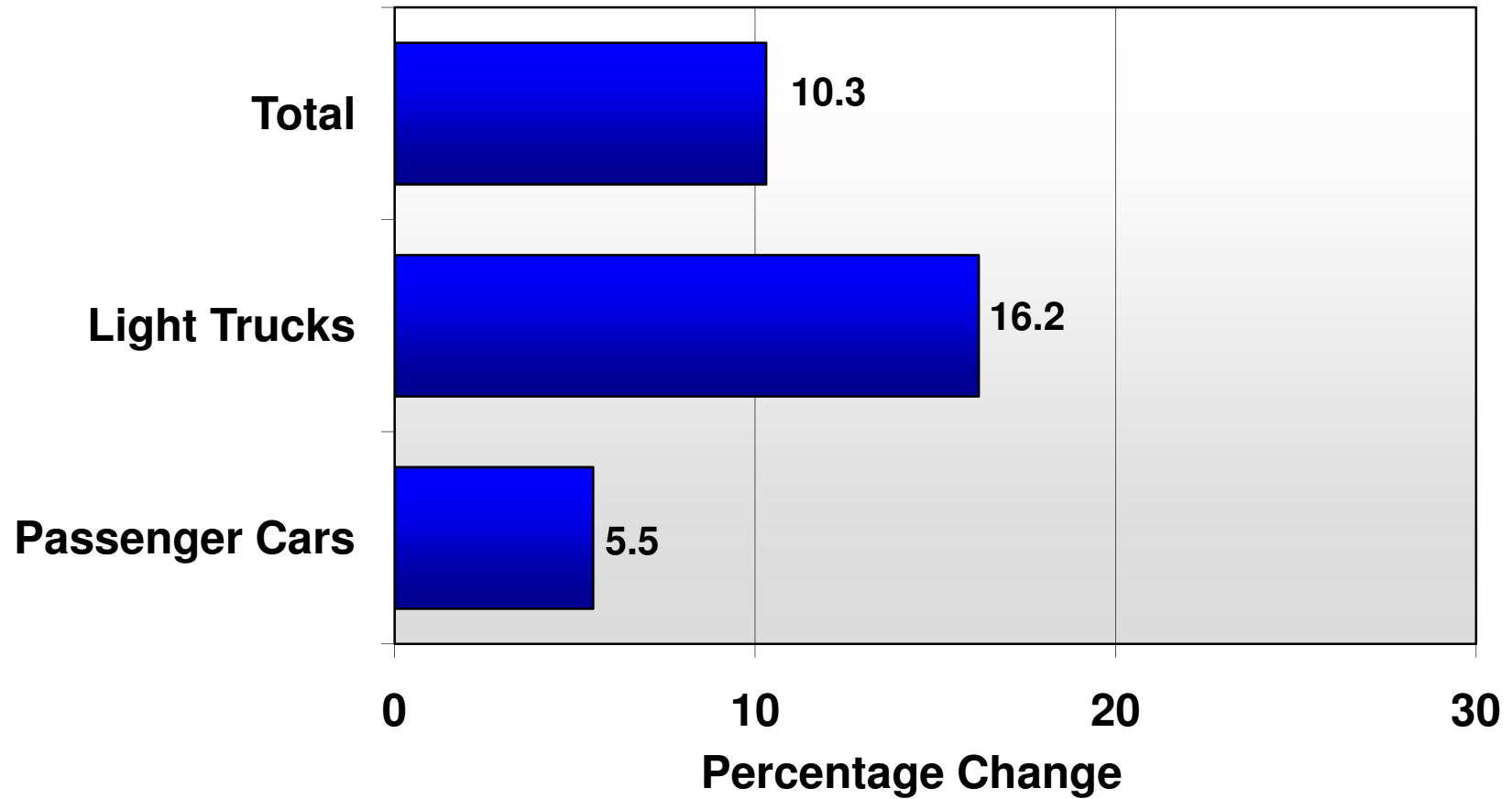
Transportation to and from Canada will be via Conference buses that require pre-clearance of passports. Please register at least one month before the event as this will be the deadline for pre-approval of passports for the Canadian portion of our Conference.

Easy online registration and conference details: [www.deconference.com](http://www.deconference.com)

LinkedIn Group for DEC Conference Updates: **THE DEC CONFERENCE**

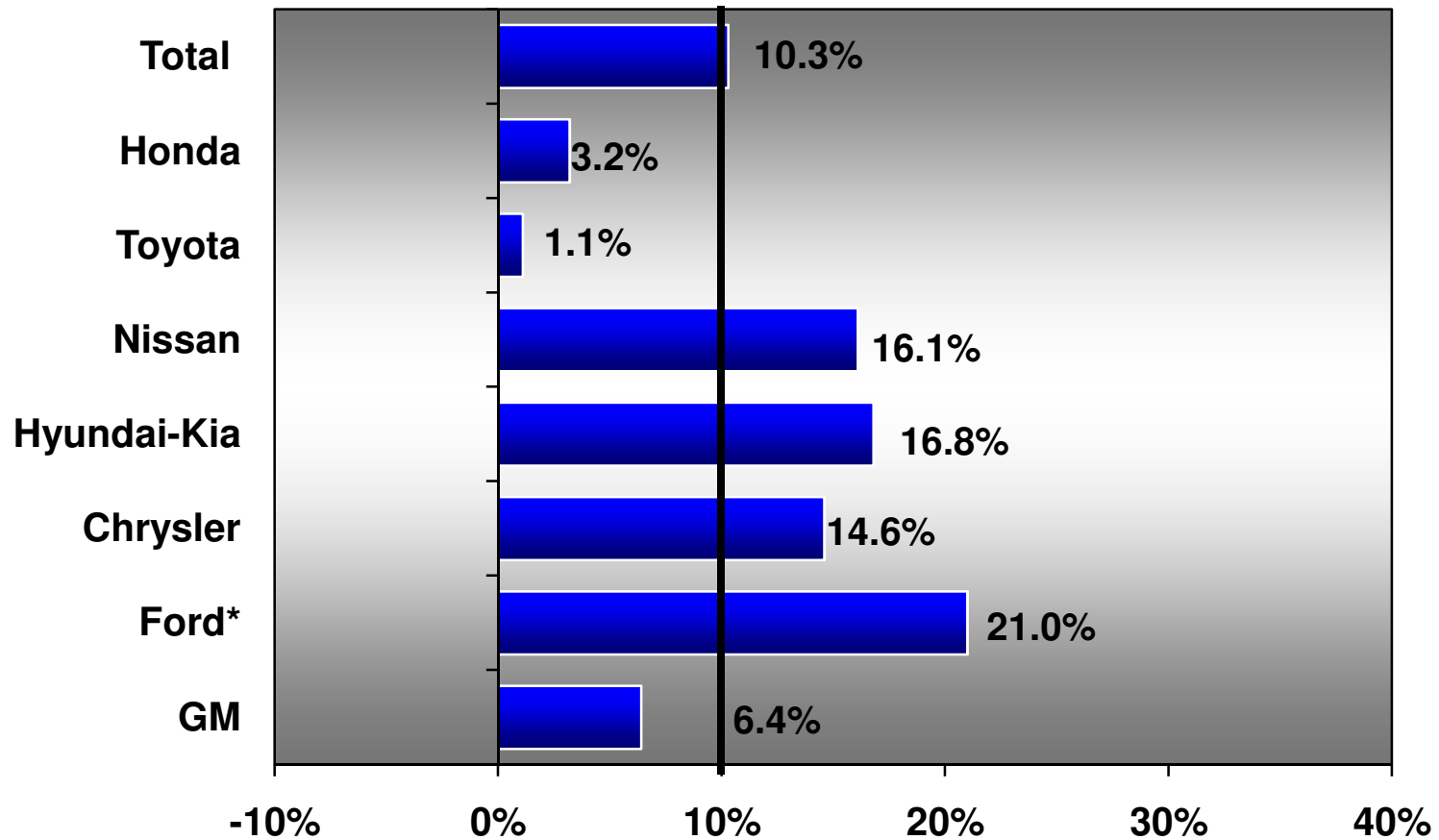
For inquiries, please e-mail: [2010deconference@trade.gov](mailto:2010deconference@trade.gov) or call 248-975-9600

**U.S. Light Vehicle Sales  
YOY % Change  
YTD through September: 2010 vs. 2009**



*Source: Automotive News*

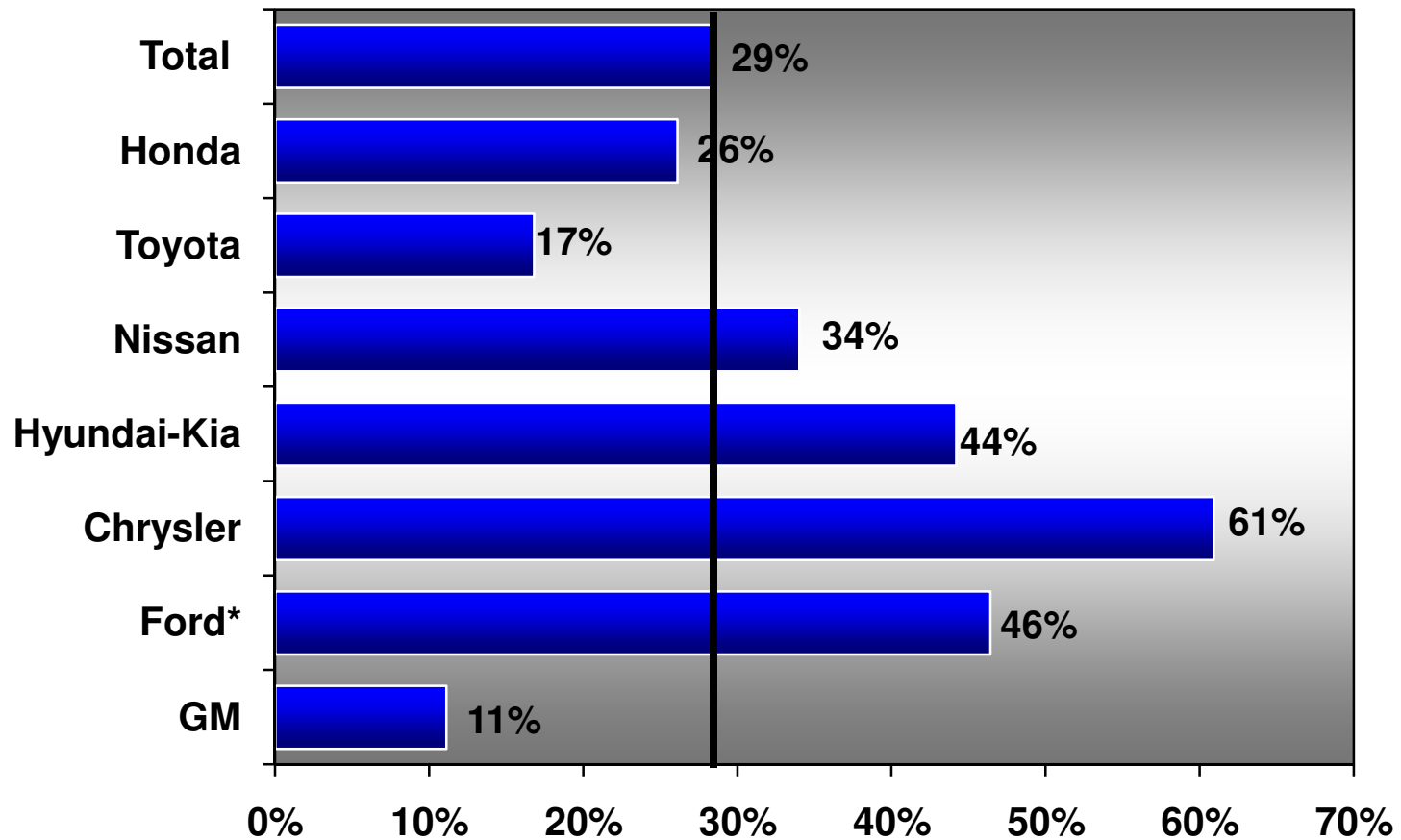
## Percentage Change in Sales of Light Vehicles Per OEM: YTD Through September: 2010 vs. 2009



Source: Automotive News

\*Ford = Ford, Lincoln, & Mercury divisions only

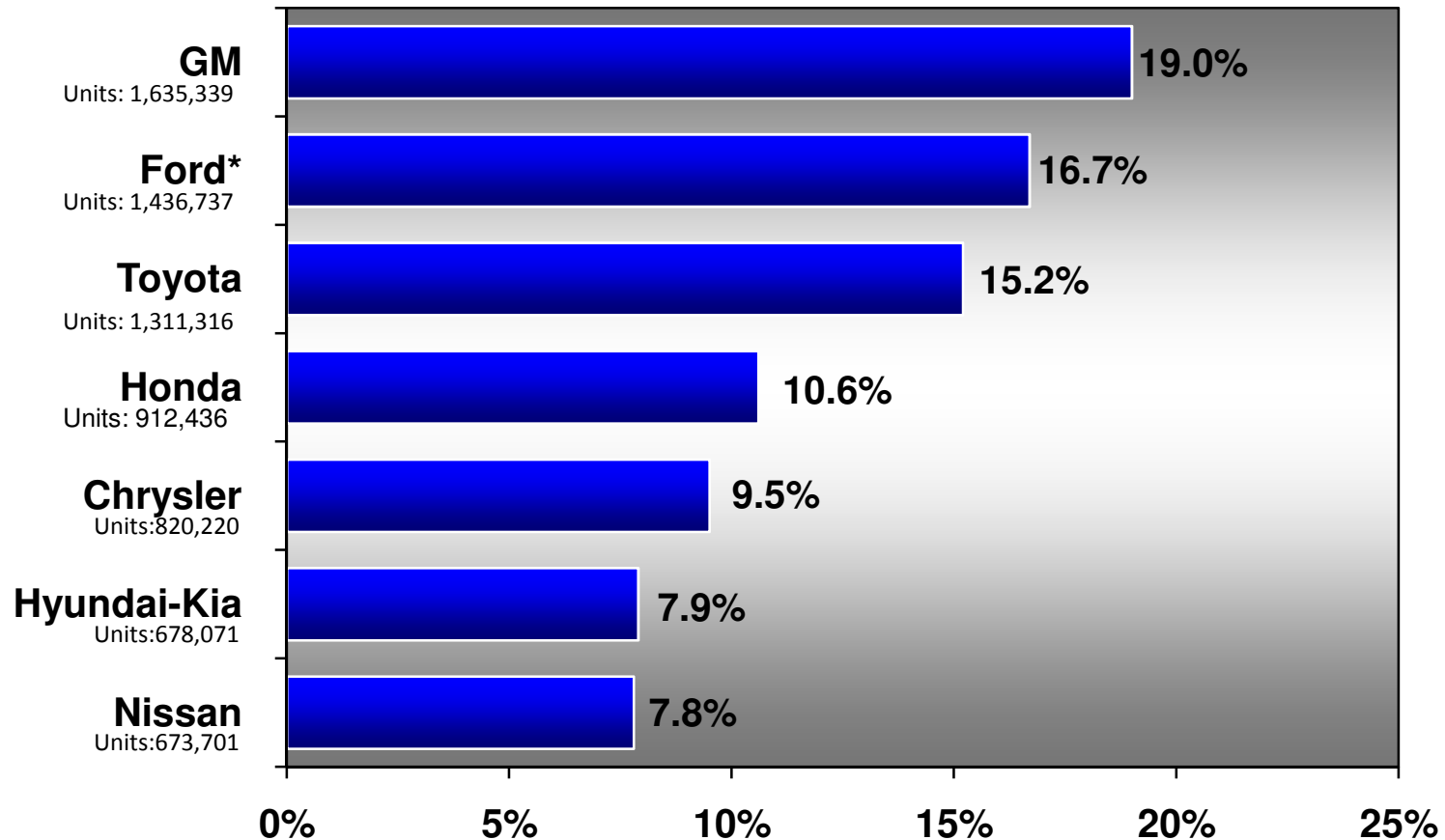
# Percentage Change in Sales of Light Vehicles Per OEM: September 2010 vs. September 2009



Source: Automotive News

\*Ford = Ford, Lincoln, & Mercury divisions only

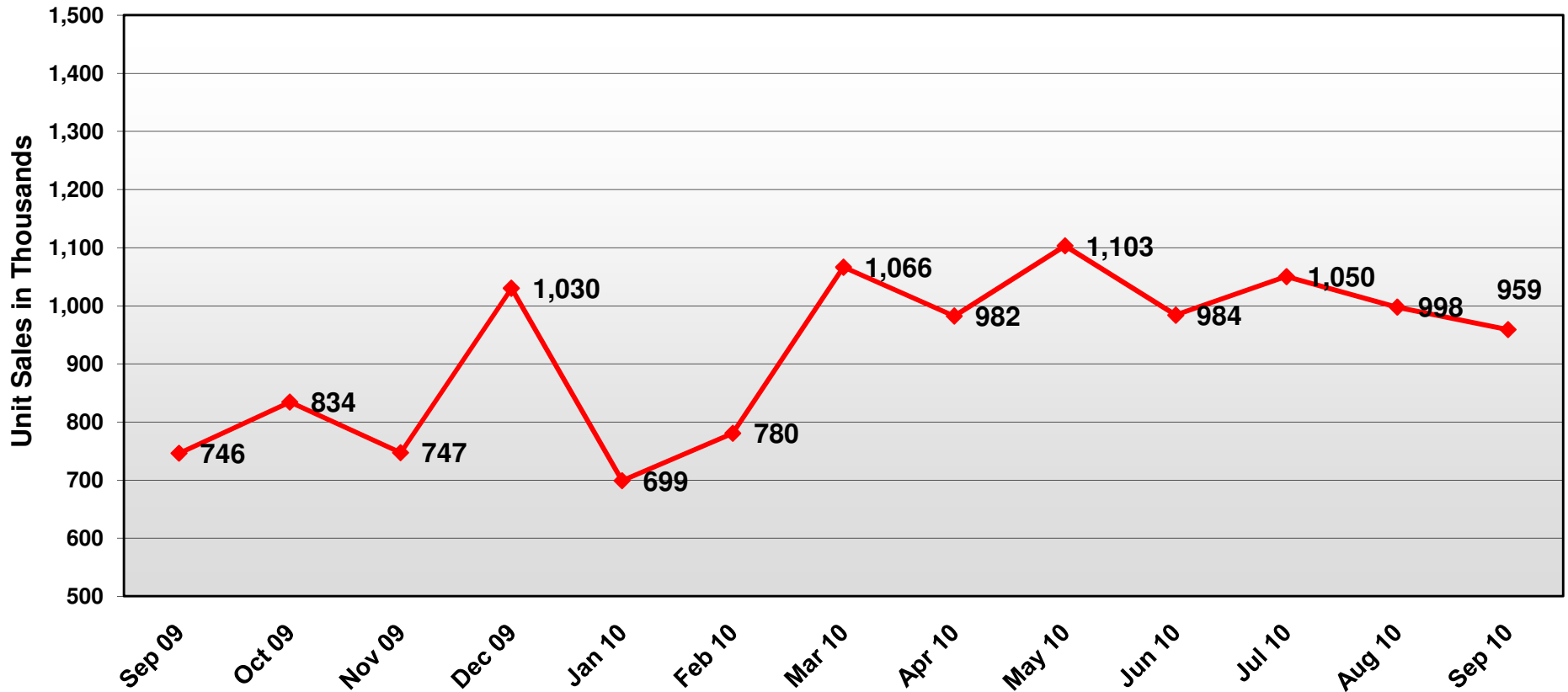
# U.S. Market Share YTD Through September 2010



Source: Automotive News

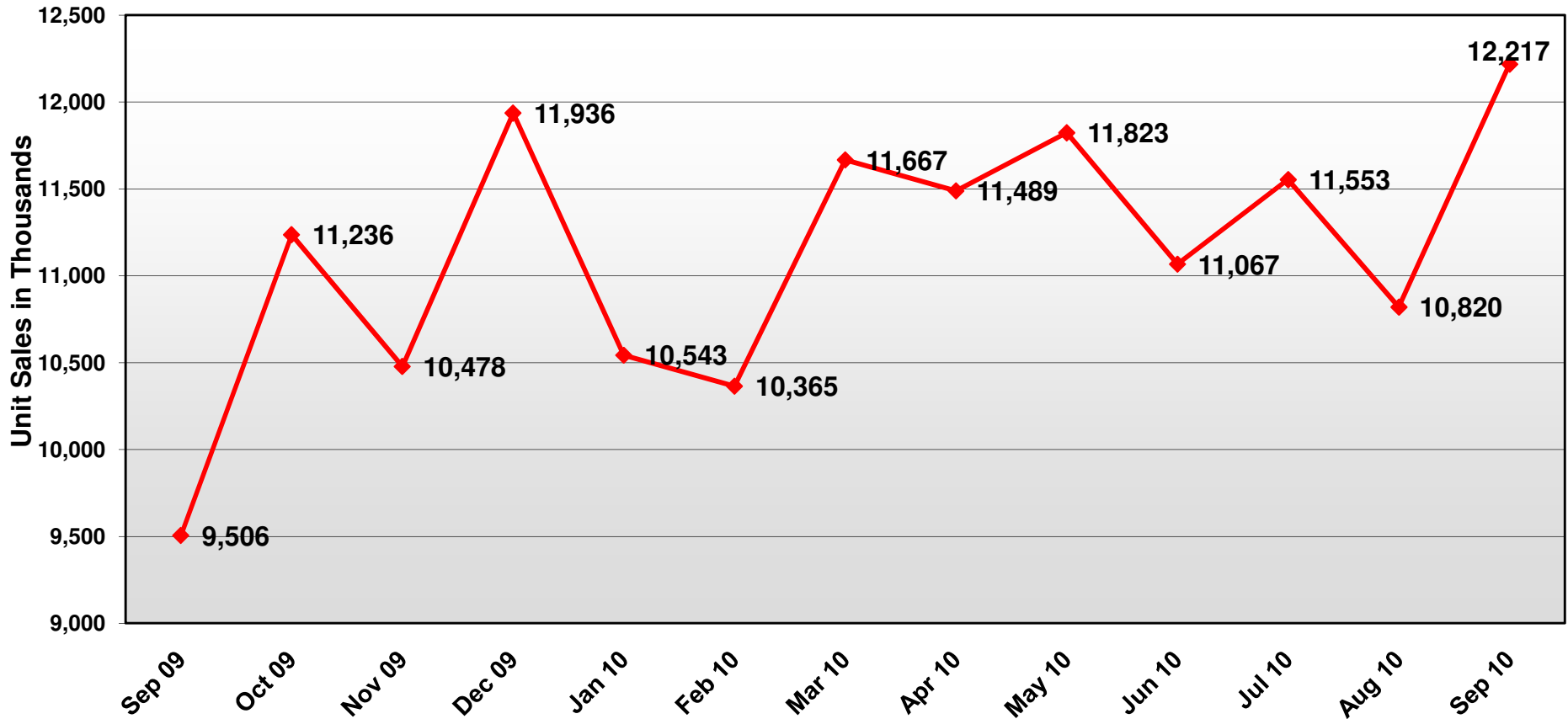
\*Ford = Ford, Lincoln, & Mercury divisions only

# U.S. Light Vehicle Sales by Month: September 2009 through September 2010



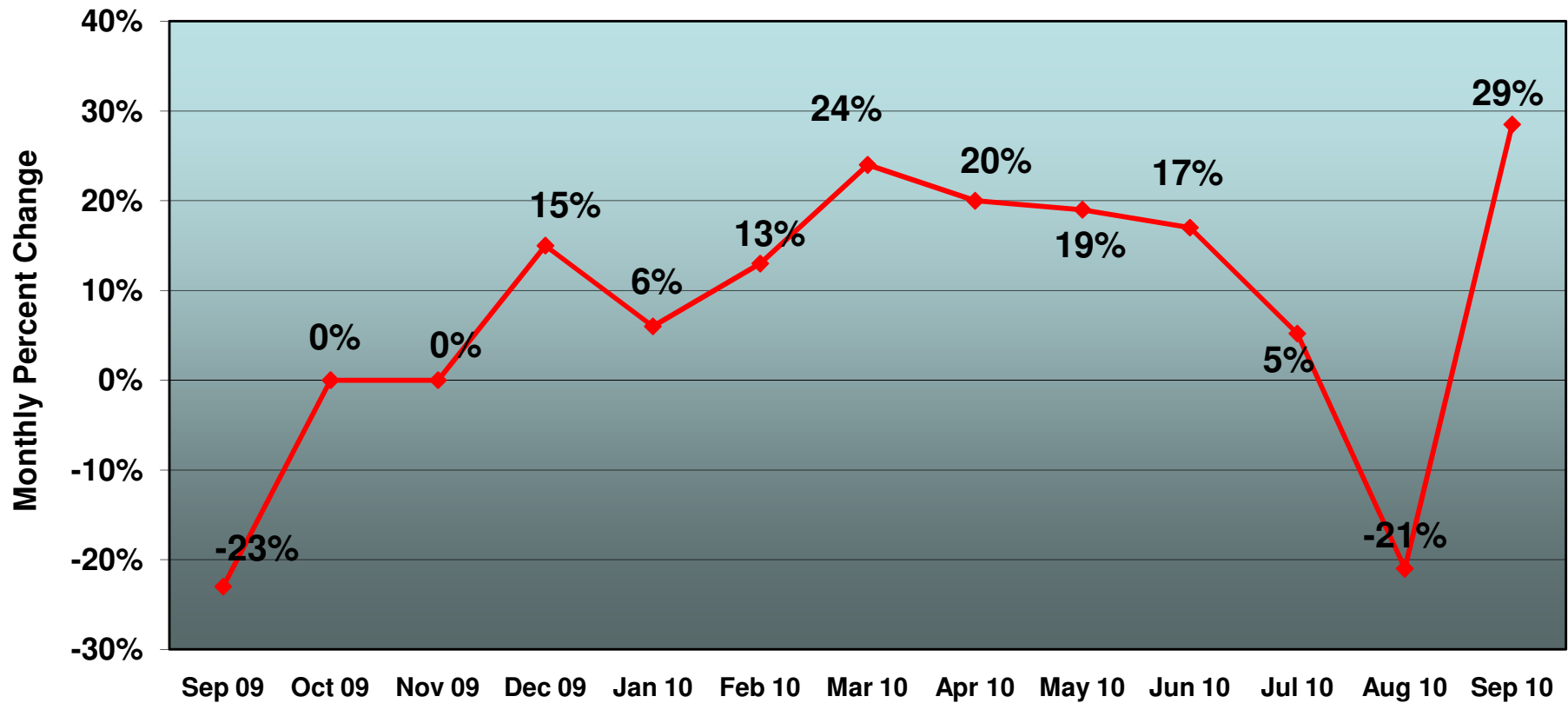
Source: Automotive News Data Center

# U.S. Light Vehicle Sales Monthly SAAR: September 2009 through September 2010



Source: Automotive News Data Center

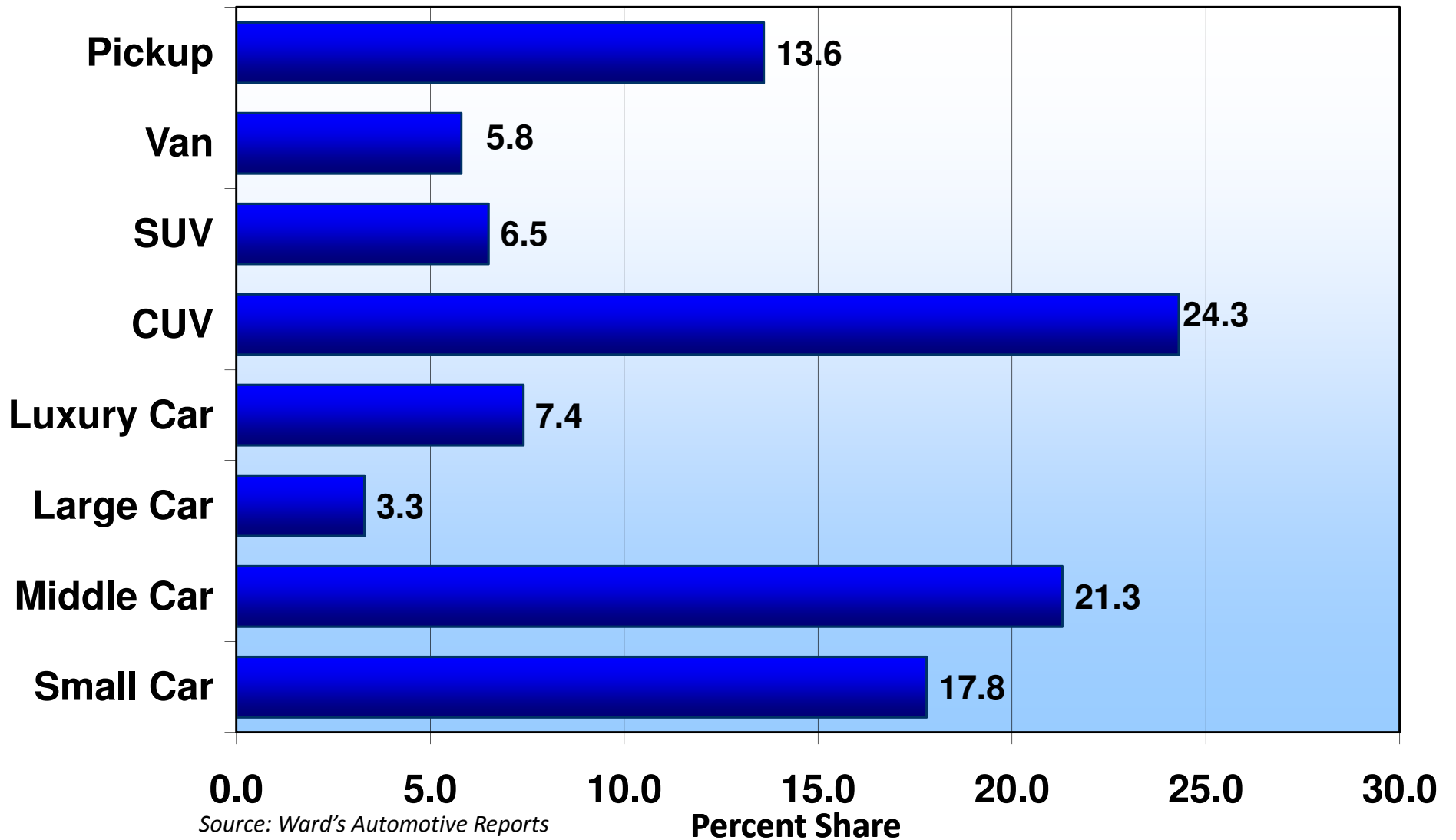
# U.S. Light Vehicle Sales Monthly Percent Change\*: September 2009 through September 2010



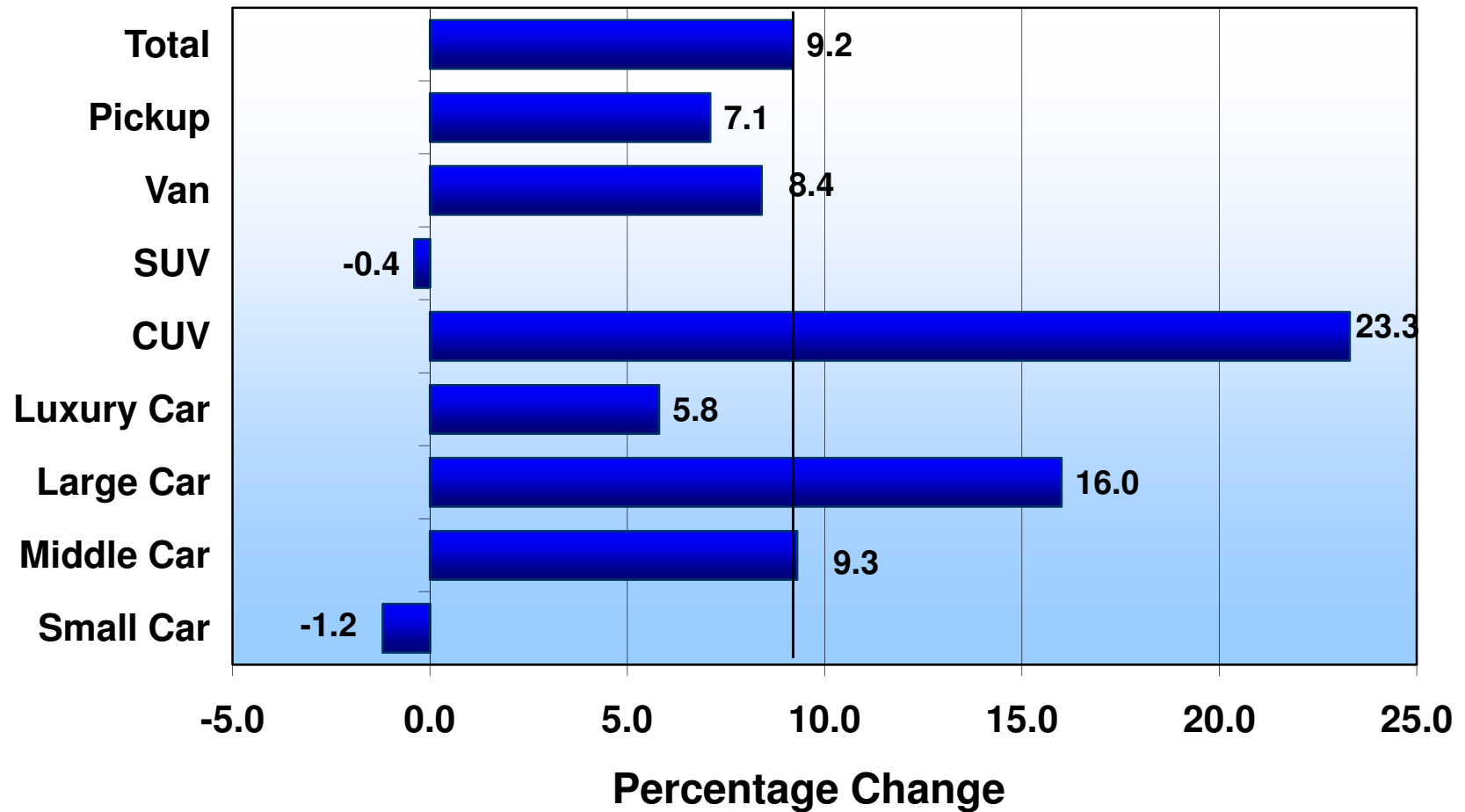
Source: Automotive News Data Center

\*Percent change is a comparison between a given month's sales volume, and its corresponding volume in the same month of the previous year.

## Market Share: Segment Breakdown - U.S. LV Sales YTD Through September 2010



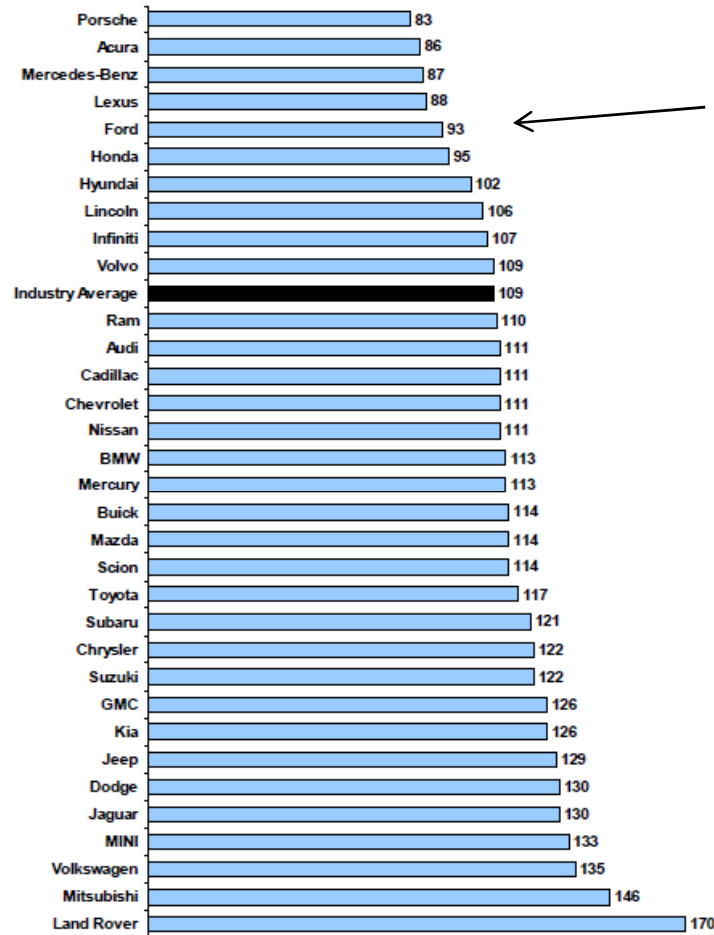
## Segment Breakdown - U.S. LV Sales YOY % Change YTD Through September: 2010 vs. 2009



Source: Ward's Automotive Reports

# J.D. Power and Associates 2010 Initial Quality Study<sup>SM</sup> (IQS)

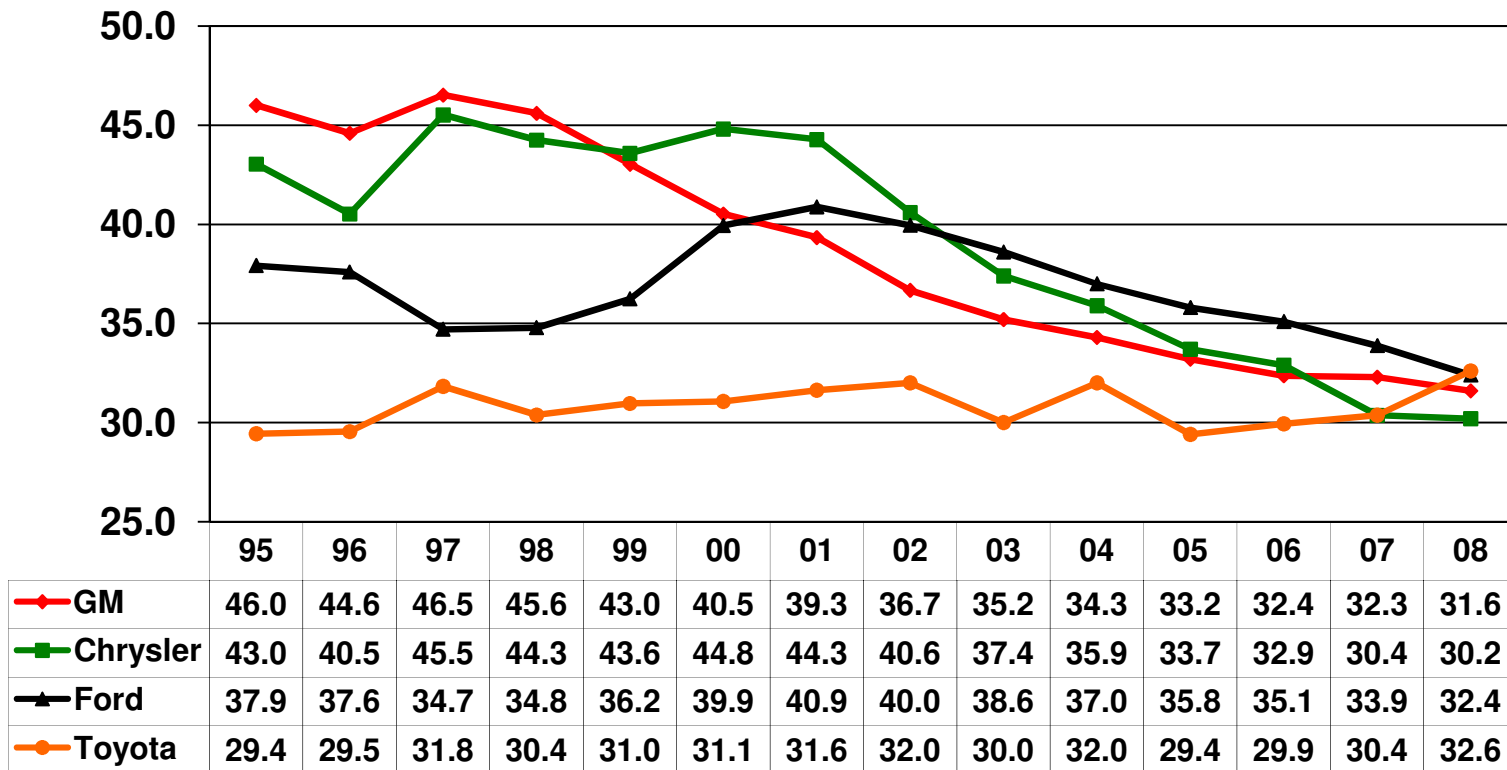
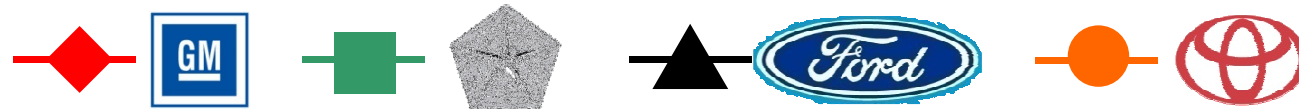
## 2010 Nameplate IQS Ranking Problems per 100 Vehicles



Source: J.D. Power and Associates 2010 Initial Quality Study<sup>SM</sup>

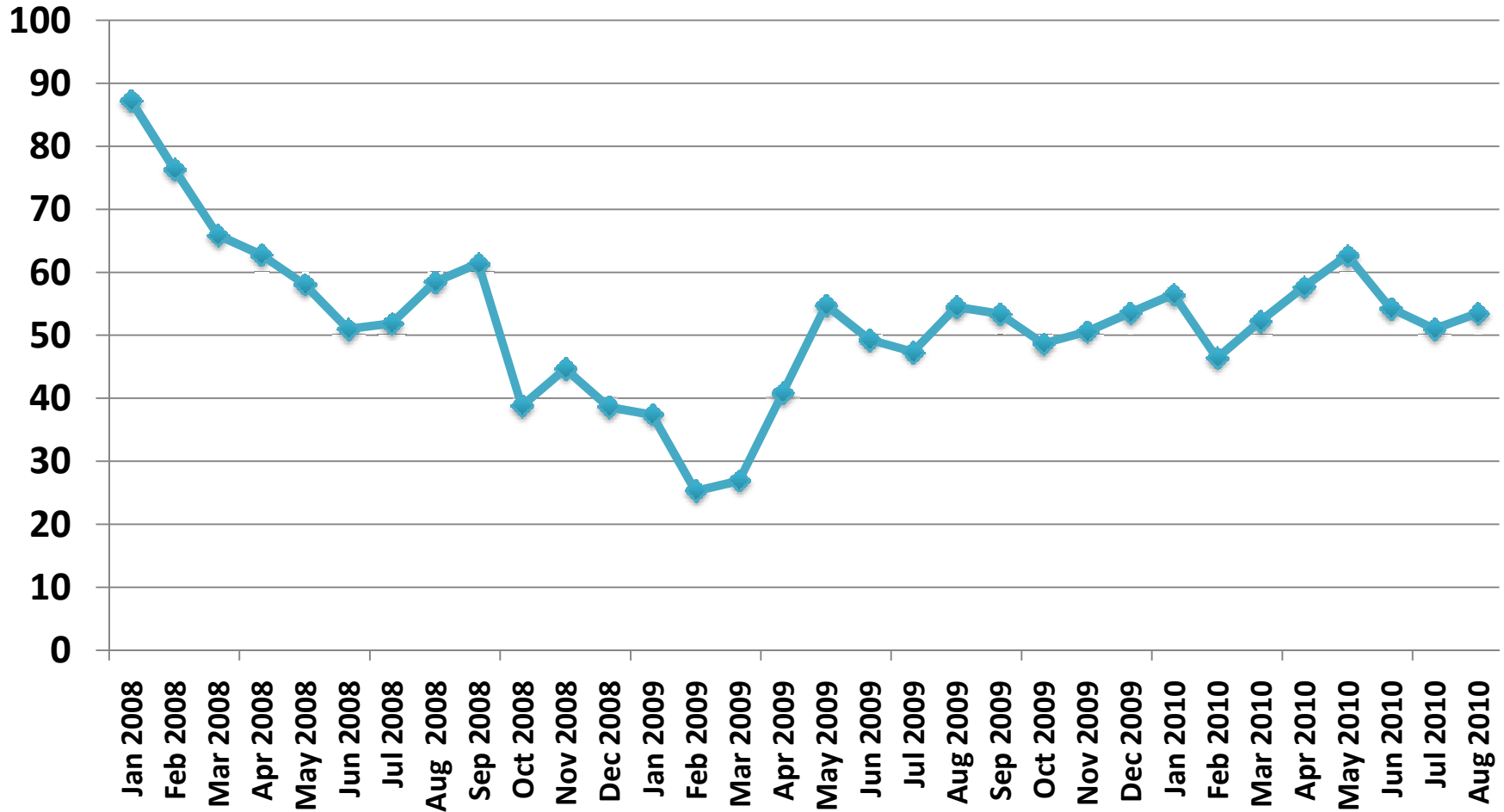
Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2010 Initial Quality Study<sup>SM</sup> as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates survey results without the express prior written consent of J.D. Power and Associates.

# No Significant Difference? Harbour's Overall Productivity Estimates: (Strategic Operations) 1995-2008



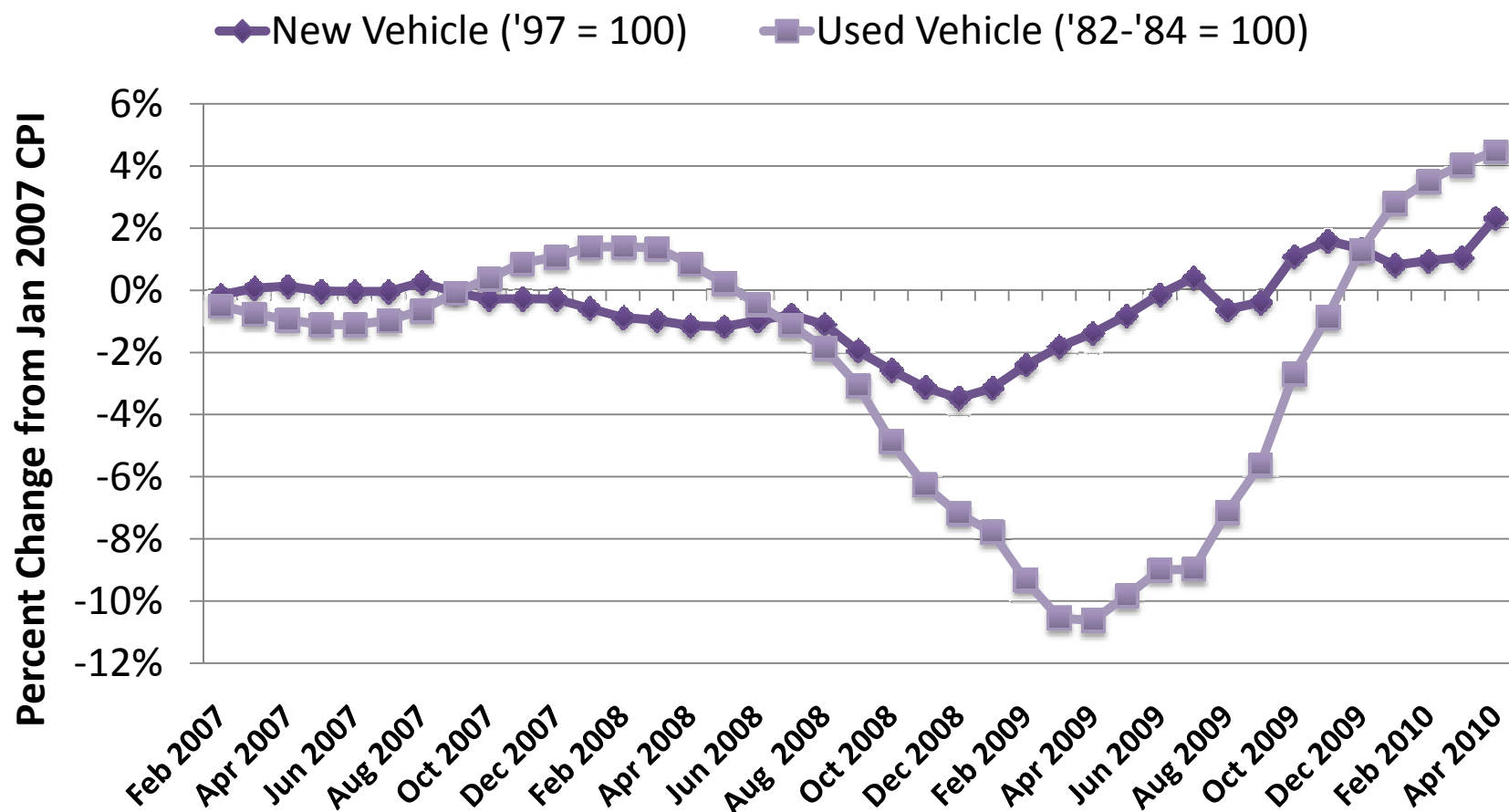
Source: Harbour Reports, 1996-2009

# Consumer Confidence Index January 2008—Aug 2010



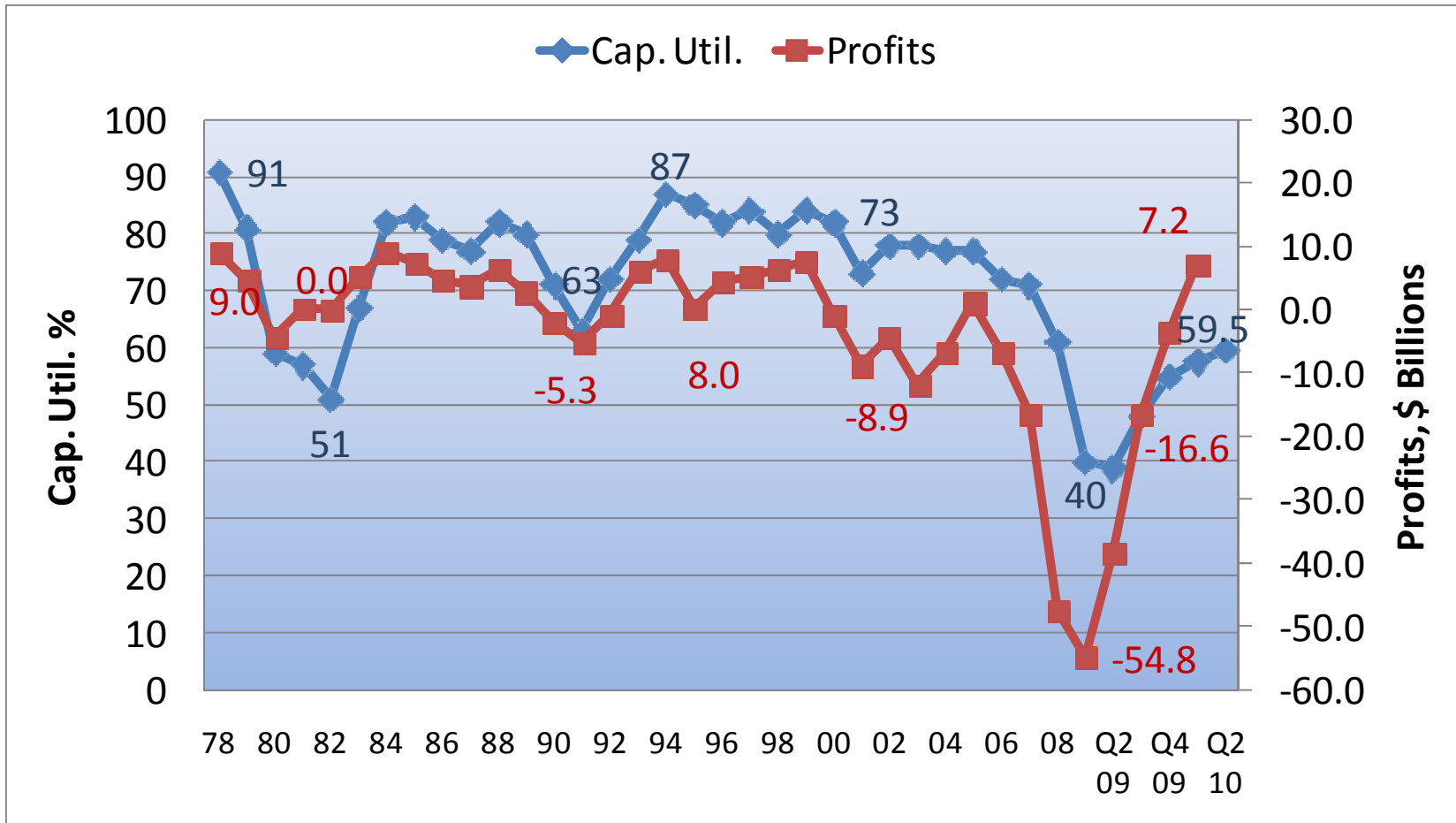
Source: The Consumer Confidence Survey, conducted for the Conference Board by TNS

# Changes from Jan '07: CPI-New Vehicle and CPI-Used Vehicle



# A Slow Comeback

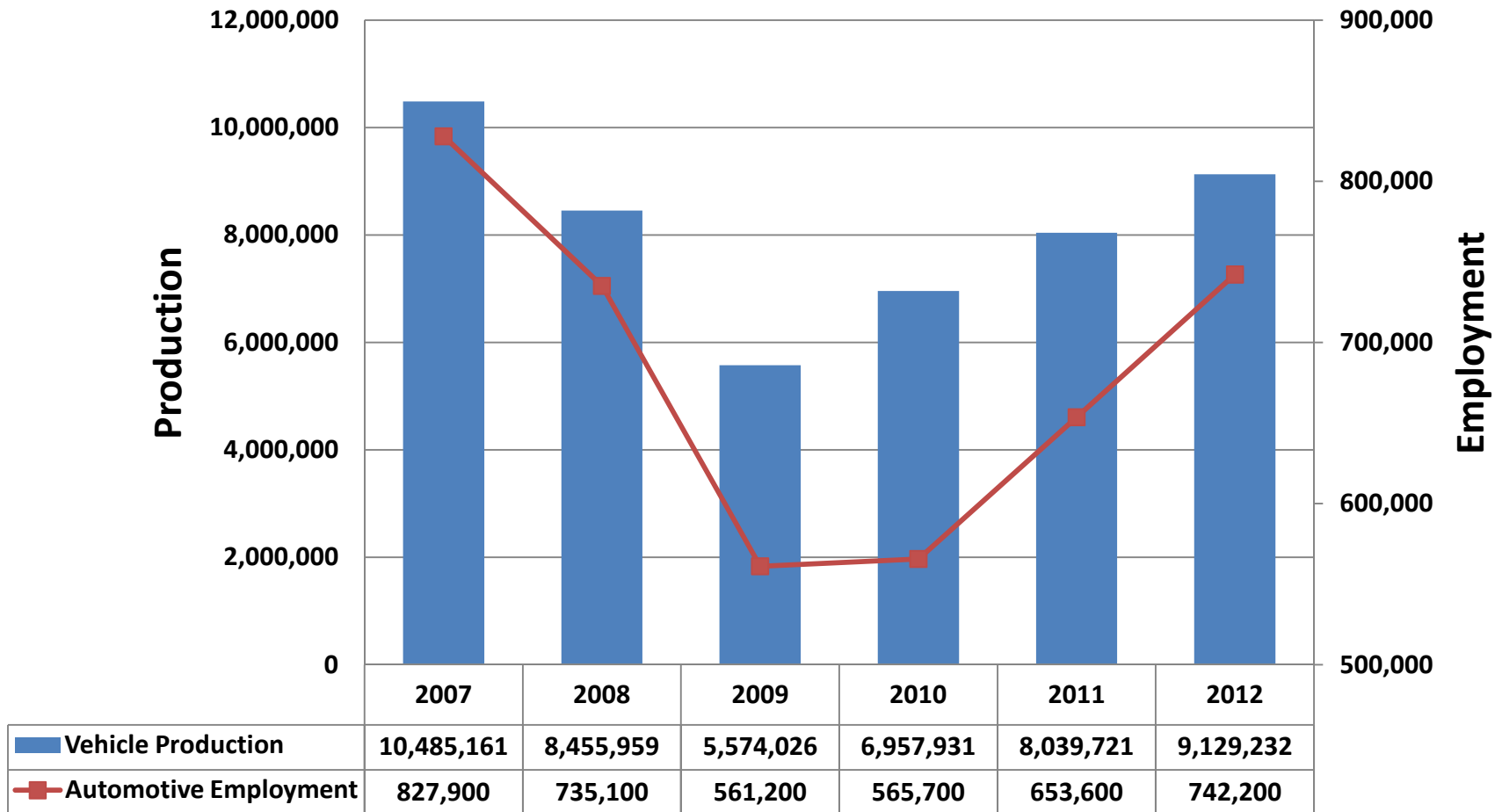
## U.S. Automotive Capacity Utilization and Profits 1978 – Q2 2010



Source: Federal Reserve, U.S. DOC/BEA

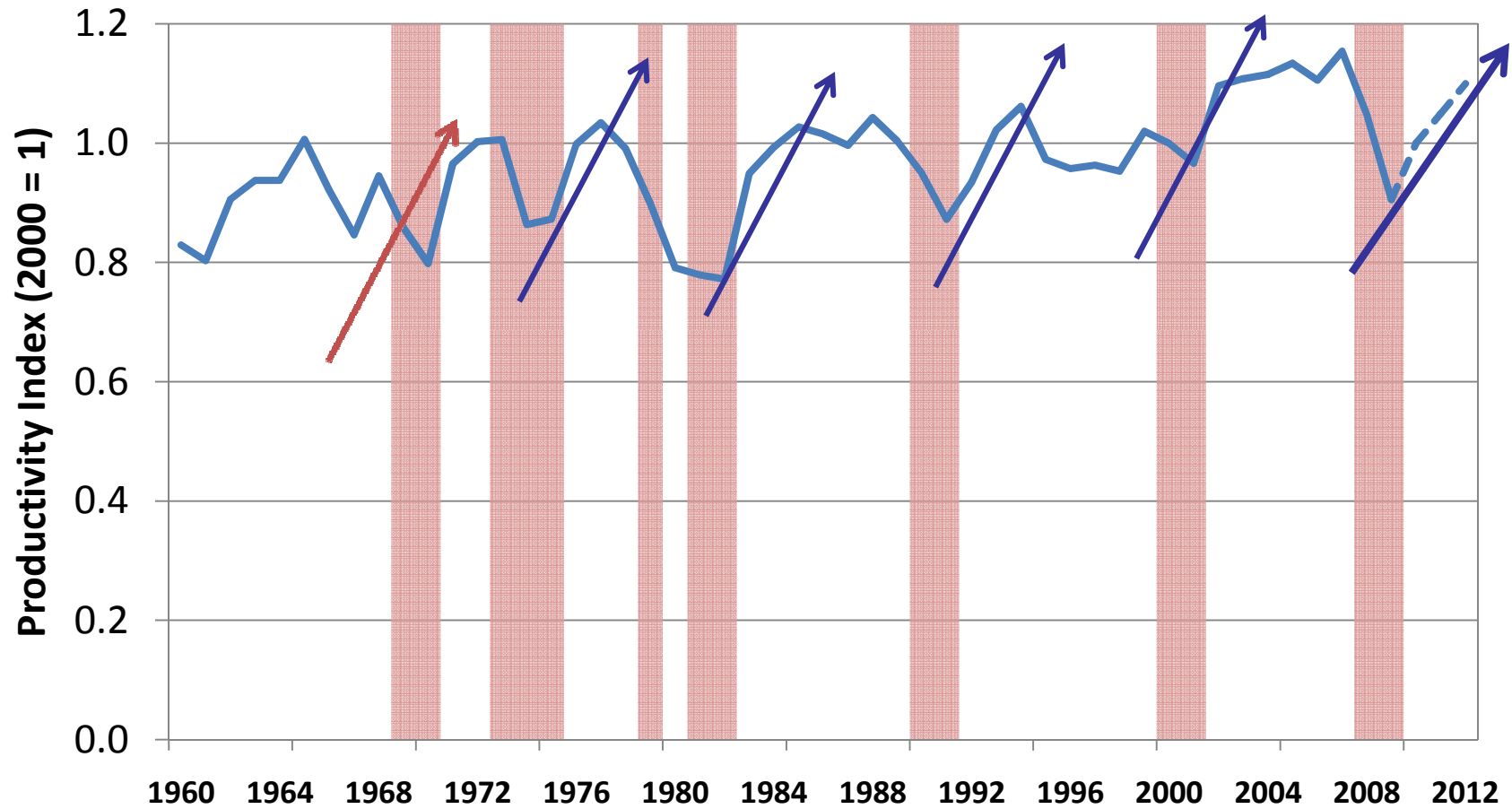
# But It Will Recover

## U.S. Vehicle Production & Automotive Employment Forecasts



Source: IHS Global Insight; CAR Research

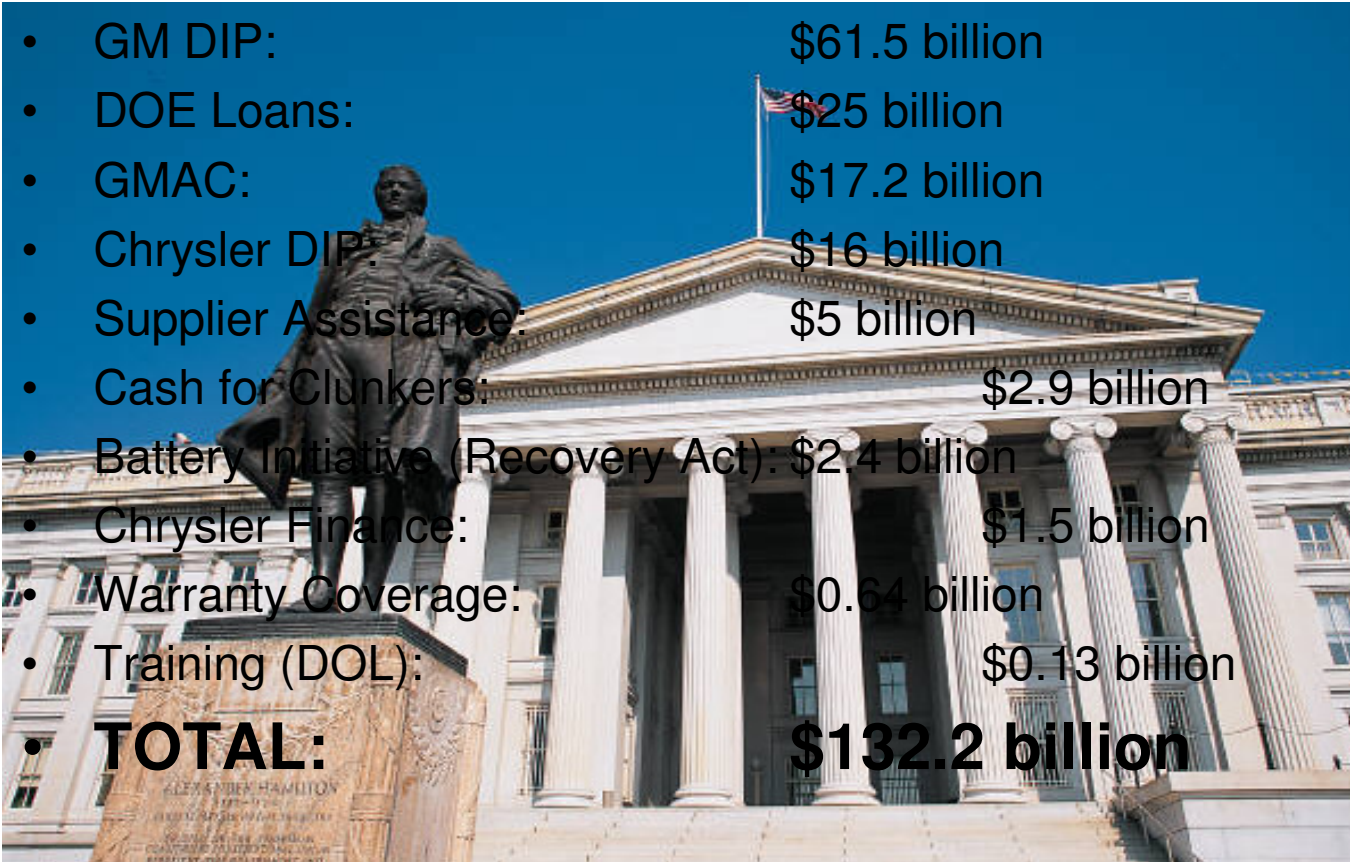
# Recessions and U.S. Automotive Productivity



Automotive Productivity Index consists of SIC 3711/3714 and NAICS 3361/3363. 2000 is the base year.  
Source: BLS, USDOL

## Why Walk Away?

# The US/CAN/ONT Government's Auto Investment: We Should Not Waste It








• GM DIP:	\$61.5 billion
• DOE Loans:	\$25 billion
• GMAC:	\$17.2 billion
• Chrysler DIP:	\$16 billion
• Supplier Assistance:	\$5 billion
• Cash for Clunkers:	\$2.9 billion
• Battery Initiative (Recovery Act):	\$2.4 billion
• Chrysler Finance:	\$1.5 billion
• Warranty Coverage:	\$0.64 billion
• Training (DOL):	\$0.13 billion
• <b>TOTAL:</b>	<b>\$132.2 billion</b>

\* CAR estimates that the government intervention resulting in successful bankruptcies at Chrysler and General Motors avoided \$113.8 billion in additional personal income loss, government transfer payments and forgone social security and personal income tax receipts in the first two years, and more in succeeding years.

# \$16.6 Billion to Go!

## Department of Energy

Advanced Technology Vehicles Manufacturing Loan Program ATVM / Section  
136 Loans: \$8.4 Billion of \$25 Billion Awarded

Company	Award	Project
	Ford	\$5.9 Billion Transform factories across Illinois, Kentucky, Michigan, Missouri, and Ohio to produce more fuel efficient models
	Nissan	\$1.44 Billion (reduced from \$1.6 Billion award) Retool Tennessee factory to build advanced electric automobiles and build an advanced battery manufacturing facility
	Fisker	\$528 Million Development of two lines of plug-in hybrids
	Tesla	\$465 Million Manufacture electric drive trains and electric vehicles in California
		\$24 Million Development of fuel efficient emission control components

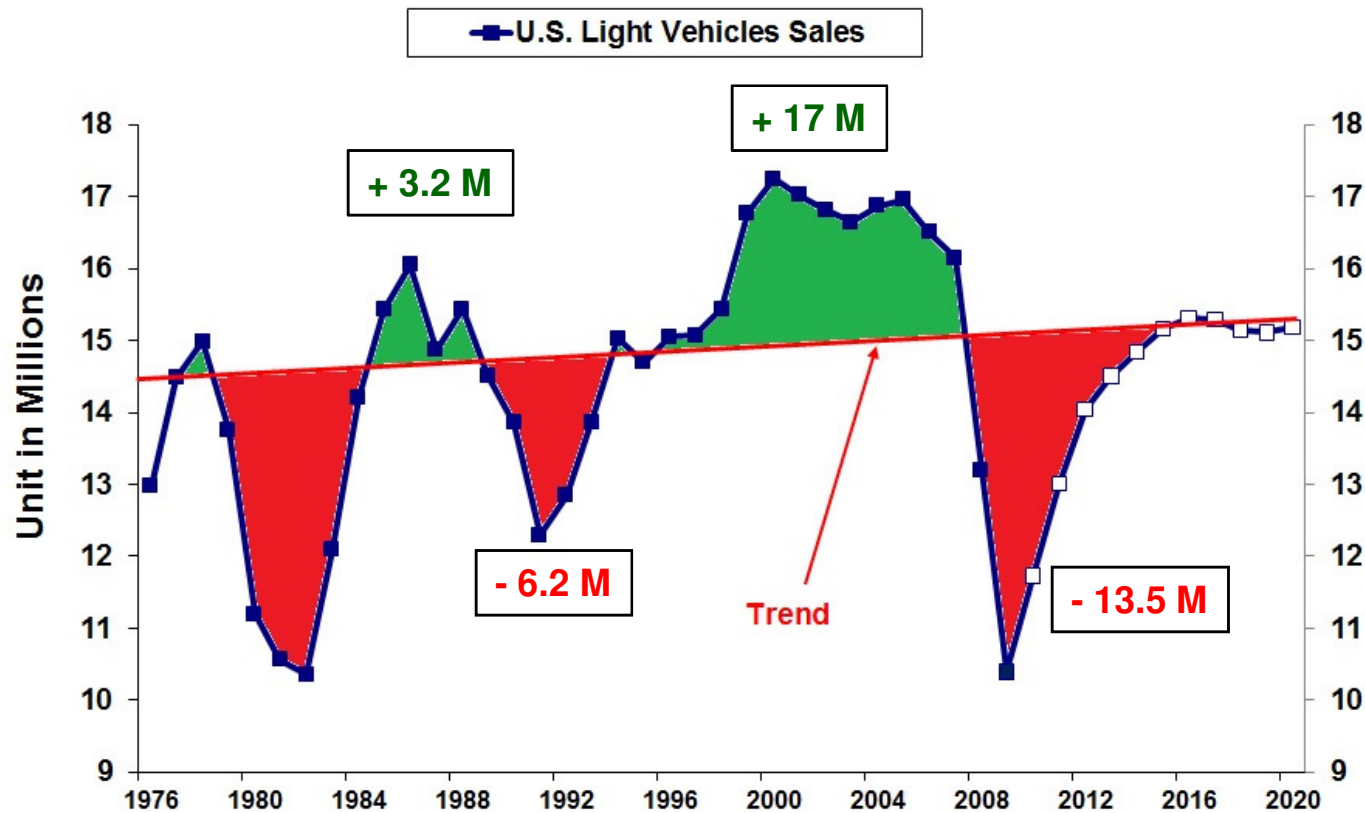
# And As For China . . . The US is Still Bigger: \$295 Bil. Vs. \$171 Bil.

<b>2009 China light vehicle market size</b>	<b>Unit</b>	<b>Price</b>	<b>Market (Billions)</b>
Passenger Vehicle	8,663,797	\$17,000	\$147
Light Commercial Vehicle	4,024,985	\$6,000	\$24
<b>Total</b>	<b>12,688,782</b>	<b>\$13,511</b>	<b>\$171</b>
<b>2009 U.S. light vehicle market size</b>	<b>Unit</b>	<b>Price</b>	<b>Market (Billions)</b>
<b>Light Vehicle</b>	<b>10,401,500</b>	<b>\$28,350</b>	<b>\$295</b>

Source: J.D. Power

# CAR Long-Term U.S. LV Sales Forecast

(Sept. 2010)



September 2010 Forecast											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(Millions)	11.7	13.0	14.0	14.5	14.8	15.2	15.3	15.3	15.1	15.1	15.2



**Thank You**